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CREATING ENTREPRENEURIAL SOCIETIES: THE ROLE AND CHALLENGE FOR ENTREPRENEURSHIP EDUCATION

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BACKGROUND

Rarely is one given the opportunity to meet either a great political statesman or a true intellectual. During our most recent visit to Singapore, we had the once in a lifetime experience to do both. The occasion—a private audience with Lee Kuan Yew, leader of Singapore's independence movement and the country's first Prime Minister. In the space of one hour, we received the equivalent of a post-doctoral lecture on global economics, their subsequent geo-political implications and a history of the British Empire. Additionally,

Senior Minister Lee shared his candid and humble insights about his country's economic and social future and the role that entrepreneurship must play in the transformation.

Reflecting on Singapore's link to British colonialism, Lee explained that too much emphasis was placed on creating a superior civil service. Toward that end, Singapore's education system is geared towards producing managers and professionals who either become employees of the government or the multi-national corporations that have established offices in Singapore, or for that matter Asia-Pacific. This may have been the formula for a stable and disciplined society; but not one that promoted risk-taking, personal initiative or entrepreneurship. Senior Minister acknowledged that he, and others who had led the nation during its early years, may have erred in making the people too dependent on government services and or the absentee leadership of multi-national corporations.

THE CHALLENGE

We realized from this meeting that Singapore's transformation to an entrepreneurial society would require more than simply a change in business perspective. It would require a substantial change in culture. Our small role in this formidable task was to create a pedagogical environment for 30 students in the Senior Management Programme at the Singapore Civil Service College who were being groomed for major leadership responsibilities within their respective ministries. These best and brightest of Singapore's future generation of national leaders had exemplary academic credentials, including graduate degrees from the world's best institutions of higher learning.¹

This challenge of melding knowledge with creativity paralleled one previously articulated by Alfred North Whitehead in a 1927 address to the American Association of Colleges and Schools of Business. In this speech

¹ Singaporeans who are identified as public sector leaders have an opportunity to complete graduate studies at leading universities (e.g., Oxford, Adelaide, Harvard, and Stanford) at the government's expense. In return, beneficiaries of this program make a multi-year commitment—based on the cost of their graduate studies—to government service.

Whitehead lamented the lost opportunity when individuals failed to connect technical expertise and entrepreneurial creativity.

Imagination is not to be divorced from the facts: it is a way of illuminating the facts. It works by eliciting the general principles which apply to the facts, as they exist, and then by an intellectual survey of alternative possibilities which are consistent with those principles. It enables men to construct an intellectual vision of a new world, and it preserves the zest of life by the suggestion of satisfying purposes.

Conversations with the Dean and staff of the Civil Service College about the scope of work for our engagement led to an agreement that the course content should cover both the role of entrepreneurship in making the public sector more responsive to citizens' needs and the role that government can play to encourage and promote entrepreneurial behavior in the private sector. From a pedagogical perspective, the task seemed relatively easy. We addressed the first issue by drawing on the broad range of content and teaching cases associated with entrepreneurship in complex organizations, now commonly referred to as "corporate venturing," and previously as "intrapreneurship." Our construct included a combination of the classical Opportunity-Team-Resources model of entrepreneurship (Jeffrey Timmons)² and a corporate entrepreneurship model which was previously published in, "An Integrative Model for Corporate Venturing." (John W. Altman and Andrew Zacharakis)³

For the second issue, we relied on our own experience at the Kauffman Center and as partners of the consulting firm Exit Strategies, Inc. working with U.S. states and communities to create pro-entrepreneurship environments. Additionally, we used materials provided by the National Commission on Entrepreneurship, especially its final report, "American Formula for Growth: Federal Policy and Entrepreneurship 1958-1998."⁴ For both topics, we chose cases to create Socratic dialogue about the role that

² Jeffrey Timmons and Stephen Spinelli, *New Venture Creation: Entrepreneurship for the 21st Century*, McGraw-Hill, New York, 2003.

³ John W. Altman and Andrew Zacharakis, "An Integrative Model for Corporate Venturing," *The Journal of Private Equity*, Fall 2003.

⁴ "American Formula for Growth: Federal Policy and Entrepreneurship 1958-1998," National Commission on Entrepreneurship, Washington, DC, 2003. This report is available on-line at www.kauffman.org.

entrepreneurship could play in the Singaporean government, economy and society.

After eight weeks of careful preparation, our initial engagement with our students became the equivalent of an educational Chapter 11 bankruptcy. The first daily teaching evaluation by our students gave us with a clear frame of reference. In contrast to our experience with American students, the basic precepts of entrepreneurship that work in our society—risk and reward, skin in the game and creation of personal versus collective wealth--did not fit their cultural paradigm. National service, by its very nature, focuses on the common good through a highly structured system of laws, rules and procedures which results in an algorithmic versus heuristic approach to problem solving.

Another early indication that we failed to grasp the nature of our challenge occurred during class discussion of a case in public entrepreneurship involving the Johnson County, Kansas Bureau of Motor vehicles. In this case, the customer agent (who for purposes of the case we named "Martha") finds that the current rules and operating procedures do not meet a customer's unique needs. Rather than telling the customer, "I'm afraid I cannot help you," the clerk comes up with a creative way to skirt the rules and the customer leaves the Bureau with a new, positive attitude toward bureaucracy, and public employees. When we present the facts of this case to American students, they seldom come up with a solution as innovative as the one Martha devised. After we outline Martha's entrepreneurial approach to the problem (including self-empowerment and a certain level of personal risk), American students share the customer's elation. They are generally pleased to know there are public sector employees who understand value creation and are trying to make a difference. Perhaps "public entrepreneurship" is not an oxymoron, and Martha is one of many heroes on the front lines of this movement.

In contrast, when we taught this case to our Singaporean students, the reaction was just the opposite. They unanimously condemned the clerk's behavior as potentially "undermining the integrity of the entire civil service system" and suggested she be reprimanded or even removed from her position. "What if everyone made their own rules? What kind of chaos would this create?" they asked. For us, this was the "eureka" moment.

Research beginning with Joseph Schumpeter⁵ and our own experience teach us that entrepreneurship is neither algorithmic nor orderly. It begins with market disruption. Could students who are seldom, if ever, exposed to market disruptions in their own experience appreciate the role that entrepreneurs play in an economy or society?

Two comments on the student on these initial evaluations provided the beginnings of our understanding of what we had missed in our preparation. Several students questioned how entrepreneurial leadership differed from what they had learned about organizational leadership and behavior during their formal educations. Second, they felt the cases we presented (dealing with U.S. businesses and institutions) were not relevant to their professional or personal situations.

In eight hours our students had completely destroyed the validity of a tried and true approach to teaching entrepreneurship in America when presented in a different context. They may not have understood market disruption in theory, but they clearly knew how to create it. Our challenge now shifted from simply introducing 30 of Singapore's best and brightest to the rewards, requirements and challenges of entrepreneurship to becoming entrepreneurial educators ourselves. Between Monday afternoon and class the next morning, we needed to respond effectively to the market disruption our students created for us. But our students through their evaluation comments had provided valuable market information. Somehow we needed to develop a different pedagogical approach that focused on the concept of risk and reward and which also was more relevant to our students' experience.

INTRODUCING AN ENTREPRENEURIAL PROCESS MODEL

In *Creativity in Business*, Michael Ray and Rochelle Myers⁶ focus on the importance of observation and curiosity as essential to problem solving. As we contemplated re-designing the curriculum for the remaining three days, we kept coming back to the disconnect between what we were hearing from

⁵ Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, originally published in 1942 by Harper & Row, Publishers, Inc.

⁶ Michael Ray and Rochelle Myers, *Creativity in Business*, Doubleday/Broadway Books, New York, 1986.

the Singaporean leadership about their inability to maintain government services at their current levels and our students' seeming lack of concern about this issue. We continued to ask ourselves the question, "How can our students ignore this pending reality?"

Again, drawing on our own experiences, we realized we had faced similar reluctance to change in our work with U.S. cities and states. Based on research conducted by the Kauffman Center, the National Commission on Entrepreneurship and the Global Entrepreneurship Monitor⁷, U.S. policymakers increasingly understand entrepreneurship provides the engine for economic growth. They too, however, hesitate to make significant policy or program changes until faced with a crisis. For example, the explosion of entrepreneurial activity in San Diego, California came only after reductions in military expenditures that had been the heart of the regional economy. Similarly, entrepreneurship as an economic development strategy in Pittsburgh, Pennsylvania and Birmingham, Alabama emerged in response to the decline of the steel industry in these two communities.

This was the key to our pedagogical dilemma. Create the kind of market disruption that would force our students to face their emerging economic reality head on. And involve the students in a Socratic examination of the options. However, there were no existing cases we could easily substitute for those we had planned to teach. This turned out to be more fortunate than one might have expected. An existing case, even one dealing directly with the relevant issues, could be easily discarded as "something that happens to someone else." It would prove to be only another intellectual exercise. We now recognized that changing the Singaporean culture dealt with the "heart" as much as the "head." We needed to create a new learning case that was timely, relevant and challenged the students' belief in the perpetuity of their current way of life.

Here too the lack of any past experience in Singapore's history proved serendipitous. What if a learning case was developed, not on an entrepreneur's past experience, but instead on a future scenario? Could we

⁷ The Global Entrepreneurship Monitor is a joint project sponsored by the Ewing Marion Kauffman Foundation, Babson College and London Business School. Information about the project and research reports are available at www.gemconsortium.org.

create a situation with the attendant facts that resulted in a believable situation in which the students would feel there was really something at stake, that they had skin in the game?

Everything we considered brought us back to our meeting with Senior Minister Yew. What if the current government announced it could no longer support the current level of public services? What if there were major reductions in force? How could we take advantage of our students' knowledge that we had a private audience with their referred former leader? What if we walked into class the next morning and announced that we had advance knowledge that the prime minister was proposing a 40 percent reduction in public employment within the coming week?

Much as in any entrepreneurial venture, once we agreed that an opportunity existed, the hard work lay in identification of the resources and team through which we could exploit this opportunity. To some extent we were limited. It was too late to add members to our current team. However, we could better utilize the skill sets that each of us brought to the table, in particular Dr. Altman's experience with seven start-ups and Dr. Kayne's thirteen years in public service as a state economic development official. In terms of resources, our major asset was a high-speed connection to the internet that provided access to materials we had not included in the original reading package.

The following summarizes each of the major elements of the hypothetical teaching case we developed to overcome the students' objections and lack of energy around our initial curriculum and pedagogy.

- To add an element of reality to the announcement, we downloaded a copy the front page of the on-line version of the Strait Times, the major daily newspaper. We then stripped out the top headline and replaced it with the following, "Prime Minister Announces 40 Percent Decrease in Public Employment." The accompanying story talked about the decline in public revenues and the need to streamline the bureaucracy.
- We placed 30 slips of paper in a fish bowl. Forty percent of these read, "We are sorry to inform you that on July 1, 2003 your position will be terminated. Best wishes for success in your next career." The remaining

pieces of paper contained the following language. “Your employment status will not be affected by the July 1, 2003 reduction in force. However, you will now need to prepare a strategy for maintaining the current level, and quality of services, with a 40 percent reduction in budget!

- The twelve “terminated” students were asked to leave the room with Dr. Altman to explore their entrepreneurial options in the private sector. The remaining 18 students were placed in six teams based on broad governmental functions. Under our guidance, both groups used the Timmons model of opportunity, team and resources to develop entrepreneurial responses to their respective situations.
- The initial response from the “terminated” students focused on how the employment reduction would affect their personal lives. Some students talked about having to give up their cars and taking their children out of private schools. Only then did they realize how dependent they were on government employment.
- Likewise, the “retained” students were overwhelmed at the prospect of sustaining productivity with significantly less employees and financial resources. They expressed concern about the prospects of public backlashes as some services would have to be reduced or even eliminated.

Once the initial shock subsided, both sets of students earnestly began to pursue their respective tasks with the energy and commitment we hoped to stimulate. The private sector group identified commercial opportunities they never considered while under the protection of the public service “safety net.” As they took on their private sector roles, the students also began to identify how the rules and procedures for which they had been responsible might inhibit their own entrepreneurial aspirations.

Likewise the public sector groups explored strategic alliances through which agencies that had never drawn on resources beyond their own organizational structure could increase their reach through collaborative efforts. These included sharing staff, facilities and information. In the remaining two days, these teams developed both a framework for an entrepreneurial approach to government and specific recommendations that could be presented to leaders in their respective ministries. Among the most radical ideas that emerged

from the teams were the imposition of fees for specific services (excluding basic health and safety) and the total elimination of program divisions that had outlived their utility.

By the time the class adjourned at the end of the fourth day, we were pleased that the changes in pedagogy and curriculum appeared to have the intended outcome. This is not to suggest that every student bought into the concept of entrepreneurial leadership. There were still skeptics in the group. However, by making the instruction timely and relevant to the students' own experiences, we were able to introduce the essential elements of personal risk and reward and how that variable affected the mindset of entrepreneurial leaders. We believe the development and use of other hypothetical, real-time learning cases, particularly in nations and societies with limited entrepreneurial history, provides an effective pedagogy for engaging students and adults in a learning experience in which they can experience first-hand the rewards, requirements and challenges associated with entrepreneurship.

As a footnote, our experience in Singapore did validate one important aspect of entrepreneurship education. In the United States, we recognize that we can teach students the theory and techniques (e.g., opportunity recognition, break even analysis, risk vs. reward) associated with successful entrepreneurship. However, we cannot teach students to be energetic, committed or passionate. These qualities can only be modeled in the classroom or experienced through practicum opportunities. One means of exposing students to these behaviors is through interaction with successful entrepreneurs in the classroom as guest speakers or in association with a learning case based on their individual experience. Outside the classroom, we facilitate this interaction through mentoring and internship opportunities.

Traveling half-way around the globe, and having to compress so much content into a four day-session, we did not have the opportunity to include outside speakers or provide a practicum experience for the students. Based on the students' final evaluations, we found we had unintentionally played this role ourselves. Regardless of what students said about the content or the quality of the instruction, they stated how they marveled at the way we had responded to their criticism and adjusted the curriculum. They shared a story about a previous experience at the Civil Service College where an

outside faculty member had received similarly critical evaluations after his first day in the classroom. Contrary to our approach, this professor plowed forward with his original design and was asked to leave after the second day. In other words, their observation of our entrepreneurial approach to responding to the market, recognizing an opportunity and acting on that opportunity, more than anything else, answered their earlier question about the difference between entrepreneurial leadership and more generic management practices.

THE FUTURE

One might be overwhelmed or even discouraged looking at the enormity of the cultural change that may be needed to make entrepreneurship an accepted and appreciated career option among the Singaporean people. Our combined experience in multiple complex organizations clearly indicates that cultural change within a corporate setting often takes five to seven years, or even longer. What does this imply for an entire nation?

During our time with these students, we made three observations that suggest the residents of Singapore are merely waiting for a signal from the political and economic leadership that entrepreneurship is a valued way of life. The first indication came during our simulated government downsizing. As noted above, the students that were asked to leave government service were randomly selected by lot. We later asked the students, "If we had asked for volunteers, how many of you would have elected to give up your civil service position and pursue an entrepreneurial career?" To our surprise a solid majority said that they would have chosen this option. The percentage mirrored the figures in the 1992 Gallup Survey conducted by the Kauffman Center for Entrepreneurial Leadership which indicated seven in ten Americans wanted to own their own business one day. We then asked, "Why would you choose the private sector over civil service employment?" Their answer was, "Because there are more opportunities in the private sector even though the outcomes are uncertain."

The second indication occurred when the students who were chosen to retain their civil service jobs began to develop strategies to maintain the same quality of service following the 40 percent reduction in resources. In several instances, the students began to question whether their agency or program

had outgrown its utility. This clearly indicated to us that our students understood the concept of value and that they could transfer this entrepreneurial premise to any private sector endeavor. They also began to look at potential fee structures for some services. Would citizens value these services enough to pay directly? Or, did a specific public service only have value if it was bundled in a larger package of public benefits and services for which the true costs to consumers could be hidden within the general tax structure?

Third, those students who remained in government service, during our simulation, recognized that Lee Kwan Yew's vision for Singapore as an entrepreneurial society depended on more than the behavior of the business community. It also required a new relationship between the people and their government, one that shifted the emphasis from dependence, to personal initiative. Our students' best articulated this new approach in a mission statement they drafted as the overarching philosophy that would drive the transformation of the Singapore government. "The public sector must be responsive to the needs and expectations of the resilient, independent and responsible people of Singapore." Under this new vision, the students recognized that civil servants must become societal change agents, not just efficient managers.

As we continue to reflect on this experience, our final "epiphany" was the reaffirmation that entrepreneurship requires a commitment to life-long learning. We now realize that we were as much the students as the instructors. We expected to gain new and valuable insight from our short time with Senior Minister Yew. Less predictable were the new perspectives and knowledge we gained from the interaction with our students. Among the most important may be the critical role of entrepreneurial leaders and their vision to transform societies. It is no less important that creating value in the business arena. The fact that Lee Kuan Yew, a trusted and revered leader, has stepped forward in this role increases the probability of success for Singapore and its people. We remain optimistic Singapore will continue its' transformation to an entrepreneurial society!

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