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Beyond Regression: Reconceptualising Entrepreneurship for Economic and Social Development

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Abstract

Understanding how entrepreneurship contributes to sustainable economic development requires an occasional reconfiguration and reconceptualisation of the relationship between the two. This point is perhaps particularly critical at a point in time when we are beginning to realise the impact of potential tectonic shifts in our environmental, ecological, economic and social landscapes. Implicit assumptions about the value of economic growth and the entrepreneurial residual can detract from an appreciation of the real contribution of entrepreneurship – the generation and realisation of opportunity for economic, social and cultural value creation. The value nexus – economic, social and cultural – recognises the "dynamics of the societies within which growth occurs" (Aureswald and Acs, 2009) Its neglect ignores the vital role of entrepreneurship in different forms of capitalism (Gray, 1998). The economic crisis of our times and its tentative institutional solutions are a function of that neglect in that they:

- rely more on fiscal and other stimuli grounded in notions of Keynesian plenitude rather than addressing the need for structural, institutional change to combat systemic failure brought about by destructive forms of entrepreneurship;
- ignore the varied forms of capitalism manifest in the reality of true entrepreneurial activities in different locations across the world;
- fail to grasp that the higher value of entrepreneurship that permeates our economic, social and cultural activities, and which in turn define value creation for individuals, organisations and the wider environment; and
- miss the connectivities between the economic crisis and other critical phenomena that impact on us, such as environmental degradation, income disparities, and how opportunity recognition rather than a pure pursuit of economic growth, can offer potential solutions.

This conceptual paper provides insights into some of the issues described above. It examines the different routes and trajectories of entrepreneurship, the consideration of which should allow us to mark out the fields of future research and policy making. Beyond regression and instead of reductionist approaches that often confuse entrepreneurship with one unit of questionable entrepreneurial activity – the small business – there lies possibilities of identifying, exploring, investi-

gating measuring and explaining different forms of entrepreneurship. These forms and their location in varied locales should help us to recognise the dynamics of societies that encourage and foster opportunity creation and realisation.

Keywords: *Entrepreneurship, value creation, social, economic, holistic*

INTRODUCTION

"Every age has to reinvent the project of "spirituality" for itself… (*that is*) the plans, terminologies, ideas of deportment aimed at resolving the painful structural contradictions inherent in the human situation, at the completion of human consciousness, at transcendence." So wrote Susan Sontag (1969) in a memorable essay on "one of the most active metaphors for the spiritual project" – art! The purpose of this essay is to find a similar response to the "painful structural contradictions" that appear to be inherent in the economic and social conditions and in the institutions that purport to make sense of those conditions through a fixation on economic growth. Entrepreneurship is a less recognised yet much vaunted active metaphor for a "spiritual" project!

Entrepreneurship or the creation of new ventures through the identification and realisation of opportunities can contribute to such growth. However, it is this association with growth and especially the need to appropriate entrepreneurship and innovation within equilibrium models to explain in part the Solow residual for growth, that has paradoxically, led to a neglect of the significant role and value of entrepreneurship. Growth, as Acs and Szerb (2009) have argued, is not an end in itself and that the beginning and the end of growth is opportunity. Identifying and realising opportunity is dependent on the variegated dynamics of different social and economic conditions which allow for the emergence of different types of entrepreneurs who create new Schumpeterian combinations of economic and social activity. Their work leads to economic development which by definition has different trajectories in countries and regions depending on the stages of their own development (see Porter and Schwab's three-stage model which identifies factor, efficiency and innovation stages (Porter, 2008)). These arguments are overlaid with theoretical contentions of opportunities as exogenous in the entrepreneurship literature and as endogenous in the literature on innovation (Acs and Audrtesch, 2005).

The association with innovation seen in terms of the Schumpeterian view of new combinations or Kirznerian alertness to opportunity, and even in terms of value generation through the exploitation of information asymmetry, as proposed by Casson (1982) offers some sense of distinctiveness for entrepreneurship. Shane and Venkatraman's (2000) proposition that entrepreneurship is defined by the study of "how and by whom and with what consequences opportunities to produce future goods ands services are discovered, evaluated and exploited" allows for a latitude of expression about the value of entrepreneurship suggesting a confluence of entrepreneurship with innovation. However, the absence of any contextual reference for such a process, and especially an organisational context (Acs and Audretsch, 2005) reflects an inherent weakness in the argument.

Acs and Audretsch (2005) in line with Gartner and Carter (2003) identify the context as those of new ventures, and the former, in particular, have referred to the specific significance of new ventures and small firms. Small business and entrepreneurship have enjoyed an inviolable relationship for several decades and certainly among researchers and policy makers ever since they latched on to Birch's (1979) seminal work on the value of small firms in creating jobs in the economy. Defined variously as new business creation and essentially concerned with a personalised unit of analysis – the individual entrepreneur – or the formation of a specific type of new venture - entrepreneurship has been closely associated with the early stages of a new, small business, and the trials and tribulations of the entrepreneur (or at best teams of entrepreneurs) in different contexts providing goods and services based on opportunities in the market

Our Understanding of Entrepreneurship and Innovation

Economic, Social, Cultural and Personal Value Creation

Through:

- New venture creation (*start-ups – business, community & social ventures, spin-offs from large firms; reorganisation round new projects*);
- Innovative growth of small business and creative developments in larger firms (*new ways of managing change*) or social business - *by way of* development of new products, services and new ways of managing organisations (*innovation*);
- In an environment which is conducive to change/progress and the absorption of new values as found in changes in the direction of the market & the economy in terms of growth and development; social and community enhancement, and legitimacy.

About People who make them happen, about Organisations which give the above a sense of place, value and social identity, and about the Environment in which they take place

Figure 1: Value Creation and the Entrepreneurial Process

place.

This paper questions the assumption referred to above by arguing that small businesses simply represent a point in the business spectrum that also involves larger businesses. Not all small businesses are innovative and it is the innovation process which distinguishes entrepreneurship from small business management. Entrepreneurship demands separate attention.

While there might be some definitional value in the organisational context of the small business, an uncritical concentration on the small firm as the unit of analysis for entrepreneurship confuses the relationship between entrepreneurship and innovation. This paper refines proposes to take the idea of a new venture out of the limited context of the small firm (Bhide, 2007) by focusing instead on the process of venturing in different organisational contexts. A conceptual framework that allows for the investigation of entrepreneurship through the construct of a new small business does not provide for a proper appreciation of terms such as an 'entrepreneurial society'. Yet the creation of such a society lies at the heart of public policy considerations as governments across the world struggle to find solutions to the problems of the economy. What is examined here are the processes that cut across economic, social and cultural contexts of creativity, opportunity creation and realisation, and do not restrict this examination to any obsession with size or different types of organisations! Rather the experiment here is to equate entrepreneurship with forms of value creation – economic, social and cultural – in different organisations, regions and contexts. Figures 1 above and 2 below attempt to encapsulate the process of entrepreneurship based on the notion of entrepreneurial process leading to value creation in different types of organisations and in varied contexts. The trinity of people, organisations and the environment are the different units of analysis that allow us to consider entrepreneurship as a holistic process through which opportunities are identified and realised. This experiment could offer new directions and lay the foundations for an enhanced role for the project of entrepreneurship.

Figure 1 above posits an overarching and holistic view of entrepreneurship which identifies the instruments and processes (start-ups and growth), different types of entrepreneurial organisations

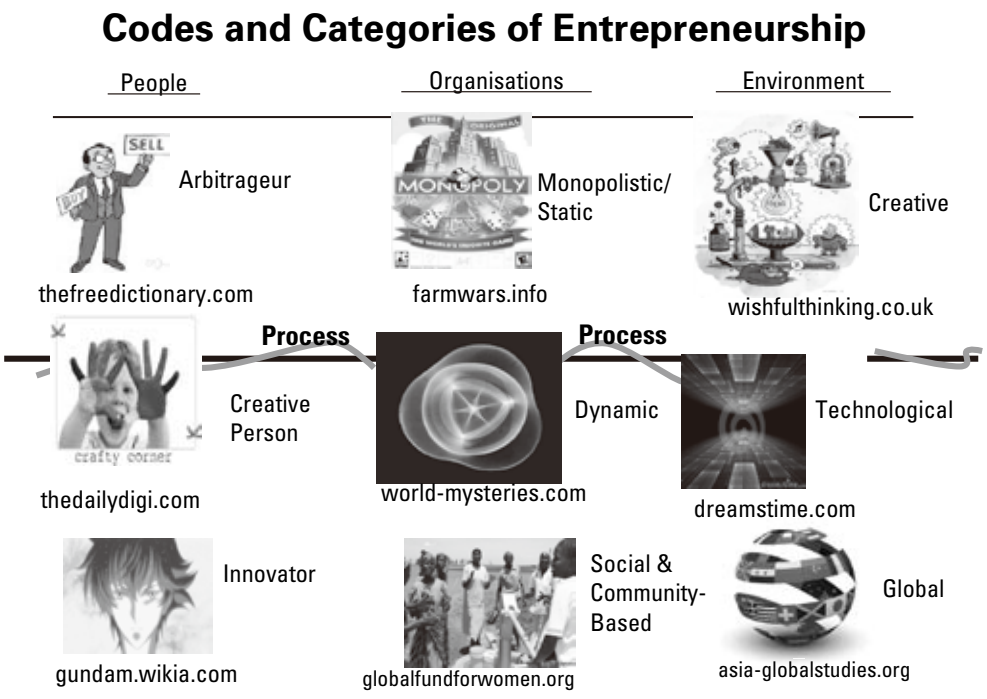

Figure 2: The Process of Entrepreneurship in Different Organisations and Varied Contexts

(new business, the growing enterprise, large firms, social business and community-based organisations), and the type of environment which captures the essence of entrepreneurship in terms of economic, social change. These elements taken together contribute to value creation at the economic, social, cultural and personal levels. The aggregate of such value creation can be referred to as entrepreneurial value.

Figure 2 above takes the essential abstractions referred to in Figure 1 and identifies the key stakeholders (people, organisations, institutions and the wider environment) and the processes through which they engage in entrepreneurial value creation. Typically, entrepreneurial people can be arbitrageurs, creative geniuses and innovators but none of them necessarily enjoy the prerogative of being the only kind of entrepreneur. Similarly, different types of organisations, from small and large businesses to social and community based organisations, all have varied entrepreneurial potential. Both people and organisations are embedded within different environments. The realisation of entrepreneurial value is made possible by the processes by which people, organisations and the wider environment are linked together.

NEW DIRECTIONS, VARIABLES AND CONNECTIONS

This examination across boundaries (of organisations, disciplines and forms) could help to allay some of the anecdotal (but well-informed) public antipathy for entrepreneurship and innovation in today's environment. Much debate on the current economic crisis has been attributed to the "innovations" in the financial markets especially in the form of sub-prime and securitised mortgages, and a raft of other instruments. Trivial as it may appear to the small community of academic researchers in entrepreneurship there is a real danger of entrepreneurship taking a back seat in policy making (if not in reality) as a result of an essential intellectual failure to take the debate where it matters. Baumol, et al's (2007) distinctions between productive, unproductive and destructive entrepreneurship need urgent attention and elaboration.

Elaboration also needs to resonate with the critical, underlying concerns of our times, whether they are those of climate control/environmental degradation or growing income disparities between the

rich and poor within western countries and between developed and poorer countries. The subliminal association with wealth creation for the few does not sit well with those who want to see economic and social change across nations, and at any level of debate the latter outcome is not negotiable. Entrepreneurship needs to be both prescient through its research insights and be able to resonate to the needs and interests of society.

UNDERLYING ASSUMPTIONS

Analytical Imagination

To consider new directions along the lines proposed above is to make certain assumptions about the main tenets of the discussion in this paper. Any response to the issues of our times needs a critical examination of the present, and the past in the present, if only to track the value of the project and to point to possibilities for the future. This examination is not simply based on rational prediction but on what Hazlitt (1805) refers to as the imaginative anticipation of our future pleasure of the imaginatively projected future self of citizens, consumers, producers and entrepreneurs. This reliance on imagination or Webb's (1883) 'analytical imagination' helps to deal with what Schumpeter (1934) referred to as the ill-co-ordinated and overlapping fields of research and the constantly shifting frontiers. Schumpeter's reference to the study of economics may well apply to the field of entrepreneurship not least because of the beacon he held out for entrepreneurship as an economist.

Convergence and Externalities

The idea of overlapping fields of research is redolent of the concepts of convergence in technology and of externalities and knowledge spillovers in economics and in economic geography. Technological convergence as in information, communications and bio technologies is commonplace in most industries (whether they are new high growth technology firms or traditional manufacturing firms which rely on embedded technologies). Externalities and knowledge spillovers assume a social impact arising out of a cost-free, abstract form of exchange of know-how that is spilled over because of the leaky nature of new technologies, the geographical proximity of firms and research institutes (Jaffe, 1986, 1993, Griliches, 1990) or even across wider territories across countries (Krugman, 1991) through brain circulation of talent across nations (Saxenian, 2006) and cross-fertilisation of R&D and production activities across borders. The idea of externalities and spillovers are manifest in the involvement of multiple players with varying levels and units of competencies, sometimes even involving consumers as co-producers, to make a product or provide a service. Prahalad and Krishnan (2008) argue that the "confluence of connectivity, digitisation and the convergence of industry and technology boundaries are creating a new dynamic between consumers and the firm" (pg. 3). A consideration of the first assumption of discourse based on imagination leads us to this second assumption of confluence of different stakeholders as a form of new Schumpeterian combinations.

From the point of view of this author, the externalities argument can be stretched further to cover issues of social well-being and self-sufficiency, areas where economic, social and cultural value merge in the action of different communities of interest. Acting either in the interest of a specific community or conjointly with others to overcome social barriers and enable change, new combinations are forged to 'do things differently'. Evidence of such value creation can be seen in the growing role of social enterprises and in community-based activities such as those in the USA leading to the election of a new, and for the first time a Black President four years ago. It is this approach to entrepreneurship, a multilayered examination of its significance in different walks of life that can make a difference to in our understanding of its contribution to economic development.

Incommensurability

For imagination and knowledge sharing to be grounded in reality and for us to acknowledge the value of an extended definition of entrepreneurship, there is a need to assume what Kuhn (1996) described as "incommensurable value". All paradigms are limited in the sense that they cannot be combined into one all encompassing perspective that provides a grand explanation of everything (Bronck, 2009). Entrepreneurship seen primarily in

terms of new, innovative venture creation cannot make any real impact on economic development if its explanations are constrained by commensurable ideas of growth. Measuring the value of new venture creation according to some form of Pareto-efficient equilibrium model of growth, maximising utility, limits the discussion of entrepreneurship to numerical value considerations in the form of market transactions. Commensurability leads to the type of narrow focus on entrepreneurship which, for example, streamlines the debate on social entrepreneurship by using one overarching index of entrepreneurial activity, as the GEM Total Entrepreneurial Activity index does. Commensurability is also evinced in approaches which adopt disequilibrium models to explain entrepreneurship. Shane and Venkataraman (2000) disentangle entrepreneurship from specific organisational constructs but limit their valuable conceptual framework for the study of the existence, discovery, the decision to exploit and modes of exploitation of entrepreneurial opportunities to the examination of the creation of future goods ands services for economic gain.

VALUE PLURALISM: ECONOMIC, SOCIAL AND CULTURAL VALUE CREATION AND ENTREPRENEURSHIP

What we should be looking at instead is a kind of 'value pluralism' (Gray, 1998) that allows for a recognition of the realisation of different values of entrepreneurship in different contexts, and the incorporation of these sets of values (and their manifestation) as independent indicators of entrepreneurship in the business/economic, social, and cultural arenas of society.

A consideration of the different values of entrepreneurship enables the creation of a new framework for the study of entrepreneurship in terms of economic, social and cultural value creation.

Economic value considerations are referred to in this paper in the context of new developments in the world of business where technologies, user-producer relationships, are generating new configurations which challenge our understanding of both where, how and why opportunities are found and exploited and how new forms of organisation are generated to accommodate these configurations. This description (or the more detailed one that follows below) does not reflect the reality of all businesses. The purpose here is to identify change processes and how these processes enhance value creation.

For the purpose of this paper the *social and cultural* values are conflated but they do deserve separate treatment. A social perspective can account for social embeddedness, social networks, strong and weak ties and cultural backdrops but they do not necessarily address the specific dimensions of entrepreneurial activity in the so-called creative or cultural industries or in various community arts events designed to enhance the cultural value of particular environments and influence social behaviour. Social value creation is understood to take place when individuals, communities, institutions and other agents of change, network, interact and mobilise resources to create social capital and effect change in the lives of communities, in the political environment, and critically in terms of the values they create for themselves to live by as individuals and in society.

ECONOMIC AND BUSINESS VALUE CREATION

The changing landscape of business today, especially for high-technology and innovative firms, are characterised by how these businesses pursue entrepreneurial activities in the way that they:

a) source, produce and develop the ideas, skills, technologies, intermediary products and services as part of a collaborative ecosystem, often made up of networked centres of excellence, where access to resources require a high level of computational and organisational skills (as in supply/demand chain management; IT-enabled logistics). It is argued that the "confluence of connectivity, digitisation and the convergence of industry and technology boundaries are creating new dynamics between consumers and the firm" (Prahalad and Krishnan, 2008), and between producers and end-users (Von Hippel, 2005); and
b) involve the development of global, network-centric, open innovation environments consisting of large and small firms, and a host of

other organisations participating in "free" mode to enhance technologies, services, the development of new products, and crucially, business models (as in Skype, Linux, Kazza, Rhapsody) for a wide variety of "verticals" (industry sectors)

These activities are entrepreneurial in the sense that they seek to identify opportunities in previously unknown and highly uncertain environments, engage in different modes of production and exploitation of resources, and in the process, generate economic value that is not necessarily associated with growth, for example, in terms of market share, but in terms of better value propositions for users of such products and services. This approach to value creation demands new configurations and business models based on ideas of open innovation, convergence, knowledge spillovers and global delivery platforms.

Open Innovation, Convergence, Knowledge Spillovers and Global Delivery Platforms

The open innovation model of dispersed distribution involves inflows and outflows of information, (Chesbrough, 2003) technologies, knowledge and talent across borders. It relies on connectivity, convergence of technologies, knowledge spillovers (Krugman, 1991, Jaffe, 1986) between different organisations, end-user involvement in the innovation process (Von Hippel, 2005), the development of new, iterative business models (Chesbrough, 2006, 2008) centred round vertical disintegration, outsourcing, modularisation, niche technological expertise, global delivery platforms (Mitra and Natarajan, 2008) and access to resources, personalised, co-created experiences, flexible, resilient business processes (Prahalad and Krishnan, 2008).

The Significance of small firms and their role in Open Innovation Environments

Much of the significant research in this area has focused on the role of mutating large firms and on the interplay between these firms, research organisations and universities. Yet the mounting evidence of the increasing share of industrial R&D spending, patent awards with global components and employment in small enterprises (especially in the USA - Acs and Ausdretsch, (1988, 1990, 1995, 2008) Acs, (2007, 2008) Chesbrough, et al (2008, 2007), Chesbrough (2006) US National Foundation), suggests that there is a need for greater understanding of the role of SMEs in the open, global innovation process

The importance of SMEs in both regional and global knowledge spillover processes (Acs, 2008, 20070 Griliches (1990), Jaffe (1986), Krugman (1991), Abubakar and Mitra (2009), and in pecuniary transactions with other small and large firms (Krugman, 1991); Aoki, et al (2006), Abubabar and Mitra, 2009) also suggests their role in offering new business models which embrace networked configurations of large and small firms. Part of the reason for the generation of new business models is because of the rapid obsolescence of new products due to changes in technology and globalisation processes. The effective management of such change often calls for the particular role of SMEs (Jovanovic, 2001). Scale economies in global settings may favour larger firms in terms of entry in globally connected sectors where the possibility of survival is considerably less (Audretsch, 1995), Geroski, 1995, Sutton, 1997). The specific role that small firms play in fragmented industry networks and such organisational innovation process has not been examined in sufficient depth to help us with our understanding of the global process that involve SMEs.

Socialisation and Open Innovation

The nature of connectivity among firms in global delivery platforms also involve a significant socialisation process at the organisation and individual levels, especially with producers, intermediaries and end-users (Von Hippel, 2005) creating a social life of information and knowledge production (Seeley-Brown and Duguid, 2002). This social life is manifest in both the development and use of technologies, especially the Internet (Tuomi, 2008) and through the spillovers described above.

Collective Learning and Open Innovation

The connected, socialised, open innovation environment also engenders different forms of learning about technologies, business processes, accessing resources and products and services. The open environment of learning is characterised by tacit

forms, involving individuals (Polyani, Jones and Miller, 2007), action learning 'on the job' by firms. Understanding of the informal processes characterising small firm learning (Mitra, 2000) raises issues about the management process involved in capturing the different forms of learning especially in global environments and how that contributes to innovation.

Business Models and Open Innovation

Finally, the combination of socialisation in the global open innovation environment, with both individual and collective forms of learning, are manifest in the generation of business models which are networked based in that they connect individuals levels of expertise, often without transactional or pecuniary engagement. This is evident in the arena of internet and computing technologies and software development (as in Skype, Linux or Apache), or in traditional industries using embedded software (as in Indian software firms working across different industry verticals). These processes help to establish different network-based business models, some of which are confined to specific network players, and others which are entirely open and organic. The 'Global Delivery Platform' (GDP) model (Gartner, 2001, Mitra and Natarajan, 2008) applies more to traditional networks operating in modern environments, and which connect centres of excellence in different parts of the world to each other. Although these are tightly knitted networks with defined programmes of activity, they allow for creative outcomes from different nodal points to generate new products and services that may or may not be part of a portfolio. Our own work with Indian software firms centres round the identification of appropriate business models which can support new product development in especially the software industry and where such software is embedded in different industry sectors.

Brafman and Beckstorm (2006) use the metaphor of the 'starfish' to describe the other type of mutating, network-centric, organisational model which is often leaderless and dependent on both trust and security. Here both organisational and individual expertise is leveraged, often freely to enhance products and services and where business models are developed as outcomes of such "free" exchange.

Research in this new arena of economic value creation could pick these 4 essential components of new forms of entrepreneurship and address the following:

a) the different types of networks that operate in distributed, open innovation environments,
b) how the different networks and their operations yield various business models through the realisation of strong and weak ties (Granovetter, 1985), the particular use of information and computational technologies; and
c) the specific role of SMEs in these global, open innovation networks.

SOCIAL VALUE CREATION

Commensurability and its attractions can lead the researcher to a trap of epistemological and moral absolutism (Bronck, 2009). This danger manifests itself when researchers of entrepreneurship examine business and social organisations within the confines of a singular definition of entrepreneurship (as in GEM or the UK government's definition of social entrepreneurship) or in loose equations of networking with the creation of a quasi factor of production, namely social capital! Consequently social and community organisations are seen as another type of business enterprise with rather amorphous social objectives as their goal.

Social Entrepreneurship

Social entrepreneurs run businesses with social objectives in a curious re-working of language to convey little meaning. This is commensurability at its best in that it seeks a proxy for the same utility functions associated with a traditional business enterprise. To borrow efficient management and organisational processes to run social organisations is not an end in itself. As Wei-Skillern et al (2007), argue narrow conceptualisations of social enterprises simply apply business expertise and market-based skills to the social sector, such as when non-profit organisations operate revenue generating enterprises. Such a conceptualisation ignores innovative activity which:

- in itself is social in character (as in the collective or shared ownership of the resources);
- has clear social objectives (in terms of its goals for social change and the use of outcomes which changes the way people live and overcome social barriers in their communities);
- is socially organised (as in ownership, the contribution of volunteers, or paid employees who have a social mission); and
- has social outcomes (as in the generation of surpluses which are used to realise the social objectives set by them).

Social Movements

As Bridges, et al, (2008) have shown, the social enterprise or even the wider concept of the social economy is not new. However, the real test of social value creation lies in the articulation of processes that engender social change and the measures used to evaluate social change. Such value creation is not the prerogative of so-called social enterprises, however, defined, but is often in the hands of disparate and previously dysfunctional groups of individuals and community organisations. They come together to create "movements" which either lead to short-term activities to effect a specific change process (as in the anti-war movements which change governmental policy) or achieve a longer term objective as in the amelioration of environmental degradation. The outcomes and the changes that they bring about are often small or localised as in access to clean drinking water in a poor village, or where they act as a catalyst for wider economic change through, for example micro financing as found in the Grameen Bank movement in Bangladesh, the M-Pesa banking scheme in Kenya or the e-choupal marketing programme in India. Social dignity, access to individual property rights, the break up of artificially structured asymmetries of information established by intermediaries, independent economic livelihood and a better quality of life are often the outcomes. Relevant technologies (whether they be a mosquito net or a mobile telephone) play a part but they do not define the project of entrepreneurship in society.

The coalition of social value creators is not confined to people in the community or community organisations. Social value change is often made possible by the mobilisation of corporate, trade union, community and other interest groups forming a broad-based alliance and intending to articulate a different vision of society. Thus Barrack Obama's election as President marked a historical social and cultural shift in the United States not simply because he was the first Black President but also as consequence of positive socio-economic externalities. These externalities were multi-layered in scope, character and activities. Firstly there was commonality of vision which contained the possibility of a generational shift in political orientation, and this included a "new bloc of neo-Keynesian globalists attempting to redefine liberalism for the twenty first century in both ideology and policy. … The centre has shifted left, creating new dialogue and new debates….A New Deal has become the common expectation of millions" (Harris and Davidson, 2009; pg.4).

The progressive base of minorities, trade union activists and anti-war youth appear to have found an ideological common ground with old corporate liberals and neo liberals traumatised by the economic crisis, and a form of consensus with institutions at different points in the political spectrum such as the Peterson Institute for International Economics which argued for 'real' innovation' by moving resources from financial services to manufacturing and technology, to the Institute of Policy Studies which promotes investments in renewable energies, the refinancing of mortgages, and support for state and local governments. Crucially, each sector organised their own networks and approaches remaining both independent from each other and as broad coalitions at the same time. The Obama youth team of "twenty somethings" formed neighbourhood teams and used blogs, e-mails, and text messaging to communicate with voters and themselves. The Black community campaigned along traditional, working class lines using the social communities of Black churches, tenant groups and civic organisations, and made common cause with Latino, Asian and Native American communities against efforts at anti-Black racism. Organised labour used its substantial resources for meeting

halls, phone banks and other traditional campaign tools. This collective action was made possible because of the progressive agenda of new `jobs and new industries, practical plans for green jobs and alternative energy sources, infrastructure repair, immigration reform, and withdrawal from Iraq, to name a few (Harris and Davidson, 2009).

The social value creation that marks the opening up of a new agenda for social, political and cultural action is entrepreneurial in terms of the new combinations of resources (people, capital, institutions and technologies) and in the identification of new opportunities in new social asymmetries. Business is still divided into those who wish to make hay with speculative capital and those who intend to pursue an industrial policy based on innovation and green technologies through the use of productive capital. The shift in foreign policy, which is more accepting of a multipolar world as opposed to American hegemony, also offers possibilities for harvesting the gains made by innovative businesses which are more interested in accessing global resources rather than owning them. The institutional, economic and social anomalies still abound but the resulting tension provides opportunities for change in both social and economic terms.

There are numerous instances of other forms of social value creation. Social and institutionalised philanthropy is an example of active social intervention where even efficient markets are not equitable (Aursweld and Acs, 2009). A coalescence of interests generate what Nicholas Stern (2009) refers to as the 'power of the example' in drawing up a blueprint for a safer planet. These interests vary from individual action (at the level of reduced car travel, maintaining energy efficient homes), political pressure through NGOs and the taking of risks and leadership (reduction of carbon footprint, Vinod Khosla's clean energy investments) and community action (the Dongtan or the Masdar eco city projects in China and Abu Dhabi or the C40 project working in partnership with the Clinton Foundation). These conjoined activities raise public awareness and the possibilities for the provision of the right incentives for entrepreneurial activity both in terms of business and social action.

WHY IS ENTREPRENEURSHIP AS VALUE CREATION IMPORTANT?

Growth, entrepreneurship and developing and newly industrialised countries

The continued and almost unyielding focus on economic growth by policy makers and researchers has not generated any consensus on either the best form of growth or the value in terms of human and wider economic development. The growing levels of income disparity between the developing world, especially in Sub-Saharan Africa, where the poor have been getting poorer, and the rich in the developed world who have been getting richer (as against the poor in the same rich countries and the poor in poor countries) has created an economic divide which does not square up with the vanities of growth advocates. Easterly's (2001) devastating critique of public policies for growth points to the failure of external aid, investments in machinery, the raising of education levels, controlling population growth and loan reparations, as appropriate instruments for improving the living standards of people in poor countries.

One of the problems with growth theory is the poor correlation between investment and growth. Capital accumulation and increased labour inputs do not produce positive results because of diminishing marginal yields (Solow, 1956). Even new theories on increasing returns (Arthur, 1990) do not explain these anomalies partly because of the failure to recognise the different conditions of growth which apply to specific economies at varying stages of economic development.

Patterns of growth performance across countries varied between 1970 and 2001 with individual rates showing up to 10.8 per cent in Botswana and -1.3 per cent in the Democratic Republic of Congo. Using the standard groupings in the World Economic Outlook and focusing on the 30 strongest and 30 weakest performers in terms of economic growth during the same period, Beaugrand (2004) concludes that it is difficult to establish common patterns. Strong (examples: Botswana, 10.8; Taiwan, 8.0, Oman 6.6) and weak performers (examples: Argentina 6.7, Azerbaijan, 0.8 and Congo -1.3) are to be found in all continents, among fuel

and non fuel exporters and among countries that have experienced conflict. Both groups also included exporters of mineral products such as oil (strong performers: UAE, Oman; weak performers: Gabon, Trinidad) and diamonds (strong performers: Botswana; Weak performers: Sierra Leone, Congo). Per capita GDP figures at constant US $ prices point to an even more problematic picture with variations in the range of 7.6 per cent in the newly industrialised Asian countries to -6.0 percent in the CIS and Mongolia. The ratio of per capita income in the major advanced countries relative to the least developed nations rose from 30 in 1970 to 39 in 1980, 68 in 1990 and a peak of 102 in 1995 (Beaugrand, 2004).

The evolutionary process of moving away from traditional industrial sectors, from especially primary products, to manufacturing also embraces structural change at the level of institutions and by way of adoption of new technologies and industries. While the rhetoric for change is easily promoted and while it is almost impossible to see miracles being performed, the relatively impressive progress made by countries such as Bangladesh, Bhutan, Cambodia, Laos PDR, the Maldives, Swaziland and Yemen, are good examples of success stemming mostly from the creation of new ventures relying often in relatively low technologies (Beaugrand, 2004).

Entrepreneurship in terms of economic value creation, and especially local entrepreneurship, in less developed countries, can be a spur for economic development, especially if it is supported by certain framework conditions such as governance, attitudes, access to resources, infrastructure and credible political systems. The nature of these framework conditions and the type of entrepreneurship that might emerge are a function of the stage of development as Acs and Szerb (2009) have found. There are, however, a number of other, distinctive variables to consider which challenge the assumptions made by uniform framework conditions.

Rapid growth in China is associated with foreign direct investment. Huang and Khanna (2003) have called into question this approach to transferring large amounts of income from the rest of the world especially when comparing it with India's support for private enterprise which they consider to be more beneficial in the long run. However, this argument does not necessarily consider local dynamics. Huang and Khanna's prognosis is questionable particularly in the Indian context where successful entrepreneurship, has so far been limited to the information technology (software) sector (although that is changing). Secondly, state-owned enterprises are not the only examples of entrepreneurial success in China. As Huang (2008) notes, private Chinese entrepreneurship in the rural areas the 1980s was displaced by state owned economic activity in the urban regions in the 1990s. However, he does not account for the phenomenal changes in the attitudes to the economic, social, cultural lives of the Chinese people as evinced in the transformation of the cinema, the theatre, and other performance and visual arts representing a real opening up of China's society and spawning a wide range of highly creative, and economically successful ventures (Sinha, 2009)

Growth, entrepreneurship and the developed nations

The importance of economic, social and cultural value creation is not restricted to the dynamics of less developed economies as they jostle for economic development. Moving along the 'S'curve that Acs and Szerb (2009) draw in their new study on the Global Entrepreneurship Index, we can identify new business models emerging from new combinations of resources and also in forging new coalitions of interest groups seeking critical social changes. The emergence of these phenomena is suggestive of levels of collaboration between firms, across regions and national boundaries that relies less on a zero-sum competitiveness agenda but rather on a shared platform of complementary skills. Such a platform does not indicate a fixed or permanent state of play for the firm, the region or the nation, but rather a continually changing position depending on specific economic and social conditions that are prevalent at any point in time. The dynamic environment in which firms, regions and nation states operate can mean an abandonment of previous leadership positions. Thus IBM shifted from being an essential hardware producer to a purveyor of advanced services when it sold its PC empire to Lenovo. Its eventual re-positioning in the market place has en-

abled a return of IBM to a new position at the vanguard of the knowledge economy. This change process could apply equally to nation states as Bhide (2007) argues in favour of America's greater value in commercialisation of new ideas, technologies and services and against protectionism and over reliance on high end R&D activity. New R&D activity in China and India does not jeopardise the USA's leadership in creating economic value from these R&D advances because of her more advanced status in business activities than the other two countries.

CONCLUSION

The economic crisis that continues to unravel in different parts of the world has pointed to the failure of untrammelled, uncritical and homogenised beliefs in growth based on notions of factor accumulation, an assumption of convergence in growth patterns, a strange reliance on a notion of permanency, and the continued concentration of resources among the few who have the most (Easterly and Levine, 2001). The relative bankruptcy of ideas suggests that there needs to be a new approach to change in social, economic and cultural systems and institutions that make up our society. The realisation of such change constitutes the project of entrepreneurship.

In enabling the identification of opportunity, in supporting the realisation of such opportunity through the generation of economic, social and cultural value, and in making possible the organisational arrangements through evolving business models in different contexts, entrepreneurship can and should play a key role in economic development. This paper provides a conceptual framework for understanding and evaluating entrepreneurship in these different contexts and in terms of complementary sets of values. Economic value (new products, new processes, and new businesses) is enhanced by the creation of social and cultural value (new ways of organising self-sufficiency in the community, new organisations for changes to social systems, new forms of expression in the arts that highlight the zeitgeist of a nation or a region).

The new Global Entrepreneurship Index (Acs and Szerb, 2009) incorporates three sub-indices of entrepreneurial attitudes, entrepreneurial activity and entrepreneurial aspiration helps to compare the entrepreneurial performances of different countries at different stages of development. This should provide for a major improvement on the old TEA index of GEM and allow for a richer definition of entrepreneurship across countries. This helps to change the rankings of entrepreneurial nations providing for an ordinal categorisation that confirms, in part, rational expectations based on economic progress made in different countries. Therein lies its potential insufficiency.

Identifying different stages of development of country is crucial in any analysis of economic activity. However, economic development is not uniform in all regions across countries, and it is possible to see considerable variations in entrepreneurial and economic performance across these regions. Consequently some regions across different countries have more in common with each other than with regions in their own countries. Flows of capital, knowledge assets, producer services, the brain circulation of high skilled labour as well as low-skilled, exploitative migration connect these cities through the activities of knowledge-based businesses (Sassen, 2006, Saxenian, 2006). These activities override stages of development from a macro level perspective; they focus on common platforms of knowledge exchange and make investments to ensure the establishment of common bases of such activity.

Alongside any broader consideration of the regional dimension to entrepreneurship and economic development is the need to examine the contours of economic, social and cultural value creation. This approach is Schumpeterian in style and perhaps even in scope. There are likely to be a number of methodological issues which should be taken into account but these considerations are out of the ambit of this paper. An organic, mixed method approach is crucial if in-depth analysis of the key dimensions of social and economic development is to be taken into consideration. This would mean connecting enquiry into the macro aspects of the links between economic, social and cultural value, with investigation at the level of the region, the firm and other organisations. What could add to the value of the GEINDEX, is the adoption of lines of enquiry and investigation addressing these three dimensions of entrepreneurial value which

give meaning to the idea of economic development. One way of contributing to the GEINDEX is the development of longitudinal case studies that help to weave meaningful narratives around the data, providing both confirmatory and refutational evidence. Stories are about people and people in and out of different organisations and in their specific environments, are at the centre of economic development.

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