

International Entrepreneurship: Similarities and differences between regional entrepreneurship programs

Discussion Leaders:

Peter Reid, Center for Scientific Enterprise (CSEL), London Business School and UCL

Richard Dasher, Stanford University

Observations by Dana Wang, STVP. Many of the comments below were transcribed from recordings. Since the recording device could not capture the input provided by the audience, many of the observations are those of these two speakers.

Peter Reid on Entrepreneurism in Europe

It is difficult to get data on “Entrepreneurship Training” activity in Europe as a whole. The EU does not know what happens in each country and most governments do not even know what is happening in their countries.

CSEL hired a student to look at programs across Europe¹ who found that the programs were largely full-time masters program, some MBA specialization track, and some amount of part-time executive master. For the most part, the programs offer full-time masters and some bachelors program, and a mixture of something and enterprise.

There is no measure of scale of entrepreneurship research in Europe because there is no central database, no league table, and no standard pool of data. As his research student learned, what data that exist on the Internet are in a variety of European languages.

Peter Reid on Entrepreneurism in England

In 1999, the government announced £25MM pounds (~\$40MM USD) budget and asked universities to bid to create “enterprise activities.” The awards were for education, not infrastructure (no buildings), and targeted for technologists, not MBA students. The majority goes toward faculty time, i.e., paying faculty to teach and to develop and design courses and materials. Some centers have used their awards to fund the operation of university-based incubators.

Universities were encouraged to bid collaboratively. The money was awarded to about 12 centers. The program was so successful that the government put £15MM in another round of bidding. The government has dedicated £40MM to do nothing but seed fund in enterprise education for technologists. The centers deliver activities through 60 universities in Britain which represent all the leading research universities in the population of 140 universities in the UK. Enterprise education has penetrated a huge swath of UK academia. Each center is experimenting on teaching methods, specifically teaching entrepreneurship to technologists. Each center is replicating case material, course design and failures. There is no real coordination to develop best practice. Some of the centers will succeed and some will fail.

¹ Reid hired a student to gather data but the data was so partial that no good conclusions could be drawn from it. To get a genuinely robust dataset will be a significant project.

There is another round of funding announced. It may be another 30-40MM pound of government money dedicated to developing entrepreneurship training to technology faculty. In the UK, entrepreneurship in universities is driven by government incentives and government money and links to other government initiatives, so there is a political climate which is making entrepreneurship training to technology and scientific faculty not only acceptable but necessary.

Dasher: What is the intent? Is the training for the faculty to start companies from their research or is it to really get to the students?

Reid: Most of the centers are focused on numbers, so they are doing lots of undergraduates and some masters. CSEL is actually training faculty as well, because it believes if you train them, they will know why and how their students should be taught and supported which removes a typical barrier for entrepreneurship centers.

Peter Reid on CSEL

CSEL was one of the award recipients in the first round, receiving £4.6MM pounds, the largest distribution. A large part of CSEL's award goes toward funding technology faculty and paying business people (consultants) to design and deliver courses to technologists. Entrepreneurship is acceptable to the business school, so we have funded faculty to design new elective courses and teaching materials focusing on technology-based innovation. We have opened-up many London Business School electives to UCL science and technology post-doctoral researchers and faculty. This has given us an excellent training platform and delivered huge benefits to both the technologists and the MBA students who now have a much richer technology base within the classes.

(In Cambridge, they set up as Cambridge Enterprise Center which was outside the business school, i.e., not an academic department. Its courses were not for credit. Now the business school is repossessing the teaching activity.)

Peter Dasher on Entrepreneurship in Asia

The diversity of Europe is applicable to Asia where there are some very advanced entrepreneurship program. For example, Mr. Wong (in the audience) will be working with Stanford Technology Ventures Program (STVP) for REEAsia in the coming year. There are also much less advanced entrepreneurship program.

Every country in Asia has some sort of entrepreneurship promotional scheme. Unfortunately, traditional values have typically won out over policy measures. Most of the Asian entrepreneurship programs are driven by public. Some of these, especially, the ones in Japan (differently in China, and similarly, in Korea) really are part of economic restructuring. In Korea, entrepreneurship was seen as a major step away from the high concentration of capital that made the financial crisis in 1997 so bad.

There is also concern about the quality and relevance of universities themselves. In connection with this, entrepreneurship programs are closely tied to real incubation centers, technology licensing organizations, and management of technology curricula.

Asia presents a number of common challenges to entrepreneurs. The programs have more or less dealt with these challenges. First, there is a lack of market access for startups in Japan. Second is the concern regarding the unsophistication of venture investors. There is venture money but it has not forced the quality of business plans that are seen in the US. There have been too many easy decisions made. Third is the importance of personal connection above the quality of business plans, a problem especially in China. When you ask someone what is necessary to have a successful startup company. They will say “who do you know?” Fourth, Asia tends to lack a supporting infrastructure, e.g., legal, or whether the existence of people who are necessary to help countries grow. Fifth, the lack of talented managers is acute in China. As companies start to grow beyond 5, finding someone who really knows about management and has experience with management is difficult. Sixth, there is a social taboo that stems from Confucian ideals against youthful leadership. Young people are not supposed to be bucking the system.

(NOTE: Lively discussions followed about generalizations and applicability to specific areas and regions in Asia.)

Dasher on International Entrepreneurship Programs

It is difficult to find anything that applies across countries. There is also the issue of whether and how to apply Western case studies to an Asian context because funding patterns, attitudes toward corporate governance, and responsibility are not the same. This suggests that it is difficult to take material from one location and transfer it to somewhere else. A legitimate question is whether US-style entrepreneurship should be promoted in that context.

In every entrepreneurship program, students should be made aware that differences should exist. The next step is how to provide in a time-effective way some sort of beacon of what is happening in specific markets that would be of interest to the students.

Programs will most likely vary. What should be common across markets is the goal of growing high-quality companies in an ethical way. In China and Taiwan, you need to teach people how to deal with the process than compared to students in Japan. In Japanese universities, students desperately need some sense that they might be able to have some effect over their own destinies, i.e., that they do not have to sit and wait for a job in a big company or feel that their life is ruined when they do not. Having high quality students with an interest in entrepreneurship should be a major goal in Japan.

Dasher on Programs in Japan

Right now, the Ministry of Economy, Trade and Industry is really pushing management of technology but what they really pushing are executive MBA programs for mid-career engineers. The programs are designed and taught by academics who overemphasize writing the perfect business plan or putting a great deal of focus on personal leadership skills but not nearly enough on team-building. There are few experienced mentors, i.e., people who have actually started companies and can tell how this is done in Asia.

There are some university programs for mid-career professionals that have started. (They started the programs before the market has known what to do with these

people. There are very few mid-career hiring opportunities for graduates of such programs.) There are also kindergartener through high school programs in entrepreneurship (JAEE Japan Association of Entrepreneurship Education). They teach creativity and encourage the values of entrepreneurship at an early age. The curricula usually are outside of the classroom experiences, involve leadership skills, and encourage personal creativity but there are very few experienced people talking to students.

Unique to Japan are the types of entrepreneurs. Type 1 is a man in his mid-40s and 8-12 years of experience in a large company and needs to get out of the company because he either cannot stand it or the company would really like to like to get rid of him. This person typically has a large network of potential customers. His goal is to create a company and make it grow and to have 50% of ownership before the company goes IPO which is unheard of in the US. Maintaining a family business is the type of goal of entrepreneurship. Type 2 is the new type of entrepreneur who is similar to the entrepreneur seen in Silicon Valley but still has traditional-type decision-making pattern, particularly regarding attitudes towards personnel. Specifically, they may not get rid of the person as soon as he needs to.

There are two concerns. The first is the supply side. When Dasher gives a talk in Japan to 300+ students, he has asked how many students are interested in forming one's own company. One or two students will raise their hands. The lack of interest is confirmed by a labor force survey in 1997 which found that 1% of the population is interested in forming a company of their own. The second concern is the demand side. First, with a technical degree you can get a job but with an entrepreneurship degree you cannot. Second, the programs are teaching entrepreneurs but not preparing the market to accept startup companies.

Commonality and Differences in Entrepreneurship Programs

A commentor in the audiences said that a lot of the pattern in Asia is reflected in certain countries in Latin America but not reflected in other countries in Latin American. There is also heterogeneity at the country level, e.g., there are certain areas within Argentina that are similar but others that are not. He suggests that policy makers need to be very careful about duplicating programs from other parts of the world. Europe countries are particularly prone to this problem.