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**POSITION PAPER: INTERNATIONAL CENTRE FOR TRANSFORMATIONAL
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EXECUTIVE SUMMARY

A need exists for renewed socio-economic growth in the local, regional, national and international environment. The purpose of the International Centre for Transformational Entrepreneurship (ICTE) is to make a substantial contribution to entrepreneurship education, entrepreneurial leadership, innovation and policy formulation focusing on transformational entrepreneurship which should have a positive impact on socio-economic development in regions across the world. Within this context, 'transformational entrepreneurship' refers to a holistic¹ and heuristic² orientation in terms of entrepreneurship promotion and combines the individual and other sub-systems (such as society and institutions) interacting and collaborating to create a positive framework in which opportunities can be exploited beyond the local level.

This paper will set out what and how ICTE aims to contribute to this process through its teaching, research and social engagement strategy.

I. INTRODUCTION

The global environment is characterised by various phenomena of which the World Economic Forum highlights deepening income inequality, persistent jobless growth, lack of leadership and rising geostrategic competition are the most important (<http://reports.weforum.org/outlook-global-agenda-2015/top-10-trends-of-2015/>). Various reasons can be cited for the challenging global context in which governments, institutions and individual entrepreneurs are struggling to sustain socio-economic development. It is questionable whether the right capability, capacity, eco-systems and policies exist to transform countries from struggling to progressive socio-economic landscapes. The role and importance of entrepreneurship in creating and supporting socio-economic growth is not a new concept in this current debate. To the contrary, entrepreneurship is accepted by most nations as an important part of their development strategies (Pretorius et al., 2005; Bosma et al., 2006; Gibb and Hannon, 2006). Furthermore, it is postulated that entrepreneurship will grow in its importance because of factors such as accelerated competition, increased innovation and the enhanced support entrepreneurs are receiving globally. In terms of the latter, a plethora of initiatives exist supporting entrepreneurs such as increased number of educational and training programmes, business incubators and science parks, and research grants provided by governments and support agencies. Despite this plethora of support services the global economy is struggling to recover from the 2009 recession, let alone

¹ Holistic approaches can be interpreted differently in a wide range of contexts and the concept itself is imbued with a range of meanings. In this context, we are drawing upon the concept of holistic development to orientate the person in the system. This approach recognises the interconnectedness of people and the environment and looks to support continuous adaptation, transformation and coordination through process of change and evolution (Best, 2011; Wapner and Demick, 2003).

² A heuristic orientation refers here to the process by which individuals make decisions in conditions of uncertainty. People have to make decisions all the time within the constraints of limited knowledge, limited search opportunities and with limited time to consider the options. Heuristics are rules of thumb that support decision making in a real time context. The value of a heuristic approach is that decisions are made. The downside is that decisions are limited and the options are circumscribed by the limits of time, knowledge and information. How decisions are made is a function of social, cultural and individual rationality (Gigerenzer, 2010).

create the necessary conduits for renewed socio-economic growth. Sautet (2013) and Maas and Jones (2015) concurs that although entrepreneurship is socially productive it struggles to address major challenges such as unemployment and income inequality. Employment and income equality are two factors required to address or eliminate mass poverty.

Thus a new transformational approach to the development of sustainable entrepreneurship is required – a systemic process that is more heuristic and holistic in nature to accommodate both individualistic and societal approaches in the promotion of entrepreneurship. Without transformational entrepreneurship, potential for socio-economic development will remain limited and only benefit a minority of individuals, businesses, and nations.

Coventry University has decided to contribute to the discussion on the dilemmas of socio-economic growth through a dynamic focus on transformational entrepreneurship. To steer such a process an International Centre for Transformational Entrepreneurship (ICTE) was created on 1 August 2015. This paper sets out the position of ICTE on transformational entrepreneurship and it also acts as basis for the further development of this initiative.

2. DEFINITIONS

Various definitions exist for the terminologies used in this paper. However, it is not the intention of this paper to debate different definitions or explore why a specific definition was selected over another. The definitions below are sufficient to support the core concepts that ICTE will explore in this paper.

- **Enterprise:** the application of creative ideas and innovations to practical situations (QAA, 2012: 8).
- **Entrepreneurship:** the application of enterprise skills specifically to creating and growing organisations in order to identify and build on opportunities (QAA, 2012: 8).
- **Innovation:** it involves the utilisation of ideas in problem solving by developing processes and improving the way things are done by creating new products, services, processes and organisations (Dawson and Andriopoulos, 2014).
- **Entrepreneurial eco-system:** a network of interconnected actors which formally and informally coalesce to connect, mediate, and govern the performance within the local entrepreneurial environment (Mason and Brown, 2013).
- **Socio-economic growth:** a process that seeks to identify both the social and the economic needs within a community, and looks to create strategies that addresses those needs in ways that are practical and in the optimum interests of the community over the long term (Jaffee, 1998).
- **Systemic entrepreneurship:** sub-systems interacting and collaborating to create a positive framework in which opportunities can be exploited; it should be socially productive and go beyond the local level (Sautet, 2013).
- **Transformational entrepreneurship:** the creation of an innovative virtue-based organization for the purpose of shifting resources out of an area of lower into an area of higher purpose and greater value under conditions requiring a holistic perspective (Miller and Collier, 2010).

3. TRANSFORMATIONAL ENTREPRENEURSHIP

There is a general consensus that entrepreneurship can and should play an important role in socio-economic development (see for example: Acs et al, 2014; COM, 2012; Cooney, 2012). Moreover, it is pointed out that entrepreneurial activity which focuses predominantly on the individual entrepreneur or local region will probably not have the desired positive impact on national socio-economic development hoped for. A balance should be struck between a focus on individual entrepreneurial activities and society-wide changes which may have a more positive impact on socio-economic growth. This shift in thinking from individual to country wide conceptualisations of entrepreneurship is not without its difficulties; however, the step is an important one if policy-makers are to be persuaded of the economic contribution of entrepreneurship. Ács et al. (2014) argue that society or even country-level entrepreneurial measurements have never previously received adequate attention. In order to address global phenomena such as poverty, unemployment, low or no growth, transformation is required in the way entrepreneurship is supported as part of a total system i.e. a system consisting of individuals, the community, public sector, private sector, and natural resources.

Two important concepts can be identified from the previous paragraph namely *systemic* and *transformational* entrepreneurship. According to Ács et al. (2014: 477) the term ‘system’ “constitutes of multiple components that work together to produce system performance”. Rosenberg and Nelson (in Ács et al. (2014: 477) further illustrates that it is not implicit that the sub-components of a system are in perfect harmony with each other. There might be weaknesses in the system, which need specific attention to restore the balance of the total system. Within this context ‘systemic entrepreneurship’ refers to a broader orientation in terms of entrepreneurship promotion and combines the individual and other sub-systems such as society and institutions interacting and collaborating to create a positive framework in which opportunities can be exploited. In order to have a positive impact on socio-economic growth, systemic entrepreneurship should be socially productive (it should be legal) and go beyond the local level (Sautet, 2013: 393). This approach emphasises the need for holistic thinking and in essence moves the concept of the entrepreneur from the individual to the context in which the individual is situated, that is to society more generally. This approach is not arguing against the existence of locally focused entrepreneurial activities, micro enterprises or subsistence enterprises; to the contrary, they are important for cascading wealth to the broader society. However, if not enough focus is put on systemic entrepreneurial activities (activities that go beyond local levels) socio-economic growth can be under pressure to create wealth in a country. Re-thinking the way entrepreneurship is promoted is therefore called for and the focus of this drive is systemic that can lead to transformational results.

Miller and Collier (2010: 85) defines transformational entrepreneurship “as the creation of an innovative virtue-based organization for the purpose of shifting resources out of an area of lower and into an area of higher purpose and greater value under conditions requiring an holistic perspective. Transformational Entrepreneurship transcends economic terms and emphasizes the centrality and value of people, their vocations, and the many levels of relationality involved in entrepreneurship, in addition to the technical aspects of the business”. Marmer (2012) agrees with this definition and states that a combination between

technology entrepreneurship and social entrepreneurship is desired to address the current stalemate in terms of global socio-economic growth. Within the systemic and transformational entrepreneurship domains the focus is on researching and finding improved ways to address current global realities and to create a holistic and heuristic approach which can form a sound basis for socio-economic growth in the future. To bring about effective transformation, it is important to evaluate and challenge, when necessary, the heuristics upon which decisions are currently made. The danger of real time, tried and tested solutions (default heuristic) is that they can be short-term and policy driven. New approaches need to be devised that challenge default reactions and which create new frameworks for adaptive thinking. These new ways should ultimately find their way through to policies that can guide current and future socio-economic development. Within an environment that is characterised by short term orientations (e.g. according to the length between political elections) policies are often equally short-term and out of sync with global phenomenon.

If one argues that the total entrepreneurship eco-system should transform in order to address current and future phenomenon in a constructive manner creating and maintaining sustainable socio-economic growth, it is evident from a systemic and transformational perspective that a holistic and (adaptive) heuristic approach should be followed. Roth and DiBella (2015: 7) state that “Systemic change encompasses the enterprise, the larger set or system of organizations that depend upon each other and make improvements in ways that produce enduring rather than ephemeral value”. Mason and Brown (in OECD and the Government of the Netherlands, 2013: 1) agrees with the notion that an eco-system is a network of interconnected actors “which formally and informally coalesce to connect, mediate, and govern the performance within the local entrepreneurial environment”. Within this eco-system context, for example, universities cannot change their entrepreneurship education and support practices in isolation and need to take other sub-systems (i.e. role-players) into consideration when making changes. Roth and DiBella (2015) further argue that five capabilities are required to enable systemic change namely: enterprise awareness (e.g. knowledge of the total industry in which one operates); innovation; balancing push (e.g. actions from management side) and pull factors (e.g. new knowledge obtained by employees) of change; seeking growth and leadership.

Enterprise awareness calls for a clear perspective on who the role-players are within a specific context such as entrepreneurship education and support. Individual role-players need to think beyond their own individual systems and create sound relationships among autonomous units within the larger system. In order to affect change, people need to acquire and practice new approaches which can be on multiple levels at the same time. Balancing change will consist of push change (managers making plans for change) and pull change (people implementing what they have learned). New knowledge is therefore essential for innovation and the total process of change. This process should challenge the validity of accepted solutions for given problems and lead to new heuristics as guiding principles for more adaptive decision making. Within a global fast changing environment growth is essential for sustained success and continued improvement. Creating aspirations among people through learning and applying new knowledge is a sound basis for such growth. Finally, sound leadership is needed to implement changes on multiple levels on a continuous basis. Within an innovative society (where new knowledge creates new innovations) leaders need to hold their own and accelerate at the same time quite often just

to maintain their current market share. Changes are not the prerogative of a specific area only; it often happens on multiple levels, both internally and externally to the organisation. In such an environment, leadership and entrepreneurship need to combine to stimulate innovative thinking allowing the exploitation of new opportunities on a continuous basis. In this regard, Eyal and Kark (2004: 215) indicate that “leadership and entrepreneurship overlap to some degree, leadership involves influencing subjects’ symbolic realm in order to move them towards certain actions and determining the time and scope of these actions whereas entrepreneurship represents the operational translation of symbols and behaviors into actions”.

It can be argued that leaders need to create compelling narratives in terms of entrepreneurship development (or intrapreneurship development within larger institutions). These narratives are needed to create growth opportunities. The current dominant focus on cost-efficiency might blind leaders from being more opportunity orientated. Roth and DiBella (2015: 39) agree that “in a competitive environment success comes not from efficient systems but from those with the capacity to grow”. Linear models cannot provide optimal solutions anymore. In this regard Philpott et al. (2011: 161) argue that ‘historical accepted linear models are now being surpassed by the contemporary and dominant view that innovation is most appropriately perceived as a systemic, networked phenomenon’. A further dimension is added by Knickel et al. (2009) who refer to first- and second-order innovation. First-order innovation focuses on limited changes and second-order innovation on system changes which necessitates that existing assumptions, beliefs and values can only be challenged through second-order innovation. When second-order innovation is successful it can act as the breeding ground for first-order innovation. Innovation should be moving away from predominant linear training for innovation (what, how and when) to a more explorative approach focusing on process questions such as “why not” or/and “what if”. Such innovation will go beyond incremental innovation and focus on transforming relationships and interactions between industry, competitors, people’s behaviours and lifestyles. The dilemma of the previous argument is best illustrated by NESTA (2015) who highlights that in “2007/8 universities reported 1,977 new start-ups from fresh graduates with a running total of 3,960 active firms. By 2013/4, the annual formation rate had risen to 4,603 new start-ups, with a running total of nearly 10,000 active graduate start-ups”. However, the report highlights the dilemma of start-ups not scaling up. NESTA’s (2015) conclusion is that “growth has come principally from the number of firms, rather than their size”.

The existence of entrepreneurs, leaders, innovation and an entrepreneurial eco-system is by no means a guarantee that socio-economic development will be positively stimulated. These focus areas can create a positive environment for transformational entrepreneurship to flourish but can equally be a major stumbling block when policies are not supportive of such an environment or when policy makers simply rely on the past to predict the future. Unproductive entrepreneurship flourishes because of a lack of rule-of-law. It can be argued that an overly reliance on the provision of grants and subsidies may influence the creation of entrepreneurial mind-sets negatively i.e. it creates a dependency culture. Policies influencing the entrepreneurial eco-system should be investigated and tweaked, or in some cases radically changed, to support the entrepreneurial eco-system. Therefore, a careful analysis

of the total eco-system is required which can guide finding optimal solutions for the current and future challenges facing socio-economic growth.

4. ICTEs FOCUS

ICTEs focus is guided by the challenges outline above and the mission of Coventry University. In the Corporate Plan³, the University described its mission as being to create "... a dynamic, global and transformational University Group." It goes on to say that by "Creating better futures, we will be world leading in all that we do." This mission is translated into a narrative which states "We are a leading edge University Group with a dynamic operation, which is globally enabled and technologically advanced. Our Corporate Strategy sets out our ambition for transformational growth as a sector leader in Higher Education" (Coventry University Corporate Strategy 2021). The four pillars that underpin this strategy are: Education and Student Experience; Research; Internationalisation, and Enterprise & Innovation. The ICTE strategy builds upon these pillars and defines its mission as using:

"Enterprise and entrepreneurship to foster leadership that can organise resources, act upon opportunities and create economic and social impact beyond the local level."

"ICTE's purpose is to promote enterprise and entrepreneurship through a systemic approach, bringing about transformation in socio-economic development."

There are five pillars underpinning ICTE's strategy:

1. Entrepreneurial leadership - which aims to forge a new generation of great entrepreneurial thinkers and doers.
2. Entrepreneurial education – which aims to create new knowledge to support transformational entrepreneurship.
3. Innovation - to drive forward fresh ways of doing business for the 21st century.
4. Socio-economic development - to ensure a healthy and equal society by meeting the needs of the present without compromising the needs of the future.
5. Policy support - to analyse and promote enterprise and entrepreneurial policies that will enable transformational entrepreneurship.

5. CONCLUSION

A need exists for renewed thinking on how enterprise and entrepreneurship can support socio-economic growth in the local, regional, national and international environment. Current challenges within this environment indicate that novel approaches are required to address these challenges and finding sustainable solutions. A dedicated focus is needed to spearhead transformational entrepreneurship. This dedicated focus will be provided by ICTE and through it we will make a substantial contribution to entrepreneurship education, entrepreneurial leadership, innovation, socio-economic development and policy formulation.

³ Coventry University Strategy 2021

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