TO PETE OR NOT TO PETE – REVIEW OF THE PRACTICAL ENTREPRENEURSHIP TEACHING ENGAGEMENT (PETE) MODEL TO PRODUCE PRACTICALLY RELEVANT ENTREPRENEURIAL LEARNING

A comparison of the effectiveness of action-learning in entrepreneurship in Singapore, China, Korea, New Zealand and Australia.

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Abstract

Purpose
To discuss the effectiveness of a sustainable entrepreneurship training program in several countries in Asia, used by global firms to identify junior management talent, by applying the PETE model of creating an engaging action-learning program.

Design/Methodology/Approach
Current literature is reviewed to make a case for the applicability of action-learning based entrepreneurship training. The results of interviews with more than 20 senior level managers of multi-national corporations in 5 Asian
countries are compared to self-evaluations of more than 300 student participants and more than 30 faculty evaluations of the program. We use the Practical Entrepreneurship Teaching Engagement (PETE) model to test for the applicability of key program components.

Findings
This action-learning based entrepreneurship training program is valued highly by top-level executives of large global firms for the purposes of identifying junior managerial talent with sustainable enterprise interest and for demonstrating the firms’ commitments to ethical and sustainable business practices. These executives actively participate in the program through mentoring and by judging the final project outcomes in a competition format. The uptake level among students and satisfaction reported are high, and faculty members confirm significant learning has occurred. Faculty further report that this program compares well to case competitions.

Research Limitations/Implications
Our findings are limited to five countries in Asia: Australia,
China, Korea, Singapore and New Zealand, and we believe that there are significant cultural differences between different countries, to not allow an easy transfer of these finding to other areas.

**Practical Implication**

The PETE tool indicates specific ingredients which can be employed to structure practically relevant entrepreneurship education in an action-learning format.

**Originality/Value**

This paper adds value to the discussion of how action-learning programs can be structured to be effective in developing future enterprise managers.

**Introduction**

Business schools are challenged to compromise between the demands of the global place of delivering specific and practically market-relevant skill sets, and the academic requirements for a well-grounded widely applicable education. Entrepreneurship education has long been
identified as a critical factor in preventing future high levels of long term unemployment, and there is evidence of a strong correlation between educational level achieved and high income over a lifetime (De Faoite/Henry/Johnston/Van der Sijde, 2003). The global shift from a managed economy to an entrepreneurial economy has highlighted the increasing demand for entrepreneurial talent, especially in those countries where the traditional notions of private business ownership were developed only recently. Multi-national firms with their global presence are beginning to place emphasis on entrepreneurship abilities and training when recruiting junior managers (Holmes, 2005), and academia is now asked to develop teaching methods and content which satisfy these needs. Greater collaboration between the academic and business communities has been advocated for many years (Cochrane, 1988; Forcht, 1991; Gabor, 1991; Orr, 1993; Portwood, 1993; Reed, 1993; Warwick, 1989; White, 1993), and thus a need exists for more interaction between educational environments and external organizations so that current business thinking can be introduced into schools (White, 1993).
We have interviewed more than 20 senior executives of multi-national organizations in Japan, New Zealand, South Korea, Singapore and China to determine how they view the effectiveness on one specific global entrepreneurship training program: Students in Free Enterprise, SIFE. We have collected more than 300 reports of SIFE students in New Zealand, Australia, China, Singapore and South Korea to evaluate their entrepreneurship learning and suitability for employment with these global businesses. We have reviewed responses from more than 30 faculty members to seek confirmation of the program effectiveness.

We are using the PETE (Practical Entrepreneurship Teaching Engagement) model (Mueller/Thornton, 2005) to identify seemingly critical components to an effective action-learning program. The PETE model attempts to explain that the presence of certain factors can improve the effectiveness of action learning.

On the basis of anonymous web survey reports from participants in this specific action-learning program,
students show extraordinary commitment to this extra-curricular work and dedicate hundreds of hours to teach free enterprise and ethical governance principles within their communities. Students report their learning expectations have been met or exceeded, and they are willing to recommend this work to other students. Faculty members back-up the confirmation of learning, and report on significant community benefits. They further suggest that this hands-on learning can be more effective than case competitions.

Corporate executives affirm their firms’ interests in helping to create an entrepreneurial workforce with a strong commitment to sustainable community-based enterprise. Henkel’s General Manager in Singapore comment that their multi-national organization “prefers action-oriented managers who seek opportunities” to compliment the innovative spirit of the firm (Arrol, 2005).

We conclude that the PETE components are all actively worked into this action-learning program and appear to create a point of distinction. We cannot yet conclude
whether the participation in this action learning program translates into long-term career benefits, although anecdotal evidence points to at least a healthy kick-start for participants’ careers, through the personal interaction with and exposure to, senior corporate leaders in their communities.

**Background**

Management education, as Grey and French (1996) indicated, has developed significantly and yet attracted extensive attention and criticism from both the practitioner and academic communities due to the rapidly changing world in which it is located. The established knowledge and teaching methods of managerial practice are currently being reassessed (Leitch and Harrison, 1999). As widely supported as management education is, evidenced by a plethora of business schools attached to many universities worldwide, management education has increasingly been criticized for lacking reality (Thorpe, 1990; Jones-Evans, Williams & Deacon, 2000). In the context of the SIFE effort, this causes considerable concern, as senior executives are willingly participating in such an action learning effort, but
also report clearly that practically-relevant education is of interest to them. Procter and Gamble in China is “looking for future leaders with the drive ‘to make things happen’” (Lin, 2005), and Qantas in New Zealand looks for future managers to “understand community needs as an important skill set for emerging global leaders” (Williams, 2005). Traditional approaches have separated education institutions and business organisations as two isolated learning arenas (Leitch & Harrison, 1999), and we speculate that this is not a sustainable way to bring these two important participants in business education together. Chan (1994) argues that what management institutions teach is not what business organizations actually need, potentially causing a disconnect between business and universities. HSBC’s CEO in Singapore relates “entrepreneurship being a key focus of Singapore’s economic blueprint” to the need of “university students to expand their skills and outlook and to prepare themselves for the opportunities presented by businesses in the global community” (Lawrence, 2005).

Business organizations, multinationals or small enterprises,
now utilize action learning, and it is applied increasingly in various arenas throughout the world. Action learning is not always defined clearly, but generally it is considered a form of learning through practice and a means of problem-solving in the real life (Smith & O’Neil, 2003). Elements of action learning (i.e., real problems, fellow leaders in the action learning team, a reflective inquiry process, commitment to action, and focusing on learning) contribute to the building of critical leadership skills (Marquardt, 2000). There can be no substitute for real-time experience in human resource planning and development programmes (Raelin, 1998).

Action learning was a comparatively late arrival on the education scene, as a means of entrepreneurship education (Mumford, 1995) though Professor Reg Revans originated it in its traditional generic form from as early as the 1940s (Revans, R.W., 1945). Interest in action learning grew among practitioners, theorists and researchers, in both the academic and organizational fields (Smith and O’Neil, 2003). Business institutions, however, did not embrace the method until late 1980s (Mumford,
1995), and we question if the SIFE format of stimulating students into managerial activities during university, could accelerate business acceptance of such an action learning approach.

Traditional management education has been widely criticized for a “disconnect” between entrepreneurial practice and management theory – that business graduates do not have the ability to deal with real life problems when entering the world of business (Gibb, 1996). On the positive, **SIFE utilizes an action learning approach, appreciated by 3M/Sumitomo’s Executive Vice President for “developing, delivering, measuring and managing projects” (Kaneko, 2005).** We suggest that the Practical Entrepreneurship Teaching Engagement (PETE) model (Mueller/Thornton, 2005) can guide educators in their future design and application of action learning models.

The challenge for business school educators is to get the students into good jobs – those which provide a stepping stone to a serious management career. Given the
effectiveness reports of Action Learning for many decades, we have attempted to review the long-term learning outcomes from one action learning program, designed to empower students to develop complex managerial skills while they are at university. We speculate that the SIFE (Students in Free Enterprise) effort can effectively connect business leaders and managers, after earlier reports with a much smaller sample size indicate the favourable reaction of business leaders to the SIFE project outcomes (Mueller, Anderson, Patkar, 2005) and the positive reports from business leaders (Mueller, Thornton, Wyatt, Gore, 2005). This is an action-learning program where a student learns by reflecting on the actions being taken in solving a real organizational problem with participants of similar position also experiencing challenging situations (McLaughlin and Thorpe, 1993; Eden and Huxman, 1996), specifically through the teaching of entrepreneurship principles to members of their respective communities.

Many entrepreneurial characteristics, such as self-confidence, persistence and high energy levels, cannot easily be acquired in the classroom (Miller, 1987), and this
program attempts to engage students and their communities, to perform in a real environment, overcoming market resistance, structuring effective programs, measuring their outcome and demonstrating the results to executives. In a nutshell, these projects resemble real-life managerial challenges, those that these students would be expected to perform once they graduate and are hired into entry-level managerial positions. We speculate that this is one of the reasons why CEO-level senior executives of some of the largest firms worldwide (HBSC, Unilever, PepsiCo, Wal-Mart, etc.) invest their time to participate in this program.

An important theme that has emerged from the literature is the failure of many studies and programs to take on board the cultural and social (including political) impact on entrepreneurship education and the “entrepreneurs”. As argued by Dana (2001) culture specifics and historical experiences should be considered and included in educational programs. In countries like China, entrepreneurship remains a structural and cultural abnormal at certain stages of their economic and political
developments (Li, Zhang & Matlay, 2003; Sharwood, 1999). The Minister of Education, Dr Zhou Li, and HSBC’s Group Chairman Sir John Bond have signed recently a Memorandum of Understanding to support SIFE in China to “develop personal and entrepreneurial skills” (HSBC, 2005), confirming the country-spanning interest in connecting students to employers through entrepreneurship training., although it may take decades of sustained changes in many national, cultural, political and economic institutions in these countries if they are to join the “elite” of entrepreneurial economies and accelerate their economic growth rates (Sharwood, 1999).

Student in Free Enterprise (SIFE) attempts to bridge the gap between management theory and entrepreneurial practice in different cultures. It sees a real compatibility between the two. As the context of action learning is a real life business environment, integration is encouraged not only between theory and practice but also between academic institutions and industries (Leitch & Harrison, 1999).
Methodology

We have reviewed 300+ student responses from participants in the Students in Free Enterprise (SIFE) program, in Korea, China, Singapore to determine the outcome of their participation. We have also surveyed more than 30 academic faculty advisors in those countries, who act as mentors to these students, and we have collected comments from business leaders who participate in the students’ efforts, to validate the comments of students and faculty members. For China (n=63), New Zealand (n=81), Korea (n=90) and Singapore (n=55), more than 70% of the respective countries’ SIFE participants have replied. For Australia (n=16), the response rate is about 15%.

We then tested this program against the PETE (Practical Entrepreneurship Teaching Engagement) model to determine whether this action learning effort follows the model earlier suggested as a tool to design effective action learning programs.

Investigation
Students report (Graph 1) they mainly joined the action-learning effort because they were curious, wanted to make contact with potential employers and wanted to ‘have fun’. In China, a significant number of students joined for the travel opportunity associated with the program, which pays for student teams to travel to the national competition in Shanghai and to the worldwide competition in Toronto.

Graph 1

We note that an insignificant number of responses were given in favor of participation for academic benefits (exception South Korea, where close to 30% of the students were interested in academic credit for their efforts). We conclude the participants see value in this
action learning program which transcends the attractions of traditional educational approaches.

Graph 2

Consistently throughout the five countries, students expect to make friends (significant in China, where ‘Guangxi’, the building of lasting relationships, is considered a superior accomplishment), to develop new skills and to meet potential employers through the executives who either mentor the students or attend competitions to select the best outcomes. Those goals appear to be more long-term, while the short-term goals of getting a job, becoming known and working more with academics or focusing on a
better grade, all ranked significantly lower in the students’ replies.

We conclude that such an action learning program has the potential to focus students on long-range outcomes, rather than the immediate course-based accomplishments commonly associated with traditional in-class education.

Graph 3

Less than 25% of students invested less than 300 hours per year in this action learning work, while an equal amount spent more than 1,000 hours a year on the same work. The majority of participants gave up between 300 and 1,000 hours per year of their time. Given the fact that
no academic credit is available for this work, this appears to be a remarkable commitment by students, and we wonder which alternative academic activity would generate such a committed following of the students.

Graph 4

The investment in hours is confirmed by the appreciation for the importance of this work. The vast majority of all respondents, consistent throughout five countries, reported they considered their work either ‘Quite Important’ or ‘Very Important’. We conclude that something in this action learning program attracted the students’ passion to a remarkable extent, and as entrepreneurship educations we wonder which other
offerings to our students could possibly yield such a high level of interest among undergraduate students...

Graph 5

With the sole exception of Australian students, of which nearly 20% indicated little learnings (and we must refer back to the comparatively small sample size), the vast majority of participants in all countries indicated more than ‘A little’ learnings. Approximately 50% of the students reported ‘A Lot’ of learning outcome from their work.
Graph 6

With the exception of China (where 45% of the students indicated their expectations were ‘somewhat’ met), nearly 60% of participants indicated their expectations were either ‘largely met’ or ‘exceeded’. When reviewing the narrative comments of the Chinese students, a large group of those who “only” reported their expectations were somewhat met, did so apparently out of disappointment that their team did not win the title as National Champion and thus did not advance to the world event in Toronto.

Especially encouraging is the response from South Korean students, as this is the first year that these students participated in this specific program. We conclude that even in a first year effort, significant satisfaction rates can
Faculty members report positive learning outcomes for the students, with new employment-related skills generated. They rank ‘entrepreneurship’ generally as being of high importance to their countries and their universities (Mueller/Gore, 2005) and compare the SIFE experience favorably with other student activities, such as business plan competitions. When compared to Business Plan competitions, more than 54% of the faculty felt that SIFE was a ‘more’ or ‘much more’ effective program likely because of the practical hands-on features of the SIFE
program. The authors, having participated in many of business plan competitions, interpret this as a mandate to consider student activities where managerial training can be applied through hands-on work rather than in an abstract speculative fashion.

Figure 1

This effort supports the Practical Entrepreneurship Teaching Engagement (PETE) model (Mueller/Thornton, 2005) by creating a sense of:
Belonging by creating a committed and motivated sub-group of students with a special group membership in an organization;

Challenging the students to practical work outside the classrooms and requiring significant personal commitment to achieve acceptable outcomes;

Including a real-life competition in front of senior corporate executives of world-class corporations;

Connecting students to the corporate environment before they leave university;

Creating a signal effect among other universities, academic mentors and students (and, as they indicated in the responses, also among their friends);

Producing a sustainable community benefit which educates the performing students as well.

The involvement of mentors in this action learning
programme is one of innovation from both an organizational and educational perspective. At the heart of the programme is a team of multinational CEOs and Presidents who can expose participants to the “real world” and offer practical assistance (including financial support) and advice to the ongoing assignment issues of SIFE.

We have polled more than 25 senior executives in these five countries, from companies such as Unilever, HSBC, Philip Morris, Wal-Mart, Metro, KPMG, Bayer, Asahi Shimbun, etc. These senior executives comment positively on the quality they have seen when the students present their materials. Two of these comments are shown below, and are suitably representative:

“KPMG is proud to have been a founding supporter of SIFE in China. With the expansion to more than 30 teams this year, we are excited about the many new Chinese students who have participated in SIFE. The ability to develop, deliver, measure and manage projects is essential for successful business leaders and I am delighted to see the growth of SIFE in China introducing more and more future
business leaders to the skills required to be successful in both local and global organizations.” (Paul Kennedy, Partner, KPMG Hong Kong and former Managing Partner, KPMG Shanghai)

“Wal-Mart is a fast-growing company and committed to sustainable global business and people development. Wherever we are, we see SIFE students participating in important community work. They educate our communities about business opportunities, and we congratulate them for their efforts. We also welcome your joining the team with passional interests and grow with us.” (Joe Hatfield, President & CEO, Wal-Mart Asia)

**Summary**
The willingness of the students to engage in this action learning effort and to invest significant amounts of time indicates the attraction a practically relevant and outcome-oriented program has for them. The achievements are more than what would be reached in traditional academic settings, but we cannot yet report on
the long-term effects of the program for students or their community clients. Cultural differences exist between the results of this program in these five countries, and more work is required to identify which parts of this effort can be modified for cultural adaptations.

As educators, we marvel at the significant involvement of senior corporate leaders, who make personal time available to interact with the students to measure project outcomes and effectiveness. Anecdotal evidence points to several immediate job offers for these students by the participating firms, but more work is required to determine whether this effort is an effective job search and career start program.
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