

Building an Entrepreneurial Culture

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Introduction

The term ‘entrepreneur’ comes from the French word *entreprendre* which means ‘to undertake.’ It signifies a person who undertakes or operates a new enterprise or venture, while also taking responsibility for the risks involved in setting-up a new operation. Entrepreneurs are not limited to any one field, nor are they limited to the for-profit world. They are in IT, in the field of pharmaceuticals, in the transport and communication industry, in retail, in real estate, in the service industry, in publishing, in textile manufacture, in rural enterprises, and in the non-profit sector. In other words, there is no one field where they have not made their presence felt. Their contributions range from job creation for others to provision of needed services and goods. Their presence adds a competitive edge to the market by offering greater variety to the customers. Their innovations are often at the cutting-edge, and cover new ground that propels their area of specialization to the next level. For example, both Bill Gates and Steve Jobs are IT gurus, who along with their team of employees are largely responsible for giving the personal computer a user-friendly make-up, which in turn led to an IT revolution across the globe. Even entrepreneurs who are working on a modest scale, setting up local shops of their own or starting their own small and medium-sized enterprises (SMEs) are adding value to their local community. They are earning in order to provide for themselves, their immediate and extended families, while also providing for their community. Their presence adds character and flavor to the local region, as well as making it more self-sufficient.

Above all, these entrepreneurs are proof that dreams can indeed be translated into concrete reality. They are often trailblazers that others look up to and aspire to emulate. They are admired for their vision, their ability to take calculated risks, and their leadership skills. Should the entrepreneurial venture be a success, the idea behind the venture is rapidly adapted by others seeking to enter the field. They bring with them new ideas, and infuse new life into stultifying industries. Consider Henry Ford’s introduction of the Model T automobile which revolutionized transportation and the American automobile industry. He introduced the concept of mass production of large numbers of inexpensive automobiles using the assembly line. He coupled this with high wages for his workers and a locally-based network of franchise dealers. This concept has since been widely adapted by a whole range of industries and has changed the way in which industries are set-up and managed. It has also allowed for the production of greater numbers of goods in order to fulfill the needs of a growing global population.

Entrepreneurs are constantly learning new skills on the job, as well as devising new ways to deal with unexpected problems. Start-ups in any field have to face issues that were never anticipated in the planning stage. A new restaurant owner may be faced by a sick customer or a difficult-to-please food inspector. A new IT start-up may find that they have over-budgeted for overhead expenses, and cannot maintain the cash flow to keep the company afloat. An inventor may find herself up against a bigger company contesting her right to patent a product that she has legitimately invented. The problems that entrepreneurs face are not just financial, they can be people problems, or market upheavals, or natural disasters, or simply unrealistic ambitions, or one of any number of issues that can crop up unexpectedly. Given the wide variety of potentially disastrous occurrences, entrepreneurs need a supportive environment to flourish and hopefully, succeed.

Why do people take to entrepreneurship – a risky venture that may or may not succeed? There are as many reasons as there are entrepreneurs. For some, it is what they are meant to do, the one thing that fulfills their ambitions and suits their talents. The story of Ingvar Kamprad, the founder of IKEA, is illustrative of this. Kamprad was born in the south of Sweden in 1926 and raised on a farm called Elmtaryd, near the small village of Agunnaryd. At an early age, he learned that he could buy matches in bulk from Stockholm and sell them at a fair price, but a good profit. He reinvested his profits and expanded to fish, seeds, Christmas tree decorations, and pens and pencils. At age 17, Kamprad’s father gave him a nice reward for doing well in

school. What did he spend it on? He founded IKEA. There are many people like Kamprad, who may not achieve success of such magnitude, who are nevertheless entrepreneurs at heart, and only satisfied when they are doing ‘their own thing,’ so to say (About, Inc., 2006, *Entrepreneurs: Ingvar Kamprad*).

There are some who are accidental entrepreneurs, who did not intend to start their own business but find themselves in a position where it is either a necessity for them or a lucrative opportunity that seems too good to ignore. Gordon E. Moore, Nobel Prize winner in Physics, the co-founder and Chairman Emeritus of Intel Corporation says about his own experience, “There is such a thing as a natural-born entrepreneur (sic)... But the accidental entrepreneur like me has to fall into the opportunity or be pushed into it (Moore, 2001, *The accidental entrepreneur*).” Indeed, there are many like him who are not entrepreneurs either by training or of their own initiative; they are quite simply in the right place at the right time with the right set of skills.

However, undoubtedly the maximum number of accidental entrepreneurs are those who are pushed into it out of necessity. This is true in both the developing and the developed world, as job opportunities become more and more scarce, competition for jobs increases, and higher education becomes a necessity for well-paid jobs. Indeed, in most parts of the world there just aren’t enough jobs for everyone! The world is watching and living through the twin phenomena of immigration from the South to the North, and of migration within countries from rural areas to cities. As people move in search of livelihood, demographic patterns change rapidly and the world faces a new set of problems associated solely with these migrant populations.

The need to move to new shores is most often inspired by a need to find an appropriate and adequate livelihood for oneself and one’s family. Then again, there is no guarantee that a decent livelihood will be available in the new area. Instead, often what people find in big cities and new countries is a culture shock, a sense of alienation and separation from all that they have known to be familiar, and above all, intense competition for available jobs, or jobs that do not match their qualifications or aptitude. How often have people gone from being tenant farmers in their village to becoming rickshaw pullers or day laborers in cities! How often have hopeful aspirants gone from being medical doctors, teachers, engineers in their own country to becoming taxi drivers and waiters in the West! This is not the dream that they had carried with them as they set out in search of better opportunities in distant lands.

Is it any surprise then that people are forced into creating jobs for themselves in circumstances such as these? On the positive side, migrant destinations often have the key ingredients that make for an entrepreneurial culture. Let us take the example of Mumbai, the financial capital of India, the Indian equivalent of New York. It is a city driven by the ambitions and dreams of its inhabitants. People flock to it in search of new opportunities. If they are from a village, they may easily find themselves in a slum, like Dharavi. Dharavi, the biggest slum in Asia, with a population of over a million cramped in an area of 1.75 square kilometers (Wikipedia, 1 July 2006, *Dharavi*). Once a fishing village it is now crowded by small shanties, narrow unpaved, littered pathways, open sewers, children playing in the dirt, and women filling pots of water from community taps. Low rents – Rs. 185.00/\$4.00/£2.20 – and a convenient location that falls between Mumbai’s two main suburban rail lines makes this a convenient location for the poor to live and work. However, Dharavi is not simply another slum. It has a large number of thriving small-scale industries that produce embroidered garments, export quality leather goods, pottery and plastic. Most of these products are made in tiny manufacturing units spread across the slum and are sold in domestic as well as international markets. The annual turnover of business here is estimated to be more than \$650m/£350m a year (BBC News, 13 July 2006, *Life in a slum*).

Yes, as you can well imagine, people are driven by necessity to entrepreneurship – this is a fact of life for many countless, faceless individuals who are forced to innovate and create employment in order that they may provide three square meals for their family. These are the people who never enter the limelight, whose names

never make the headlines of newspapers. There are only a handful of entrepreneurs who breach global or even national consciousness. For the rest, entrepreneurship means a small or medium-sized enterprise, but it is nevertheless their source of income, and it means the difference between starvation and a full stomach, between self-sufficiency and dependence.

Driven by necessity, there is still a possibility that these entrepreneurs may not succeed. There are certain environments that are more conducive to business than others. What does Mumbai offer that even a slum can grow and become Dharavi, the hubbub of entrepreneurial activity? A bigger market, a system of networking among key players in the private and public sector, greater access to capital, sufficient infrastructure and communications facilities, numerous examples of successful entrepreneurs who have lived the rag-to-riches story, and above all, a culture that encourages a spirit of entrepreneurial risk-taking and achievement. All of these elements come together to make for a culture of entrepreneurship, an environment in which risk-taking is rewarded more often than not.

This publication will examine the different elements of an entrepreneurial culture, and try to understand what goes into building such a culture. It will analyze how certain environments are more fruitful than others to budding entrepreneurs, and how some are incapacitating. Furthermore, it will look at different kinds of entrepreneurship, for indeed it is not limited to any one field, as mentioned earlier. Finally, as the narrative concludes we will be able to demonstrate how the YES Campaign has indeed been able to harness the forces of the public, private and third-sector to build a culture of entrepreneurship in different continents around of the world.

The Building Blocks of an Entrepreneurial Culture

What are the basic conditions that a society must possess such that its members will be inclined to pursue entrepreneurial activity, with a fair expectation of gain as the result of their endeavors? A cost-benefit analysis of risks and potential rewards must weigh more heavily on the side of rewards, though one cannot deny the existence of certain risk factors that cannot be mitigated or even anticipated, irrespective of the planning, skill and thought that has been put into the business venture. Let us take the example of a businesswoman in Vietnam who has started her own small coffee bean export business. Vietnam is one of the top ten coffee-producing countries of the world (National Geographic, 1999, *Coffee*), and it is well established in the international market. However, even though this is a profitable industry to enter, the year in which the businesswoman made her entry, there was a surplus of coffee production in more than five of the ten top coffee producing countries. Consequently, coffee bean prices around the world dropped drastically. Given this unexpected turn of events, the initial investment by the businesswoman could not be re-couped from the profits that were expected to come in. This is a shock to her small business and may be enough to close it down.

This scenario could have played out differently if this businesswoman had a support structure that would enable her to withstand shocks such as this one. The backing of a microfinance group in her local village may make the difference between the death of her business or its continuation through the lean period with support from the local microfinance group. It is not difficult to see that entrepreneurs like any other group survive and flourish best when they are surrounded by suitable support structures and safety nets that would keep them from going under during a lean period.

We will now examine one-by-one each of the conditions necessary for the existence of an entrepreneurial culture.

Monetary Capital

The most crucial aspect of any start-up is capital. It is the most fundamental building block that allows the entrepreneur to realize his vision by buying the right equipment/raw material, and/or employing the right people. Start-up funding can vary depending upon the size of the business. A small shop may need only a few hundred dollars, while an IT or pharmaceutical business may need a few hundred thousand. The monetary need of the entrepreneur determines the funding source that she will approach for assistance. The funding source in turn will weigh the risks associated with the venture and fund it only if they believe it has a fair chance of bringing in substantial returns. Funders who are investing high initial capital expect high rates of return as well to compensate for higher risk, albeit over a longer period of time. There are many different sources of funding available to a budding entrepreneur. They can be in the public, private or non-profit sector, they can well be a combination of more than one of these.

Public Sector Funding

This would include funding from the government, and this can come in the form of loans from federal/state/local government or government-run programs targeted specifically at entrepreneurs. Governments also provide aid that is aimed for special areas of development like forestry, conservation, rural development, renewable energy, community development, sustainable agriculture and in some cases for faith-based organizations as well. Government policy for provision of loans through banks and other government agencies like ministries of youth, human resource development, agriculture, woman and child welfare and so on, varies widely from one country to another. Indeed, it depends to a large extent on the system of governance in the country, on the fiscal health of the national economy and on the political leadership of the country.

Young entrepreneurs in search of funding must not ignore the possibilities of applying to the government, and would need to research possible government grants to start their own business. In the United States, there are many different agencies that are willing to fund up and coming entrepreneurs, but they are not always well publicized. The United States Small Business Administration (SBA) is a leader within the Federal government in supporting, promoting, and advocating for women entrepreneurs in the United States and around the world. SBA offers a full spectrum of financial, technical, and management assistance services to help its clients start and grow successful businesses. In 1998 the agency offered management and technical assistance to more than one million small business owners and potential entrepreneurs (ILO, 11 October 2004, *United States small business administration*). This is impressive, and indeed only one example of the many different sources of public funding that are available to entrepreneurs in the United States.

Similarly, in India, the National Bank for Agriculture and Rural Development (NABARD) co-ordinates the rural financing activities of all the institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India and other national level institutions concerned with policy formulation. It also prepares rural credit plans for all districts in the country on an annual basis; these plans form the basis for annual credit plans of all rural financial institutions (NABARD, n.d., *Role and functions*). In other words, NABARD is the central body that sets policy and co-ordinates the activities of all rural and co-operative banks.

One of the projects under NABARD is the Swarojgar Credit Card (SCC) Scheme which aims at providing adequate and timely credit, i.e., working capital/ or block capital or both to persons belonging to small artisans, handloom weavers, service sector, fishermen, self employed persons, rickshaw owners, other micro-entrepreneurs, etc. from the banking system in a flexible, hassle free and cost effective manner. This scheme, which was introduced in August 2003, is just one of many micro-credit innovations under the umbrella of NABARD (NABARD rural non-farm sector, n.d., *Swarojgar credit card scheme*).

Public sector funding in one form or another is available in most countries of the world, and this includes microfinance schemes for the weaker sections of society. Since the success of Grameen Bank, governments around the world have awakened to the immense potential of microfinance as a means of poverty alleviation and of empowerment of the traditionally alienated and downtrodden sections of society. It has been adapted by governments as a legitimate part of their traditional banking systems. In the final analysis, governments are responsible for the well-being of their citizenry, and though private financial institutions may be inclined to philanthropic causes, they will not provide small loans to the poor, who have nothing other than social collateral to back their request for micro-credit. This is where the public and third sector steps-in with microfinance facilities for the poorest sections of society.

Private Sector Funding

As mentioned above, funding from the private sector is usually directed towards projects that hold the promise of high rates of return. Funding can be obtained from venture capital firms that target the entrepreneur's area of expertise. Some venture capital firms offer more than monetary assistance; they also provide technical as well as business support and direction to start-ups. A venture capital fund is a pooled investment vehicle (often a partnership) that primarily invests the financial capital of third-party investors in enterprises that are too risky for the standard capital markets or bank loans (Wikipedia, 31 July 2006, *Venture capital*). In other words, venture capital is not for the weak hearted; it is a high-risk gamble which may produce huge profits if successful, or may be a complete loss if the venture does not take off the ground. If the venture does fail, the entire investment is written off by the firm. They cannot take the entrepreneur to court to demand repatriation of funds invested.

In return, venture capital firms take stock equity or a combination of equity and debt obligation. Most venture capital firms have an exit plan that would allow them to pull out within three to seven years. These are several common exit strategies, which include an IPO or initial public offering that allows the start-up to go public, or acquisitions by which a larger business may buy out the smaller company and take over its funding and management (Guidero, 2006, *Small business center*).

Given the risky nature of venture capital, funding is directed towards those fields that are capable of giving high returns: IT, media and communications, life sciences, construction, semi-conductors, biotech, mining, healthcare, consumer products etc. Venture capital firms often diversify their portfolio and include clients from more than one field, in order to reduce risk of failure. They are careful about choosing their clients, consequently, most applicants are turned down. Even of the few who are chosen only a handful become wildly successful, most end up as failures, while a few result in moderate returns. One of the more successful venture capital firms is Clearstone Venture Partners, which has over US\$650 million of committed capital across a range of technological products and ventures across the globe. They are based both in California, USA, and Mumbai, India, and include such companies as PayPal, mp3.com, NetZero and CarsDirect as part of their portfolio (Clearstone venture partners, n.d., *The Clearstone portfolio*).

Apart from venture capital sources, angel investors are also a potential funding source for budding entrepreneurs or for companies that are having growing pains and are in need a financial shot-in-the-arm. Broadly defined, angel investors are high net-worth individuals who invest in entrepreneurial companies, usually at an early stage. Like institutional venture capital firms, many angel investors provide cash to young companies and take equity in return. One difference is that angel investors typically invest smaller amounts of money in individual companies than venture capitalists do (Kawasaki, December 2000, *Who exactly are angel investors?*). Angel capital fills the gap in start-up financing between the 'three Fs' (friends, family and fools) and venture capital. While it is usually difficult to raise more than \$100,000 - \$200,000 from friends and family, most venture capital funds will not consider investments under \$1 - 2 million. Thus, angel investment is a common

second round of financing for high-growth start-ups, and accounts in total for more money invested annually than all venture capital funds combined (Wikipedia, 30 June 2006, *Angel investor*).

However, angel capital is expensive and some seek a return of 10-20 times their original investment within 5 years, through a defined exit strategy, such as an IPO or acquisition, as in the case of venture capital firms. Angel investors also tend to organize themselves into angel networks or angel groups to share investment, risk and rewards.

The Center for Venture Research (n.d.) at the University of New Hampshire recorded angel investments of about \$23.1 billion for 2005 for a total of 49,500 entrepreneurial ventures. The number of active investors in 2005 was 227,000 individuals, with an average of 4-5 investors joining forces to fund an entrepreneurial start-up. In comparison, \$22.4 billion was invested by venture capitalists in the US for a total of 3,039 deals (PricewaterhouseCoopers, 2006, *National aggregate data*).

Venture capitalism and angel capital is not restricted to the US, it is flourishing in Japan, Europe, India and China, as well as in other countries around the world. The following table shows venture capital investment in select Asian countries for the year 2003.

Since then, the industry has been growing by leaps and bounds. The Indian Venture Capital Association estimated funding of Indian companies will reach \$1 billion in 2004 and continue to grow in years to come (Daga, 24 February 2003, *Venture funding in India seen above \$1 bln in 2004*).

VENTURE CAPITAL ACTIVITY IN ASIAN REGION - 2003

Country	Amount Invested (\$MN)	Number of Companies
Japan	\$7,297.71	77
South Korea	\$3,152.94	21
Australia	\$2,174.70	71
China	\$1,279.83	44
India	\$774.01	42
Indonesia	\$653.45	5
Singapore	\$501.81	16
Bangladesh	\$472.70	2
Philippines	\$149.30	4
Hong Kong	\$131.16	7
Taiwan	\$37.98	3

Source: Srivastava, S., 2004, *State of Venture Capital in India*, Indian Venture Capital Association, Infinity Ventures & Xansa India.

Having examined these two private sources of funding, it is important to re-iterate that private funding for entrepreneurship is normally directed towards the for-profit sector, and does not provide money for either microfinance or social entrepreneurship. At the same time, it is a good financial and technical assistance source for up and coming entrepreneurs who dream big and have strong ideas that they believe in.

Third Sector Funding

Funding for entrepreneurs from the third sector is a relatively new phenomenon. It is important to note that third sector funding is directed towards two distinct populations – at the social activist(s) who needs financial backup for her own non-profit venture; and at the poorest entrepreneur(s) who needs micro-loans/credit in order to start and/or sustain her own business. Whereas, the social activist envisions a project that will affect whole communities, the entrepreneur at the bottom-of-the-ladder may simply need the business in order to survive and feed her own family.

The value of third sector funding cannot be underestimated – it can be the difference between life and death for an individual, a family, a community, an endangered species, the earth’s ecology, and it affects all of us, directly or indirectly.

Ashoka, founded in 1980, is a global non-profit organization that invests in social entrepreneurs around the world. Ashoka pioneered the “social venture capital” approach in international development. “Ashoka’s mission is to shape a citizen sector that is entrepreneurial, productive and globally integrated, and to develop the profession of social entrepreneurship around the world (Ashoka, 2006, *Ashoka’s mission*).” With this aim in mind Ashoka awards fellowships to exceptional social entrepreneurs in the fields of learning/education, environment, health, human rights, civic participation, and economic development. These fellowships provide a living stipend for about three years, such that the fellowship recipient can focus her energies and time completely on implementing her vision as a full-time development professional. The fellowship also affords an opportunity for global dissemination of the development idea being propagated by the awardee by connecting her with a worldwide network of leading social entrepreneurs. This in itself is a unique opportunity for developing and spreading the innovation and building long-term sustainability of the project by learning how to localize it to different areas and populations around the world.

Before we go any further, we need to understand more about the concept of ‘social entrepreneurship.’ Who is a ‘social entrepreneur?’ Like business entrepreneurs, social entrepreneurs are also risk-takers. They conceive of an idea of how things could be different and stake their reputation, their lives, their word on an ideology of change that they believe in. In other words, they are visionaries who conceptualize a different world, a better world and are willing to do what it takes to make their vision come true. Their starting point is a deep understanding and seeing of the problems in the present system in the here and now. From this standpoint they move towards a course of action that would change the system. Social entrepreneurs are the engineers behind large-scale movements of change. They give their life to a cause and cause great change to come about that goes beyond a single village or a single community to entire countries and populations. Gandhi is a good example, as is Nelson Mandela. Florence Nightingale, Medha Patker, Craig Keilburger, Dr. Paul Farmer are all examples of social entrepreneurs. They are catalysts of change who seek to generate social value, not monetary profit. Social entrepreneurship is the process of change that these people adopt.

The third sector is now investing in its own by forming non-profit organizations like Ashoka, The Echoing Green, The Skoll Foundation, The Schwab Foundation for Social Entrepreneurship, all of which are dedicated to providing financial and technical assistance to social entrepreneurs. They aim to support leaders and visionaries who are creating social reform among entire communities. Let us take the example of The Echoing Green Foundation, which has a proven track record of delivering a social return on investment. Since 1987, they have invested nearly \$25 million to help more than 400 visionary leaders spark positive change in 30 countries. They have helped launch model organizations working in education, youth development, health care, housing, environmental justice, human and civil rights, economic and social justice, the arts and immigration. According to a recent study, conducted in 2004, Echoing Green fellows’ organizations have raised more than \$930 million in additional funding beyond Echoing Green’s initial investment. 75 percent of organizations

launched by Echoing Green Fellows are still in existence, and 85 percent of Echoing Green Fellows stay in leadership positions in the social sector (Echoing Green, n.d., *Who we are*).

Third sector financing for entrepreneurs comes in another form as well: microfinance. Prof. Muhammed Yunus, a pioneer in the field, discovered that the poor were being turned away by traditional banks in Bangladesh because they were classified as “not creditworthy.” In order to counter this he started to give out small loans to the poor, targeting them towards women in particular, and found that contrary to popular belief the poor were very creditworthy, and seldom defaulted on their payment. This movement grew with time and led to the establishment of what is now famous as Grameen Bank. The repayment rates for the bank are as high as 97 percent, and the concept of microcredit for the poor has spread across the globe as a revolutionary idea for empowering the poorest of the poor (Grameen, 18 September 2002, *Breaking the vicious cycle of poverty through microcredit*).

The poor are often forced into seeking viable income-generating activities. Normally they lack the education to seek formal employment, and coupled with the fact that they also often have large families to feed, they are indeed left up to their own resources to survive. They may use the micro-loans to buy a buffalo or a few chickens, to buy the raw material for sewing garments or for making baskets, to set up a small roadside shop to sell their wares. Though their business may be small, they are nevertheless entrepreneurial in the true sense of the word. They examine existing resources, gauge the surrounding market, and take a risk to start a new venture, not knowing whether or not it will be favorable in the long run. Accion, FINCA International and Women’s World Banking are just three of the big names that are well-established as global micro-lending institutions. Many country governments and UN organizations are now heavily invested in this concept and are using existing banking systems to provide microcredit facilities to the rural and urban poor.

Having looked at these formal sources of funding from the public, private and third sector, it is important to mention that for many funding is obtained from informal sources: from family and friends, or maybe from the village moneylender, who has a semi-formal set-up for giving out small loans. These are also forms of micro-credit and possibly the more easily accessible with the least amount of paperwork and bureaucratic hassle.

In conclusion, monetary capital is a necessary condition for entrepreneurial activity. The good news is that there are individuals and agencies out there who make it their business to give out loans to entrepreneurs. What you, as an entrepreneur, need to know is who to approach and how, and for this you need to target a source of funding that is most in keeping with your own principles and plan of action.

Regulatory Frameworks

Businesses, especially start-ups are very susceptible to the policy environment of the country in which they operate. Favorable government policies and regulations provide fertile ground in which to grow business ventures, while closed regulatory frameworks inhibit the growth of new business. There are several different aspects that go into the making of a sound, healthy entrepreneur-friendly policy environment.

Political Stability

Possibly the most important of these is the presence of continued safety and stability in the country. Freedom from political chaos, religious strife, civil or cross-border conflicts are essential conditions for the development of new business in the region. For example, war-torn countries like Iraq, Afghanistan, Democratic Republic of Congo and Sudan are faced with massive problems of internally displaced people, victims of war and human rights violations. They have new governments or none at all, the rule of law is tentatively enforced, or completely lacking. How can new businesses take root and thrive under these circumstances? Prior to starting a new venture, entrepreneurs make a few basic assumptions; one of these is regarding the continued political stability of the region, or of its potential disruption. When entrepreneurs anticipate trouble and instability, they can also anticipate that their chances of success are greatly reduced. Consequently, they are reluctant to put their money in those parts of the world where their venture may fail for reasons that they can foresee and have no control over whatsoever. Stable governments, whether communist, democratic or even dictatorships, allow businesses to work within predictable parameters. Entrepreneurs need to be able to plan reasonably for the foreseeable future, as part of their cost-benefit analysis. A state of chaos, or a sudden and violent change in the political leadership of the country is always disastrous for business, more so for start-ups which cannot withstand these sudden shocks, but also for established business which have to adjust to the changed political conditions and new political actors at very short notice. A peaceful transition from one government to another in a democracy, or the continued domination of one political party or dictator allows entrepreneurs to count on the one crucial factor of peace in the region. Countries like the United States, India, Canada, Australia, China, Japan, Thailand which now have an established track-record of political stability are places that are most favorable for the birth and growth of business enterprises. Given the right economic conditions and pro-growth policies, entrepreneurs come center-stage in such environments.

Government Institutions and Bureaucracy

Entrepreneurs rely on governments not just to maintain law and order and keep the peace in the land, they also need them to establish policies that are business-friendly and relatively free of the rigmarole of bureaucracy. Too often upcoming businesses are caught up in reams and reams of paperwork, passed from one office to the next in order to get a permit or a license for their work. Red-tape and the many layers of a bureaucratic system can seep the strength out of many a struggling entrepreneur. It is very important that government simplify the procedure for starting a business and publicize it well so that people are encouraged to start their own ventures, not scared away by the effort. Governments need to find the right balance between simplified paperwork for business start-ups and expansion, and adequate monitoring to ensure high standards for services/products that the businesses deliver.

The table below shows the result of the assessment of starting a business per region:

Region or Economy	Number of Procedures	Duration (days)	Cost (% GNI per capita)	Min. Capital (% GNI per capita)
East Asia & Pacific	8	52	47.1	100.5
Europe & Central Asia	9	42	15.5	51.8
Latin America & Caribbean	11	70	60.4	28.9
Middle East & North Africa	10	39	51.2	856.4
OECD: High income	6	25	8.0	44.1
South Asia	9	46	45.4	0.0
Sub-Saharan Africa	11	63	225.2	254.1

Source: Benchmarking - Entry Regulation, East Asia Compared to Global Best / Selected Other Countries, Doing Business in 2004: East Asia, World Bank

If the bureaucratic system should be both complicated and corrupt then it is so much more difficult to approach and breach. Entrepreneurs then have to bribe public officials at every step of the bureaucratic ladder and this in turn means that they have expenses that they cannot legitimately show on the books as part of their business expenditure. This can be a very daunting and disillusioning experience for young entrepreneurs. It is indeed a pity that their first venture into business should require them to sell their integrity and become part of a corrupt system. Let us take the example of an entrepreneur in Pakistan who is planning to start his own security agency. In order to do so he will need to have credible qualifications, relevant experience, a business plan and a government license. Provided that he has the rest, in Pakistan, as in most developing countries, he will still need to bribe his way through many different government agencies in order to get this license. Thereafter, once he is established as the owner of a security agency, he will need to bid on government contracts for provision of security services to banks and offices. This process of bidding for government grants and contracts needs to be above-board, transparent and unbiased so that new entrepreneurs have a chance of succeeding on a level-playing field. Normally, contracts are awarded not to the most deserving, but to the individual who has the best contacts within the government and/or the fattest bribe to offer. This system is both corrupt and exclusionary; it successfully keeps new entrants from entering the business. This also succeeds in keeping honest and upright individuals from participating in both business and politics, which in turn perpetuates the cycle of corruption in the country and seriously damages the trust of the ordinary citizen in the machinery of the state. A corrupt society is a difficult society to live in, except for the select few who are in a position to manipulate the system to their advantage.

It is definitely not impossible to succeed in a corrupt environment. On the contrary, business can go hand-in-glove with government and become two sides of the same corrupt system. In Poland and Hungary, entrepreneurs rushed to fill the void left when the communist system of state-owned factories and centrally run economies collapsed. Russia was different: Entire industries, from oil fields to nickel mines, passed almost seamlessly from the state into the hands of relatively few barons. The barons have the political muscle to cut through a smothering state bureaucracy (LaFraniere, 29 December 2001, *Cleaning Up Russia's culture of corruption (Putin targeting all who 'feed off' small business)*). For entrepreneurs and small business owners, it is a different story, however. They are confronted by an extensive and corrupt bureaucracy that has the power to deny licenses, permits, office space, and access to materials unless substantial 'gifts' or bribes are paid. Racketeering small business people are also confronted by a growing "protections" rackets business. These criminal costs substantially raise the costs of doing business and in many cases make it impossible for a new firm to get started or, once in business, to maintain ownership of the firm. Also, some key inputs or supplies are controlled by gangs of racketeers known as mafias (Kanaga, 1992). The Russian government has been



trying to free small businesses from the stranglehold of racketeers and government corruption, but it is an uphill task and one that will take time.

This concentration of wealth in the hands of a few billionaires does not make for peace and stability in the long run. It widens the divide between the rich and the poor, and makes for great unhappiness and discontent among the poorer sections of society. If we were to continue with the example of Russia, we find that according to data from the Russian Finance Ministry, wealthy Russians were 10 times as rich as poor citizens in 2001, and the difference increased to 13 times in 2002 and 14 times in 2003. Ten percent of wealthy Russian population obtains 29.8 percent of the total volume of income, while the share of poor people's income is estimated at only two percent (PRAVDA, 3 November 2004, *The gap between wealth and poverty grows in Russia*).

It is also palpably wrong that immense wealth should be concentrated in just a few hands. Sooner or later, these few wealthy individuals come to dominate not just the business scene but also the political, either up-front or by pulling strings behind the scenes. China, for one, modified its Constitution in 2004 to allow private entrepreneurs to join the Chinese Communist Party (Chan, 2 April 2004, *Chinese regime amends constitution to protect private ownership*). Similarly, Dick Cheney, the American Vice-President continues to have close monetary ties to his former company, Halliburton Co, which has in turn been reaping huge benefits from the Iraq war, having received government contracts worth more than \$1.7 billion for its work over there (CBS News, 26 September 2003, *Cheney's Halliburton Ties Remain*). It is difficult to imagine that they will be both willing and able to devise and impose regulatory mechanisms on their own business enterprises. It is important to acknowledge that a sound business policy does not automatically imply that business interests must be given a free rein. On the contrary, they need a nurturing environment that also sets standards in terms of the environment, employee welfare, consumer health and safety. Good policy conditions would include a reasonable tax structure for established businesses that does not fine them heavily for making profits, while also ensuring that they are not allowed to get off the hook entirely with respect to taxation.

One can envision that an encouraging entrepreneurship policy would include tax breaks for up and coming businesses, and rewards for successful new entrepreneurs. Indeed, more and more developed nations have begun to adopt E-policy or entrepreneurship-policy as part of their national agenda. The most advanced policy efforts are in the Netherlands, which adopted an E- Policy in 1999. In 2000, the Finnish Government approved a government-wide, multi-departmental, two-year Entrepreneurship Project and the UK government adopted the mission of making the UK 'the best place in the world to start a business'. Other governments make reference to entrepreneurship as a part of their overall economic development agendas. For example, Sweden identifies 'good entrepreneurship' as one of its pillars, Ireland is focusing on 'technology entrepreneurship', and Australia has launched a national 'Promoting Young Entrepreneurs' initiative under their new innovation agenda, *Backing Australia's Ability*. Let us take the example of Netherlands, where multi-ministries and levels of government partner in the delivery of a common vision for increasing the level of entrepreneurship and business creation activity in the country. The Ministry of Economic Affairs may coordinate the policy implementation, but there is a great deal of consensus and cooperation in its delivery across departments and government. Netherlands is also focused on articulating measures to check on improvements in the entrepreneurial climate/culture of the country. This includes indicators to measure things like increases in the entrepreneurial potential of the population, increases in the preconditions for becoming an entrepreneur, decreases in obstacles, and improvements in social attitudes towards entrepreneurship (Stevenson & Lundström, 18 June 2001, *Entrepreneurship policy for the future: Best practice components*).

As more and more governments become conscious of the importance of promoting a policy for entrepreneurship, they need to decide exactly what kind of an E-policy model they are heading towards. In their article

Entrepreneurship around the globe: Adapting to different national environments (2002), Cullum, Padmore and Purdy examine three different models for successful entrepreneurship in countries around the world. Each of these has their own advantages and disadvantages, but the social democrat model is the most responsive to the needs of all three sections: business, consumer and government.

1. The Free Market Model

Examples: The United States and Canada

In this model, the role of government is fairly limited. Public policy can create some of the basic conditions required for an entrepreneurial culture to flourish, such as good telecommunications infrastructure, and can remove many of the obstacles that get in the way, but the rest is up to the private sector.

This model thrives in a culture in which entrepreneurial success is celebrated rather than denigrated. The tax structure rewards initiative and financial gain, but the degree of social protection is generally low.

2. The Guided Individualism Model

Examples: Singapore and Taiwan

This model, too, is based on the encouragement of individual enterprise. Its distinctive feature, though, is the role of public policy in determining the broad sweep of entrepreneurial activity—in effect, signaling the sectors and industries in which entrepreneurial energies can most usefully be directed.

3. The Social Democrat Model

Examples: Sweden and Germany

This model combines the encouragement of enterprise with an emphasis on social protection. Countries that follow this model create a sort of social partnership, with key aspects of the economic and social framework determined by negotiations between the different social partners, such as employers, employees and government.

The collective nature of the social partnership system means that initiatives to encourage entrepreneurship - such as those promoting greater labor flexibility - can be accompanied by other measures (for example, retraining schemes and unemployment benefits) to offset any adverse impacts on particular sections of society. It thus becomes easier to gain the approval of society at large for the key measures needed to strengthen the productive base of the economy.

Most countries cannot be neatly slotted into either the one or the other of these models, since their entrepreneurial policy is still evolving as they react to the force of the rapidly globalizing world economy. Also, many of the newly independent republics in the Baltic region and Central Asia are making the difficult transition from their previous system of state-controlled enterprise to a democracy or absolute dictatorship, both of which are unfamiliar forms of government to them. The concept of entrepreneurial activity in itself is new in these areas where individual initiative and independent thought has been discouraged for ages, and the expectation has been absolute and unquestioning obeisance to the government for the collective good of the whole country. Entrepreneurial activity in these countries needs to be carefully cultivated and encouraged every step of the way. We will look into this more as we examine entrepreneurship education and training in this paper.

Finally, government is also responsible for the effective and efficient provision of services such that both businesses and their customers can thrive. These services range from power, water to communications and waste removal, among others. One problem that is common to a lot of different countries is the disconnect between public servants and entrepreneurs. One way of bridging the divide between the public and private sector is by encouraging public-private partnerships, such that each uses the strengths of the other with the

common goal of promoting business development for purposes of growing new and innovative technologies, for creating employment opportunities, and for generating wealth. One such example can be found in Chile, where all government initiatives have been consolidated in a single office with the goal of facilitating the relation between government and entrepreneurs and creating a cohort of specialized governmental employees. This office aims to reduce transaction costs, increase transparency and effectiveness by providing aid to entrepreneurs with all aspects of growing a business from helping with writing a business plan to providing risk capital funds. Also, regulations in the new Emerging Markets Stock Exchange have been simplified to facilitate new firm's initial public offerings (IPOs) and to prevent discrimination between consolidated and new firms. Similarly, as of July 2005, a one-stop shop for company registration has been established in Slovenia. This enables entrepreneurs to fulfill all legal activities for registration in one place. These registration points are found at 205 locations in Slovenia. Registration procedures take about one hour and are free of charge. In the first three months of operation, 1,600 entrepreneurs have registered this way (Autio, Bygrave & Minniti, 2006).

Economic Policy

An important factor that plays a major role in the potential success or failure of new entrepreneurs is the economic climate and policy of the region. Government's can frame economic policy such that it is both encouraging to start-ups and protective of established businesses. Governments can have clearly articulated economic policy initiatives that reduce the financial constraints entrepreneurs face - either through preferential loans to new businesses, as those supported by the Small Business Administration, or preferential tax treatment for new or small businesses (Kreft & Sobel, 2005). This is equivalent to the financing of entrepreneurial initiatives through public sector funding, which has been examined in the previous section.

Above all, governments need to avoid policies that stem from a particularly narrow definition of entrepreneurship. For example, entrepreneurial ventures need not be described solely as start-ups or only about high technology initiatives. This can divert attention from getting the broader economic policy settings right. Governments can examine whether current regulations governing financial institutions and/or financial markets inhibit or facilitate the availability and optimal allocation of finance for entrepreneurial activities, and make changes accordingly.

They can also look into the overall effects of the tax system on entrepreneurship, and identify features that discourage entrepreneurs or the financing of entrepreneurial activity. They can ensure that the tax system is transparent and that compliance is straightforward and uncomplicated. Governments could go a step further and set-up public agencies or appoint officials to help entrepreneurs understand and manage their finances, every step of the way, from seed monies to taxes to expansion funds. They could also provide training courses for bank officials and others, teaching them how to deal with and aid small business owners and entrepreneurs. Too often, the unhelpful, condescending, corrupt attitude of government officials at financial and bureaucratic offices is in itself a deterrent and inhibitor of entrepreneurial activity.

Furthermore, governments can ascertain that personal bankruptcy legislation provides an appropriate balance between encouraging risk-taking and protecting creditors, without burdening either party too much. After all, entrepreneurship is about taking risks, and though no entrepreneur goes into business planning to fail, there is always a possibility that circumstances outside of her control may cause her venture to flounder. In such situations, it is important for entrepreneurs to know that they will not be punished for taking risks and attempting to start something new, and that they have some bankruptcy protection to fall back upon. The United States which has had a very business-friendly bankruptcy law since the last 1970s recently modified it to The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which though not as lenient still allows businesspeople to file for bankruptcy without facing a severe backlash (TheStreet.com, 22 July 2005, *How the new bankruptcy law affects small business*). This is an important consideration for entrepreneurs and minimizes the risk associated with starting a new venture.

Lastly, an important aspect of national economic policy is with regards to the government's attitude towards the powerful phenomenon of globalization. Open global markets are vital to entrepreneurial growth, not only because they allow for the free-flow of goods and services to a larger market, but also because they allow for the free-flow of ideas and cutting-edge technology from one part of the world to the next. This interaction can act as a stimulant to further development of technologies and lead to breakthroughs in research and development of technological innovations. These can then spread rapidly to different parts of the world, given that countries are willing to join the global marketplace (AltAssets, 30 May 2005, *Global entrepreneurship monitor*).

India and China, strong growing economic super powers today, started their journey towards economic liberalization at different points of time. China's key economic reforms took place in the 1970s, while India did not start liberalizing till the 1990s. Last year per capita income in India was \$3,300, while in China it was \$6,800. India's Gross Domestic Product (GDP) growth for 2005 was 8.4%, while China's GDP was at 10%. For the same period, foreign investment in India was an estimated \$8.4 billion, while in China it was at \$72.4 billion (Elliot & Perry, 26 June 2006). Both countries are strong evidence about the immense force of globalization and of how it can alter the economic make-up of a country. Both country governments also need to be much more responsive to the needs of their rural and urban poor populations that are not receiving the trickle-down from a rapidly globalizing world economy. Indeed, there is a lot to be said for how much needs to be done in order to bring the poor out of their conditions of extreme economic need and misery, and into this sphere of frantic economic activity.

Globalization is about competition and this is not necessarily a bad thing. Indeed, government can step-in and adopt protectionist policies towards the vulnerable sections of the economy, for example, in the case of poor farmers who do not have the means to compete on a global scale. Alternately, government can provide them with the means, the technological and monetary input, and teach them over a period of time to become formidable producers who can hold their own in the international market. This, however, would be a long-term strategy, and one which would require absolutely committed and honest personnel at the helm. At the same time government should also be able to step back and allow the larger forces of competition and open markets to come into play, such that each country can produce world-class entrepreneurs and businesses, that provide goods and services that measure up to global standards. Competition is one way of weeding out poor-performing businesses; it is also a way of encouraging higher standards and global players. Within the country, governments can open up provision of public services to competing private entrepreneurs, provided that the system of allocating the grant, its monitoring and evaluation are transparent and above-board.

Governments have an important role to play in shaping the forces of globalization as they affect their country, by charting the course of their economic policy such that they welcome globalization, while ensuring that the weaker sections of society are not penalized for lacking the resources and know-how to compete in an international market. Governments need to identify these sections and make sure that they have the opportunities and the training so that they can become participants in the global market over a period of time. It is not necessary that governments adopt a single, uniform, one-size-fits-all policy with respect to globalization and their country's diverse manufacturing, export, farming, industrial and technological ventures. Indeed, it would be much more relevant to tailor the country's economic policy to the needs of each section, while also attempting to balance it with respect to the needs and requirements of other countries in the region and/or across the globe.

Certain entrepreneurial ventures benefit greatly from globalization. We can take the example of handicrafts exports from India, in leather goods, cloth, carpets, glass products, or pottery. These are renowned the world over and fetch an excellent price in the international market. There is great competition within the country, and from other handicraft-producing countries in these products. This has been a healthy, growth-oriented

competition that has led to a more diverse, creative production, more responsive to the needs of customers. Where government does need to step-in is not with respect to curbing competition, but in order to ensure that the local manufacturers are paying their workers a decent wage and that the benefits of the global market are reaching the lowest rung of the ladder in the production process. Some may argue that this may increase labor costs and so also the price of the goods, thereby making them less competitive in the global market. However, looked at differently, it is clear that this could also serve to reduce the gap between the rich and poor sections of society, and indeed there needs to be a global consensus on provision of fair wages to laborers, so that no one country is disproportionately disadvantaged by trying to provide adequate wages for them. A globalizing economy also needs an educated, socially aware global customer base, and each country government and global firm must take on the responsibility of educating its people about both the costs and benefits of globalization.

This does not mean that entrepreneurial activity should be inhibited or the global marketplace shut out. On the contrary, governments need to welcome competition, while ensuring that entrepreneurs and their employees get a fair deal. This is not an impossible proposition. Indeed, as things stand global businesses do negotiate with country governments before setting-up shop in their part of the world. Competition will inevitably lead to a level-playing field eventually, but in the interim governments need to regulate the level and extent of competition in order to ensure that there are no helpless casualties in the process, who are thrust into a globalizing world economy without first being at least reasonably prepared to take it on.

In the final analysis, government policies need to send a strong positive signal to entrepreneurs. Governments have the dual function of providing a supportive economic environment and of monitoring the economic excesses of businesses, both local firms and global multi-nationals.

Labor Market Flexibility

A related issue that affects entrepreneurial activity is that of labor markets. A flexible labor market is one in which it is easy and inexpensive for firms to vary the amount of labor they use, by changing the hours worked by each employee and also the number of employees, if required (Economist.com, 2006, *Economics A-Z*). It can also include other details such as number of days for vacation, sick leave, leave with/without pay, paternity/maternity leave, overtime requirements and benefits, pension funds, health insurance etc. This in turn means that labor unions are discouraged and regulation over terms of employment is weak.

Opponents of labor market flexibility point out that too much control in the hands of employers can mean lack of job security and weak labor protection laws. Supporters, on the other hand, claim that competition levels out the labor market, and allows market forces to set the terms of employment, thereby increasing efficiency. Recently, while many trade unions have been pressing for reduced working time, guarantees of employment security and measures to combat unemployment, some employers have been seeking to modify many of the hard-won social protection measures in an effort to make labor markets less rigid. For example, they are striving to match workers' desire for fewer hours worked against the acceptance of a more flexible approach on *when* and *how* to work, so as to increase the operating hours of machines without having to pay for overtime (ILO, 1999).

Flexible labor markets are a fact of life in the developing world where labor is abundant and cheap. Therefore, outsourcing to countries where labor laws are weak and the labor market more flexible is now a very common phenomenon. As things stand, India controls roughly 44% of the global outsourcing market of software and back-office sources. India has become the host outsourcing country of choice for many US companies. This is due to the economic advantages and the large supply of a well educated, highly motivated, competent, productive, and English-speaking workforce (Gaut & George, 1 May 2006, *Offshore Outsourcing to India*

by U.S. and E.U. Companies). Consequently, in the developed world one can argue that flexible work organization provides employers with a means of extending operating hours; applying high-wage labor more effectively in the face of competition from low-wage countries and thus raising its productivity, improving the quality of products and increasing the rate of innovation; but also of removing disincentives to hire staff and adjusting employment levels to variations in demand (ILO, 1999).

At the same time, the developing world needs to provide certain checks and balances to ensure that it is not harboring sweatshops that are a ripe ground for exploitation of workers. Government needs to intervene to the extent that they can negotiate reasonable terms and conditions with foreign employers for their own citizens. The developing world is at an advantage in that purchasing power parity is greater there, even with higher inflation, because their currencies are weaker in comparison to the dollar/pound. Given this fact, employers who are outsourcing their labor can still make a profit, while also paying their foreign employees reasonable wages.

The Nordic countries, however, are a good working example of how flexible labor markets can be combined with strong social protection. There is a strong sense of cooperation between workers, and employers. Though taxes are high, they are generally accepted in return for good public services, including education, childcare and retraining (Bowley, 23 October 2005, *A preference for stability or a flexible labor market?*).

In the final analysis, labor market flexibility does indeed boost entrepreneurship, but it comes at a cost, unless either governments or businesses take responsibility to ensure that laborers get fair compensation, while also protecting business interests from being unduly pressured. Possibly, the Nordic model is worth emulating in this regard.

Intellectual Property Rights

The issue of intellectual property rights (IPR) first became a contentious issue in the 15th century with the advent of the printing press, which could copy books and manuscripts. Today, individual inventors/entrepreneurs and companies are in a position to patent their new idea and sue competitors who attempt to steal or duplicate their product/idea. Laws must decide where intellectual property rights end and the realm of open knowledge begins. Developing nations have strong arguments against IPR, since many fear that it could lead to monopoly of protected products by the developing world, and may inhibit competition instead of promoting it. They also rightly fear that if IP protection is strengthened, they will be compelled to increase their imports of proprietary knowledge or products. Presumably their consumers, including former consumers of pirated products, would indirectly pay these immediate costs. Indeed, the short-term financial costs of rigorous IP enforcement to developing nations may be high. For instance, economists estimated that Indian pharmaceutical manufacturers and consumers might see increased costs of \$477 million to \$1.3 billion (in 1988 dollars), depending on the market's features. Developing countries therefore fear that the price of protected pharmaceuticals will skyrocket, making it difficult if not impossible for their citizens to afford essential medicines (Price, 1995).

Likewise, unauthorized copying of works of authorship - including, for example, textbooks and other educational materials as well as entertainment products - also saves developing countries large amounts of money. There are other important arguments the public and policymakers in emerging-market countries marshal for their position. Under a strong IP system, universities and students would have to pay much higher prices for authorized copies of textbooks than for the bootlegged copies that are now used in countries such as South Korea, Cuba and Venezuela. Many agrarian countries also pay lower prices for pirated seeds and agricultural products than would prevail under a strong IP regime. Indian farmers, for example, are now claiming that strong protection of IP will force them to purchase expensive patented seeds from "monopolistic" companies, both local and foreign (Ibid.). This is a genuine problem as illustrated by this recent news release

of April 20, 2006, by Senator Olympia J. Snowe, Chair of the Senate Committee on Small Business and Entrepreneurship:

“Small business owners in Maine and across our nation are fighting to remain competitive with countries such as China that flagrantly disregard intellectual property rights. Specialized shoe manufacturer New Balance grew so concerned with the magnitude of this problem that they were forced to file suit against ‘New Barlun,’ a Chinese shoe manufacturer that sells nearly identical shoes.

While I am pleased that progress was made during last week’s U.S.-China Joint Commission on Commerce and Trade meetings, China must better protect U.S. intellectual property. The massive distribution of pirated music, movies, software, pharmaceuticals and manufactured parts has led to lost jobs, lost royalties and lost sales for American businesses – small and large. I call upon law enforcement agencies from China and the United States to ramp up their efforts to develop and prosecute intellectual property cases. Fraudsters and thieves must be held accountable for intellectual property crimes.”

The issue of IPR affects both entrepreneurs and customers. What is harmful for entrepreneurs in Maine, USA, could be beneficial for customers and entrepreneurs in China. Indeed, when it comes to issues like life-saving pharmaceuticals, one is forced to consider whether certain forms of knowledge must not be quite simply areas of open knowledge. Then again, this could deter investment for research and development of new medicines. There are powerful arguments on both sides of the spectrum.

There are good reasons why IPR makes business sense. The future of entrepreneurship is closely tied to the protection of rights to intellectual property, allowing start-ups to market an idea without fear of infringement by others. There are other benefits as well like strong IP protection encourages entrepreneurs and investors in emerging-market countries to focus on problems indigenous to their countries, and thus reward researchers for their work in both developing and developed countries. It can also allow banks and other financial institutions to attach value to the new IP being created leading to increased investment in new ventures and technologies (Price, 1995). Finally, IPR is a matter of fairness and equal protection for small business owners and entrepreneurs, irrespective of which part of the world they are from.

Having listed both the advantages and disadvantages of IPR, it is important to point out that the developed and developing nations are not playing by the rules on a level field. On the contrary, individual countries need to be well aware of and staunchly pro-active of their intellectual property rights, in order to ensure that their products/technologies are not patented by other countries. It is not just China which is duplicating American products unfairly; American companies have also been known to patent agrarian products like Basmati Rice which are of Indian make, and have been so for a few centuries now (Trade Environment Database, n.d., *TED case studies: Basmati*).

As the forces of globalization sweep across nations, the push for IPR increases as well. This is an area that the developing world and budding entrepreneurs can ignore only at their own risk.

Infrastructure

A successful business, irrespective of the size and nature of the enterprise, relies on the physical and technological infrastructure available in the region. Even if we were to consider a small business, that of a rural entrepreneur who weaves and sells cane baskets in the local market, we find that she will rely on the local transportation and roads available to transport her finished goods to the market. For bigger businesses the demands of infrastructure are multiplied many times over. Media, IT, pharmaceuticals, biotechnology are major areas of entrepreneurial activity, and each of these depends on a whole string of infrastructural inputs. Roads, airways, ports for transportation, fiber optic cables for internet and telephone lines for communication, basic requirements of electricity and water supply round the clock, artificially heated or cooled buildings – these are all the elements that are absolutely necessary for many entrepreneurial ventures to take off the ground. The kind and quality of infrastructure that a region has determines the nature of the business enterprises that will grow over there. Entrepreneurs work with existing resources, and rely on the government to provide a sound infrastructure for them to tap into for their businesses.

If we examine the map showing the night-time city lights of the world, it is easy to see that most of Africa is dark, as are many parts of Latin America, even if we take into account that the raw image overestimates urbanized areas by as much as seven or eight times (NASA Science, 15 November 2005, *Lighting up the ecosphere*). In contrast, North America, Europe and Japan are brightly lit. This is a visual representation of the quality and nature of the physical infrastructure available in these parts of the world in terms of artificial light. This in turn also dictates the nature of the business enterprises that flourish in these areas. Whereas, the West and Japan are the seeding ground for cutting-edge technology, African business entrepreneurs are limited to starting more basic entrepreneurial ventures that can be supported by the sparse physical infrastructure available in the region. In other words, the technological and monetary gap between different parts of the world grows with this huge division in terms of entrepreneurial activity. It is not possible to underestimate the immense importance of physical and technological infrastructure to the development of entrepreneurial activity.

The World Atlas of Artificial Night-Sky Brightness



Source: Light Pollution Science and Technology Institute, Italy

Entrepreneurship Education and Training

As the global population explodes, the need for self-employment becomes a reality in countries around the world. The West has been quick to capitalize on the idea of entrepreneurship education, and has realized the importance of educating people from an early age on in the principles and methods of entrepreneurship. This is a necessity today for the developing world as well; it is no longer a luxury that can be inculcated in the curriculum slowly over a period of time. The time to act with respect to entrepreneurship education and training is now.

Entrepreneurship education is an absolute necessity in countries where the private sector is a relatively new entrant. There are many countries around the globe, including the newly independent republics that were once part of the USSR, that are now in dire need of entrepreneurial training and business know-how. One example is of the International Labor Organization's (ILO) 'Know about Business (KAB)' program that is targeting youth entrepreneurs and small business enterprises. They have developed an entrepreneurial training curriculum that has been translated into numerous languages and implemented in countries around the world. In 2000, KAB was introduced in Kazakhstan through a Luxembourg-funded project. The KAB training package was translated into Russian, after a training of teachers and instructors, it was pilot-tested in five vocational training schools. In May 2003, the curriculum development institution of Kazakhstan validated the KAB materials. A decree was subsequently issued introducing entrepreneurship education based on KAB in Technical and Vocational Education and Training (TVET) institutions in the country (ILO, 2006, *Youth entrepreneurship*).

Effective entrepreneurship programs would focus on several areas: introducing entrepreneurs-to-be to the fundamentals of setting up a business, improving hands-on skills, teaching them the importance of broader public policy and how these affect them as business owners (CIPE, 1998). Indeed, if there is one area of education that needs to be taught in all countries, irrespective of years of formal schooling, income level, gender or social status, it is the area of entrepreneurship education.

Children can be introduced to the concept of entrepreneurship in school. The United States is at the forefront of this movement. In their publication, *Learning by Doing: Entrepreneurship Education* (2004), published by the Appalachian Regional Commission with support from the Ewing Marion Kauffman Foundation, the authors point out,

“Entrepreneurship programs are among the few academic activities that engage students in teamwork and allow students to clearly understand that success requires a focus on outcomes, not on putting in class time. Time and again, teachers of these courses comment that all kinds of students, chronic low achievers as well as strong students, excel in these programs. The key seems to be peer pressure to meet or exceed what are seen as realistic standards, just as with a football or basketball team. Entrepreneurship education courses win praise from teachers and school administrators for helping students excel at academic subjects like English and mathematics. Studies have shown significant improvement on standardized tests among students involved in entrepreneurship programs.

The report details six successful youth entrepreneurship programs and provides information about resources for educational institutions and young entrepreneurs. Each of these programs is located in different states across the country, and each one examines how the concept of entrepreneurship can come into play in response to very different circumstances.

- **West Virginia vocational program** teaches students to recognize opportunities around them, even in an economically distressed county;

- **South Carolina high school program** in which each new class begins with improvisations and ends with students keeping a share of a food service's profits;
- **Faith-based effort in Nashville, Tennessee**, where children as young as second-graders cultivate character, initiative and social skills (while also making impressive amounts of money);
- **High-tech service project in a northern Mississippi middle school** that stresses dependability and a strong customer orientation;
- **Kentucky high school program** in an economically distressed rural county that has grown by stimulating demand for its products across the community; and
- **High school in a low-income area of Chicago** that is using entrepreneurship across its curriculum as part of a strategy to transform urban education

All six programs had some aspects in common, other than their target population of school-going children.

- They provided opportunities for youth to start and operate appropriate enterprises.
- They reinforced the concept that successful entrepreneurs take calculated risks based on sound research and relevant information.
- They required youth to develop a plan for a business that addresses its financial, marketing and operational aspects.
- They portrayed the relationship between risk and reward, and gave opportunities to young people to understand basic economic concepts such as savings, interest, supply and demand, etc.
- They generated an understanding of a variety of industries.

This push towards entrepreneurship education has led to a growth in educational institutions that produce suitable curricula and train teachers to teach entrepreneurship in schools. In the US itself, there are many organizations furthering the cause of entrepreneurship education for children and youth. The Appalachian Regional Commission, the Consortium for Entrepreneurship Education, Students in Free Enterprise and the National Foundation for Teaching Entrepreneurship are just some of the ones that are better known. A similar trend is to be seen in European nations where country governments are taking an active interest in promoting entrepreneurship in educational institutions. In the Netherlands, for example, a Special Commission on Entrepreneurship and Education has been working with the support of the Ministry of Economic Affairs in order to develop teaching materials, to organize seminars, to provide training for teachers etc. The strategy for 2004-2007 focuses on the organization of regional road shows, to present different good practices to school management, teachers and students. In 2005 a special day had been organized where 250 entrepreneurs gave classes at several schools throughout the country (EUROPA, 13 February 2006, *Promoting entrepreneurial mindsets – Examples of good practice in Europe*).

In the developing world, entrepreneurship among school-aged children takes a very different form. Unlike the West, where school-going children have the opportunity to learn about this as a life-skill in safe and well-directed environments, in most parts of the world children are forced to become wage-earners, either as entrepreneurs or as laborers for others, in order to feed themselves and their families. Most working children are employed as child laborers, working for others under conditions that may or may not be favorable to their well-being and development. A smaller number actually set up their own business, which may be as simple as doing boot-polish on the street, to bigger ventures like opening a tea-stall or a small shop selling women's bangles, clothes etc. the concept of children as entrepreneurs has not been researched at any length thus far, but would open an interesting arena of possibilities to researchers and thereafter, to policy-makers and development professionals. It brings up the larger question of whether or not these child entrepreneurs should be supported in their business ventures by external agencies, or whether they should be forcibly shut down, since some consider all forms of child labor as harmful to the welfare of children.

At the college level, entrepreneurship education is fast reaching beyond its traditional domain in schools of management. One far-reaching example is of the Ewing Marion Kauffman Foundation which has been funding entrepreneurship education in campuses across the United States for the past few years. In June of this year, it announced its second Kauffman Campuses Initiative with a \$35 million commitment to colleges and universities. The Kauffman Campuses Initiative was launched in 2003, when eight schools were awarded a total of \$25 million to transform the campus culture by providing entrepreneurship courses and programs within liberal arts, engineering and other disciplines outside of the business school (Ewing Marion Kauffman Foundation, 27 June 2006, *Entrepreneurship unleashed in universities across the country*).

It is abundantly clear that the potential of this new and growing field of education has been understood by educational institutions in the West. These entrepreneurship education organizations are taking this ideology and its practice beyond their borders to other parts of the world. One such example is Students in Free Enterprise (SIFE) – Africa, which has 130+ participating universities, 1500+ participating students, 100+ African business corporations and executives, 450+ projects implemented annually, and 11 countries in its network. In Africa, SIFE programs are active in Botswana, Egypt, Ghana, Kenya, Lesotho, Morocco, Nigeria, Senegal, South Africa, Swaziland, and Zimbabwe, with plans for expansion to other countries well underway. In keeping with SIFE’s guidelines the university SIFE ‘management teams’ spend the academic year developing and implementing micro-business, or education and training projects that promote and/or teach (1) free market economics (2) entrepreneurship (3) business ethics and (4) personal and financial success skills. These guidelines provide sample project themes to ensure that priority issues are addressed. One such project is the Etsa Phapang Agricultural Project, which means ‘making a difference.’ The SIFE Team from the University of Free State (UFS), Bloemfontein, South Africa, partnered with Technikon Free State, the Department of Agriculture, Mangaung Municipality, MUCPP and various private companies to start this community-based program where vegetables are grown in hydroponics tunnels and broiler chickens and eggs are produced. SIFE UFS conducted two workshops for the 16 beneficiaries of the project on conflict management and marketing techniques. SIFE UFS trained the attendees on how to secure contracts with produce markets in order to increase profitability (SIFE-Africa, n.d.).

Governments in the developing world are also becoming aware of the need for and potential of entrepreneurship education. The *Entrepreneurship in Asia Workshop* organized in 2002 brought together experts from nine countries to assess economic growth in the region, as well as to propose new strategies for promoting economic growth. One of the issues brought to the fore was of lack of entrepreneurial training. The Asian economies represented at the Entrepreneurship Workshop can capitalize on some of the world’s best science and engineering talent and training capabilities, but technical training is not enough; entrepreneurial training is also needed. In an interview, Singapore’s Deputy Prime Minister Lee Hsien Loong, described the need for a “change in mindset” among Singaporeans. He proposed changes in the educational system so that students “become familiar with ideas of entrepreneurship.” Singapore is not alone in this effort; many of the major governments in the region are seeking to expand youth entrepreneurship education and to better link business training into existing science and technical training programs (National Commission on Entrepreneurship, 2 July 2002, *From industrial policy to entrepreneurship policy: Asia’s governments embrace start-ups*). In Malaysia, for instance, universities have started to offer entrepreneurship education as part of their curriculum. One such university, Kolej Universiti Kejuruteraan Utara Malaysia, or KUKUM, requires that in addition to the mastery of engineering skills, KUKUM graduates should also master two very important skills – entrepreneurial and communication skills. The Centre for Communication Skills and Entrepreneurship is given the task of implementing and monitoring good entrepreneurial education in the University. KUKUM graduates are expected to have higher inclination to be entrepreneurs compared to their counterparts in conventional universities in this country (KUKUM, n.d., *Entrepreneurship education in KUKUM*).

It is evident that entrepreneurship education is becoming more common in schools and universities. It is also being targeted at budding entrepreneurs, of all income and education levels. In the developing world, entrepreneurship is often the only option open to the poor. *Bhartiya Yuva Shakti Trust (BYST)* is one such non-profit venture, launched in April 1992, that is attempting to nurture the entrepreneurial dreams of the underprivileged youth of India. It aims to fight the two major problems that plague Indian society: poverty and unemployment. BYST provides financial assistance to disadvantaged youth, to start a new business or expand an existing one. The loans are given without collateral. Mentoring support is provided through volunteer businesspeople and professionals. BYST also provides other support services to its entrepreneurs in the form of regular training programs, workshops get-togethers and opportunities to display their products and services at national and international trade fairs and exhibitions. Up until 2003 BYST has supported nearly 900 entrepreneurs, of whom 137 are women. The businesses range from handicrafts to high-tech electronics. Most of the participants are fairly successful businesspeople today (Haftendorn & Salzano, 2003).

Entrepreneurship education can be a powerful tool for empowerment and with this realization in mind, NGOs, government and the private sector have begun to collaborate to tackle the multiple problems of unemployment, of at-risk youth, of youth in post-crisis situations, of traditionally marginalized sections of society like women, lower castes and minorities. This is a movement that must grow in strength as its benefits come to light in communities and countries around the world.

Social and Cultural Factors

Having considered a host of other factors that influence entrepreneurial innovations in a society, we now come to one which cannot be underrated, though it is difficult to measure in quantifiable terms: the influence of a social and cultural environment that values achievement and wealth creation. Indeed, what drives one person towards entrepreneurship may deter another, given the same set of circumstances. Why is that? To some extent, it is the individual's own personality that dictates her willingness or lack of it to participate in an entrepreneurial venture. And to a very large extent our personality is shaped by the values and expectations of the culture that surrounds us. In societies where entrepreneurship is not looked upon as a respected means of livelihood-generation, and the financial gain that accompanies it are looked upon as illegitimate or ill-begotten, the disincentive to engage in entrepreneurship is indeed very strong. On the other hand, in societies where ambition and a drive to succeed are considered valuable qualities and entrepreneurs are highly regarded there are more individuals who follow the entrepreneurial creed. This is not a coincidence; it is a natural human response to a set of societal conditions and expectations. Studies have found that in several European countries there is little regard or understanding for personal characteristics that define the entrepreneurial mindset, including self confidence, self-reliance, personal drive, and a strong internal locus of control (Autio et al., 2002, Cullum, Padmore and Purdy, 2002). Another related issue is the threat of societal stigma attached to a potentially risky business venture that may end in failure. Risk-taking and uncertainty are not welcomed in most societies, and often, people find it easier to follow the norm, than to step out and try something new or different.

A related aspect that determines entrepreneurial inventiveness is the presence or absence of positive role-models. This becomes more of an issue when the target population of potential entrepreneurs is composed of women or ethnic/caste minorities. While the more entrepreneurially active countries are looking for ways to encourage women and minorities to be more entrepreneurial, experts in less entrepreneurially active countries often work to actively discourage and hamper efforts by women and minorities to engage in entrepreneurial ventures. Independence and pro-active action to better their own lot is not an accepted part of the culture; traditional submissiveness from these sections of society is more the norm. The effort then is to maintain the status quo, and independent decision-making, creative and critical thinking, strong action are to be suppressed among the would-be entrepreneurs if they are women or minorities. This is an active deterrent towards the growth of entrepreneurial ventures from these sections of society, and one that needs to be addressed in a targeted fashion (Autio et al., 2002).

If we consider the example of the United States, we find that both individualism and entrepreneurship are well-appreciated qualities that go hand-in-hand. The capitalist economic model is fertile ground since rewards are high and penalties are minimized by a government safety-net for start-ups and entrepreneurs. They are looked upon as creative, daring agents of change, who can breathe new life into stagnating industries and also be the source of new employment opportunities for others. This is undoubtedly a supportive environment for budding entrepreneurs.

In comparison, in the East, business is often a family matter, passed down from one generation to the next. Many of Asia's corporate colossuses today started as family firms. Family-owned businesses have dominated the economic landscape of different Asian countries for decades. For more than 30 years, the Indonesian archipelago was run by a mom-and-pop operation called Suharto Inc. South Korea's economic miracle was engineered by some 30 ambitious conglomerates (*chaebols*), almost all family controlled. Today, the majority of Asia's publicly owned companies are still family controlled. These huge corporations stifled the importance of SMEs as a core component of each economic base. The collapse of many of these larger institutions in the 1990s, due to the Asian Financial Crisis, served to increase interest in entrepreneurship and to open up new

economic opportunities, which are now being capitalized by budding entrepreneurs (Faustino, 2005). Though the concept of individual entrepreneurs who do not come from business families is a relatively new phenomenon in Asian countries, it is a trend that is catching-on fast. With guided entrepreneurship education, there is every reason to believe that entrepreneurship will become a viable and well-respected career option for youth in the developing world, irrespective of their traditional familial employment patterns.

In his article on *The Impact of National Culture on the Emergence of Entrepreneurship* (1997), Dr. Russell presents us with Hofstede's value-oriented dimensions of culture to explain aspects of behavior and then links it to entrepreneurial tendencies in individuals and communities. The first of these is 'power distance' which is understood as a general measure of the degree of interpersonal influence that those who hold power in a social structure can exert over those who lack power. In high power distance societies, inequality between social groups is expected as part of a "natural" order; consequently, there tends to be large social and economic gaps between those who have power and those who do not. In contrast, low power distance societies attempt to minimize inequality between classes, emphasizing the ideal of equal rights for all members of the society even if it is not perfectly achieved. Social mobility is relatively easy in low power distance societies and a large middle class is usually present to bridge the gap between more and less privileged groups. In terms of entrepreneurial activity, this implies that countries with high power distance do not encourage or provide opportunities for mobility between classes/castes. These opportunities could be educational, monetary, and/or entrepreneurial in nature. In contrast, in low power distance societies, social mobility is encouraged and budding entrepreneurs have access to resources and opportunities to attempt new beginnings.

The next characteristic is of 'uncertainty avoidance.' This is explained as a measure that indicates a group's level of anxiety regarding future events. It evaluates the degree of tolerance within a culture for the ambiguity that is inherent in a continuously unfolding future. Individuals socialized in high uncertainty avoidance cultures will tend to have a relatively low tolerance for ambiguity and an aversion to risk-taking. Such individuals will be less likely to seek out innovative ventures as commercial opportunities; moreover, even opportunities that do not involve innovation may be shunned since all forms of entrepreneurship involve some elements of risk.

The third aspect examined by Russell is 'individualism.' This is a measure that indicates the degree to which individual identity and self-concept are linked to collective groups within society. In individualistic societies, personal values and goals are the prime determinant of behavior and self-identity. Conversely, in collectivist societies group values and goals predominate and individual desires are considered to be subservient to or derived from group values. This plays out very clearly in the West where individual initiative and ventures are looked upon as brave and creative endeavors; whereas in collectivist societies the very same actions may be considered way out of line with respect to established systems of authority and collective behavior.

The fourth and last trait is of 'masculinity' which refers to learned styles of behavior that have been stereotypically applied to males and females. The masculinity measure evaluates the general tendency to act either assertively (masculine) or in a nurturing manner (feminine). In high masculinity societies, individuals tend to set high performance standards and act forcefully to achieve these standards. Achievement motivation is high within these societies and markers of achievement such as earnings, formal recognition and advancement are relatively more important than work climate and relationship issues. In societies with a low masculinity index, nurturance issues are more prominent. A desirable work environment is defined in terms of high quality social relationships, friendly organizational climates and employment security. Achievement motivation is relatively weak and organizational effectiveness is defined in terms of social climate and the quality of human contact. In masculine societies, the material success achieved through successful entrepreneurial ventures is valued and entrepreneurs who attain such success are recognized and esteemed. Conversely, in relatively feminine cultures, achievement motivation, at least in the material sense, is relatively weak and success is defined in terms of pleasant human

relationships. It is important to point out though that this is fast-changing as managerial and leadership styles tend more and more towards the feminine, and there is a greater appreciation for a decision-sharing, nurturing climate in offices. Also, this does not in any way detract from achievement motivation; on the contrary greater satisfaction with the work environment leads directly to greater achievement.

Dr. Russell's work allows us to understand how cultural factors shape entrepreneurial traits in individuals. It is important to have an in-depth understanding of why individuals behave the way they do, if indeed we are going to attempt to change their behavior in any substantial manner. If we going to work towards building more entrepreneurial societies, we must begin with the men and women who constitute these societies, and understand what motivates them, and what deters them from participating more whole-heartedly in entrepreneurial ventures. Cultural roles and expectations play a crucial role in dictating the nature of the livelihood generation activities that are respected and sought after in societies. Contrary to popular belief, the profit motive is not the only motive that drives an individual's career choices; often people choose a line of work that offers greater security, less investment of self, time and money, and a better status in society, even if it does not give excellent financial returns. Armed with this knowledge, policy makers can try to understand the cultural patterns in their part of the world, and adopt policies that make for greater acceptance of an entrepreneurial mindset and lifestyle.

Recommendations For Growing an Entrepreneurial Culture

Now that we have examined the different building blocks that go into making an entrepreneurial culture, we are in a position to appreciate that providing an environment for entrepreneurship is a challenging and complicated proposition. However, there is much that can be done by governments, working in conjunction with the private and non-profit sector, to encourage entrepreneurs and facilitate the growth of new enterprises in a policy environment that mitigates the risks involved in start-up ventures. What follows is a list of generic recommendations for growing an entrepreneurial culture, though it is important to keep in mind that these would need to be adapted to local circumstances and requirements. A newly independent republic or a nation that is fighting a civil war will not be at the same stage of development, as a nation with a long history of peace and progress. Since countries around the world are at different stages of development and have varied political systems, it is important to understand that these recommendations are but broad guidelines open to interpretation in keeping with local conditions.

- Funding is possibly the single most important input for any entrepreneurial activity to be possible. It is also one which governments can actively support through E-policies that provide loans for start-ups in urban and rural areas. Private venture capitalists can similarly be a vital source for funding of entrepreneurial activity, though the range and scope of their interests may be more narrowly focused on high-stakes ventures that also hold potential for bigger returns. This is where the third sector, along with governments can step in and provide capital for social entrepreneurship and microfinance for small-scale ventures, that can indeed fulfill multiple functions of encouraging entrepreneurship, poverty alleviation and human resource development.
- Furthermore, it is important that governments provide an economic environment that does not restrict competition among industries. Trade barriers need to be lowered, and where possible, removed entirely. Foreign, national and local competition can then be harnessed as a force for creating better products and healthier, stronger companies that meet the demands of the market. Wherever possible, governments can promote competition for provision of public services as well, though it is important that this be done in an honest and transparent fashion.
- Governments and the private sector need to allow flexible employment arrangements such that dynamically growing companies can use their labor force in the most optimum manner possible. Employment protection needs to be balanced by a dialogue between employers, employees and the government so that labor arrangements meet the needs of all three parties to the maximum extent possible.
- Governments must examine and reduce the costs in terms of time, money and effort that are expected of entrepreneurs for applying for and starting a new business, or expanding an existing one. The administrative burden involved must be cut to a minimal, and wherever possible government officials need to be trained to train budding entrepreneurs in the process of navigating their way through government rules and regulations.
- Intellectual Property Rights must be protected, if entrepreneurs are to feel secure about possessing legitimate ownership over their inventions/ideas. This is also necessary for attracting foreign investment into the country.
- Both the tax system and the financial markets must be structured such that businesses are rewarded and encouraged to generate wealth and create employment. Taxes must not come across as a punitive agent for successful entrepreneurs.

- Similarly, bankruptcy legislation needs to be such that it strikes a balance between providing a safety-net for entrepreneurs, while at the same time acting as a deterrent to possibly corrupt businesspeople.
- All three sectors can work in conjunction as well as separately to provide entrepreneurship education and training to ambitious and/or needy individuals who are looking to make a foray into the world of business. Indeed, there must also be programs that are targeted specifically towards the traditionally marginalized sections of society, like women and ethnic minorities. Entrepreneurship education can be made a part of the curriculum at the school and university level, and indeed this would lay a solid foundation for the next generation to build upon as potential entrepreneurs and inventors.
- Governments must provide basic services, as well as a solid physical infrastructure so as to minimize the number of possible hindering factors for new start-ups.
- Governments can look into the possibility of creating a comprehensive E-policy, and ensure that it allows for interaction among different ministries and agencies within the government, so that entrepreneurship can be promoted as a whole by the Ministries of Labor, Youth, Human Resource Development, Finance, Trade etc. This would need extensive cooperation between different arms of the government, but it can make for a very positive entrepreneurial climate in the country.
- In order to shape the cultural expectations of a society with respect to entrepreneurship, governments can use the media to advertise and promote the virtues of self-employment, while also providing people with the means to try it for themselves. Radio, TV and the Internet can be used to spread the message of entrepreneurial innovations in different fields around the country. Finally, agencies from all three sectors can organize workshops, awareness campaigns, reward ceremonies and training sessions that enlighten people about the process and advantages of self-employment.

These are simply a few broad recommendations that can be used by implementing agencies to promote a culture of entrepreneurial growth; they can act as a catalyst but would need constant monitoring and evaluation in order to ensure that they are being implemented in a suitably productive fashion. One such Campaign that is promoting entrepreneurship is the Youth Employment Summit (YES), which is based at the Education Development Center, Inc. (EDC) in Massachusetts, United States of America. The YES Campaign is driven by three main objectives:

1. Provide knowledge and skill-based capacity-building facilities to the youth so that they can both obtain as well as generate employment for themselves and others.
2. Promote in-country youth employment that is linked to the development challenges most crucial to the region.
3. Build in-country coalitions among the public, private and third sectors in order to develop national strategies that will promote policies and projects for widespread youth employment.

In keeping with this agenda, YES has been involved in promoting entrepreneurial ventures in many of the 70 plus countries that are part of its network. As a snapshot, I would like to present three of the many self-employment ventures that have been initiated by the YES Campaign.

1. YES Academy: Andhra Pradesh, India

The YES Academy was set up at the M. Chenna Reddy Human Resource Development Campus in Hyderabad in 2006. It developed out of a partnership between YES HQ, and the government of Andhra Pradesh. The Academy has been set up with an initial seed grant of approximately US\$2.5 million spread over a five-year period, provided by the Government of Andhra Pradesh.

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The YES Academy is focusing on youth leadership and entrepreneurship development by nurturing youth-led micro-enterprises in new and emerging sectors. It is also involved in conducting research and training with regard to youth employment.

Of the many projects under its aegis, UNDP has partnered with the Academy to launch a livelihoods-based prevention strategy to combat HIV/AIDS. A grant of US\$50,000 has been given to the Academy for the purpose. The projects being implemented or piloted at the Academy serve as models that can then be replicated in other parts of the world with suitable alterations made to account for local variations of culture and society. The other projects at the Academy include:

- CMEY Micro enterprise: Preparing young leaders of Andhra Pradesh to promote healthy business, workers, and communities by tackling HIV/AIDS.

Sponsor: Health and Human Development, Education Development Center, Inc.

- Lifelong learning and skills development for sustainable livelihoods and environments

Sponsor: UNESCO-UNEVOC

- Service Learning: Promoting employability and social entrepreneurship among rural youth.

Sponsor: Center for Family, School and Communities, EDC Inc.

- Building an Entrepreneurial Culture: A Curriculum for Secondary Schools

Sponsor: UNIDO

- Enhancing Employment Opportunities for Rural Youth based on Renewable Energy Technologies.

Sponsor: UNIDO

- Leadership and Employability Skills for Youth in Urban Slums in Hyderabad

Sponsor: UN HABITAT

- Internship Programs

Sponsor: Common Wealth of Secretariat Youth Program

- Eco- Entrepreneurship Skills Training Programs

Sponsor: Common Wealth of Secretariat Youth Program

- Partnership in mentoring Young Entrepreneurs

Sponsor: Common Wealth of Secretariat Youth Program

- HIV/AIDS and Youth Employment (Regional Program)

Sponsor: UNDP

2. Youth Employment Center, Azerbaijan

In 2004, YES Azerbaijan launched a 'Youth Employment Centre' with the support of the Youth Minister and the local government. The centre provides training in small business skills to young adults. YES Azerbaijan provided technical assistance on business plan management, design, fundraising, financial management and organizational management to the Youth Employment Centre. 300 youth benefited directly from this project. Most of them obtained small loans/credits for their businesses. To take one of many examples, a beneficiary of the centre has now successfully increased his sale on biohumus (natural fertilizer) and his monthly income has gone up to US\$25,000. He received a small loan to expand his business and assistance on how to utilize

it over a period of time. The expected sales for his business for the next two years are calculated at approximately US\$100,000 and creation of 10 new jobs is also anticipated. YES Azerbaijan is planning to expand this initiative to other regions of the country in 2006-2007. Currently, YES Azerbaijan is working with different donors and international financial institutions to attract more funding for expansion of the Youth Employment Centre.

3. Mentorship Project: Regional Support Plan for Southern Africa

The Youth Development Network (YDN), a NGO operating in countries in the South African Region, partnered with YES HQ to raise Euros 1.2 million from the Royal Netherlands Ministry of Foreign Affairs for the Regional Support Plan for the South African region. Of the seven different components of this Plan, the Mentorship Project was initiated and implemented during the year 2004-2005, in four countries, The Democratic Republic of Congo, Zambia, Mauritius and South Africa. Tanzania was included in 2005, while Angola and Mozambique joined in 2006.

In essence, the Mentorship Project aims to enhance youth businesses through mentoring relationships between private sector staff and young entrepreneurs. The project has many components: identifying youth businesses and mentors, contracting local co-coordinating organizations, developing the mentorship manual and conducting training. This gives six months for the actual mentorship relationship to be established. Short-term tangible results have to be demonstrated during this limited time period. However, the programs and models visited during the research phase indicate the need for at least two years of solid relationship between mentors and youth to demonstrate tangible results. Therefore, YDN and YES are monitoring the existing pilots closely, within the existing time frame, and are gathering relevant information to push for a longer-term program.

Conclusion

As we walk into this new millennium, the world faces enormous problems, not the least of which are poverty and unemployment. Indeed, governments around the world are faced with the challenge of providing employment for their populations. This is an imperative issue and not one that can be ignored or postponed. One solution to this growing demand is to teach people to generate employment for themselves and others, by using existing resources. Meanwhile, the responsibility of providing an entrepreneurially-friendly environment rests with the government, the private sector, and the non-profit world. This paper has tried to examine the different elements that go into the building of an entrepreneurial culture and the ways in which these can be brought together by implementing agencies to support the needs of budding entrepreneurs. One can conclude that successful entrepreneurship needs the collusion of many separate actors working together towards the common goal of ensuring that new start-ups survive, expand and become sources of employment for others in their turn.

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