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Entrepreneurship Training for the Developing World

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Entrepreneurship Training for the Developing World

Education focused on commercial dynamism, not just policy and bureaucracy, can contribute to economic growth in low-income countries and the world.

Iqbal Z. Quadir

Developing countries, once economically marginal, are now a critical part of the world's economy. Non-OECD (Organisation for Economic Co-operation and Development) countries account for three-quarters of the world's population, three-quarters of real gross domestic product growth over the last decade and nearly twothirds of the world's energy, steel, and copper consumption (1). China and India constitute a sizable part of this development, but many other countries are showing impressive economic growth; Bangladesh and sub-Saharan Africa are projected to grow at around 6% this year (2).

Entrepreneurs have driven much of this progress. Universities in the West, however, largely offer programs to prepare students for entrepreneurial careers in the developed world with little focus on developing countries. Western universities offer programs focused on developing countries, but these are commonly for economic planning and policy design and intervention. Such curricula prepare students for bureaucratic careers in corporations, governments, or multilateral organizations such as the United Nations (UN) or World Bank. A mind-set that lowincome countries need help exclusively in policy design and bureaucracy, not in commercial dynamism, maintains an imbalance in education that is increasingly diverging from real-world conditions.

Home-Field Advantage + Western Training

Yet Western universities could better train developing-country nationals for entrepreneurial careers in these countries. Although young college dropouts, such as Steve Jobs and Mark Zuckerberg, have gotten the media limelight, the majority of high-tech entrepreneurs are "middle-aged with 16 years of work experience" (3), and there is a good correlation between higher education and successful entrepreneurship (4). Although it may be impossible to train people to come up with "breakthrough innovations" (5), education can provide components of the entrepreneur-

Director, Legatum Center for Development and Entrepreneurship, Massachusetts Institute of Technology, Cambridge, MA 02142 USA. E-mail: iqbalquadir@mit.edu ial skill set that affect success. Western universities draw people from all over the world, and university neighborhoods like the Silicon Valley are often high-tech entrepreneurial hubs, which make these universities uniquely qualified to promote entrepreneurship globally. Many developing countries' enterprises-especially those in high techare global collaborations, or "micro-multinationals" (6), that have originated in university settings.

Even in the absence of specialized programs, many

high-tech entrepreneurs from low-income countries have already benefited from Western education: e.g., Robin Li (China, founded Baidu), Ayisi Makatiani (Kenya, founded Africa Online), and Azim Premji (India, founded Wipro). These entrepreneurs established businesses that are globally recognized, creating jobs, products, services, and increasing capacity to import Western goods. Key to such successes were both "home-field advantage" (7) in their native countries and the benefits of educational experiences in Western countries. Programs designed especially for potential entrepreneurs in developing countries may facilitate similar successes on a large scale.

Schumpeter argued that economic growth requires entrepreneurs who combine assets (including new technologies) in new ways, creating new opportunities, new markets, new economic value, and effectively, new supply-and-demand curves (8). The aforementioned entrepreneurs succeeded by combining technologies developed by others [utilizing decades of research and development (R&D)], capital accumulated by others, equipment manufactured by other businesses, and the eagerness of millions of people as consumers seeking to improve their lives.

The Cycle of Aid and Central Planning

The last half-century of economic history sheds light on both the mind-set behind the current lack of entrepreneurship programs



Western-trained. Mo Ibrahim brought mobile phones into 14 African countries.

focused on developing countries at Western universities and the opportunity that exists today. As expected from Schumpeter's theory, countries that did not experience entrepreneurial dynamism stayed poor. Inherited colonial administrative machineries, extractive industries, and foreign aid bolstered pervasive central control and planning in the last several decades. "[G]overnment interventions [were] frequently all-embracing" (9), and state-owned monopo-

lies hindered entrepreneurial entry. The cycle of aid to central governments, the consequent expanded state (10), and more poverty, which further justified aid, ensued; the discussion about entrepreneurship nearly disappeared from development literature by the 1970s (11). As a result, growth of economic output per worker in developing countries slowed from 3% in the 1960s to negative growth by the 1990s (12).

Entrepreneurs struggled to build enterprises, despite central control and planning, but overall progress was either slow or nonexistent. In the last two decades, however, international travel, education abroad, and the dramatically favorable economics of digital technologies) have enabled entrepreneurial success and consequent economic progress in low-income countries.

For instance, entrepreneurs like Westerneducated Mo Ibrahim (Sudan, founded Cel-Tel) and Miko Rwayitare (Rwanda, founded Telacel International) have made mobile communications pervasive and affordable in the poorest countries (13). An easily affordable phone call might save a day of travel that can be used instead in earning, giving rise to immediate benefits, overcoming the problem of low purchasing power, and contributing to economic growth. Other such technologies that enhance productivity and purchasing power for the user and commercial opportunities for entrepreneurs are on the horizon in energy, agriculture, medicine, and other

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fields. Furthermore, a new technology can give an edge to a knowledgeable entrepreneur over established powerful players and so disperse power. Such entrepreneurial development would create jobs, addressing the chronic problem of unemployed educated people in the developing world.

Although a great deal of educational resources have been dedicated to creating better governments in low-income countries, entrepreneurial progress naturally contributes to this end. Historically, economic progress and good governance often emerged as an unintended consequence of commerce and innovations driven by entrepreneurs. Many recent entrepreneurial successes have been realized under less-thangood governance, systems of checks and balances, and other infrastructures. Entrepreneurial innovation can overcome hindrances to some extent; mainland Chinese entrepreneurs in the 1980s registered companies in Hong Kong to do business in mainland China (14). In short, innovations, as in the case of digital technologies, can set off entrepreneurial virtuous cycles as they have in recent decades, and Western universities can accelerate the process.

The potential for entrepreneurship has been noticed and encouraged by organizations more directly involved in global affairs and development. The U.S. President convened a summit on entrepreneurship in 2010; the Department of State subsequently announced its Global Entrepreneurship Program to support entrepreneurs in Muslim countries. Several organizations have produced extensive reports on entrepreneurship, including the UN Development Programme (UNDP), Global Entrepreneurship Monitor, the European Commission (EC), and the World Economic Forum (15-17). The World Bank series Doing Business (rru.worldbank. org) lays out the economic, political, and legal terrain of specific developing countries. Nonprofit organizations such as Endeavor and The Indus Entrepreneurs provide mentoring, strategic advice, and network support to entrepreneurs.

Gaining an Edge Through Engagement

Major Western universities can pursue deeper, more continuous engagement. In the process, they stand to maintain their edge in research. They can draw on existing faculty with extensive understanding of emerging technologies, economic historians knowledgeable of entrepreneurship's proven benefits, and established business school curricula relevant to new ventures. Universities can exploit their convening power to bring together potential and successful entrepreneurs. Further, these institutions hold the potential to partner with universities in developing countries to better connect with local contexts.

Six components can be taught and facilitated by professors of entrepreneurship, case writers, experienced entrepreneurs, and professors of economic history: (i) curricula on technologies on the horizon and their potential economic and social ramifications, especially in developing countries; (ii) case studies of entrepreneurship in developing countries, e.g., how setbacks were overcome; (iii) interactions with successful entrepreneurs from developed and developing countries, as effective mentorship can triple the success rates of entrepreneurs (18); (iv) basic business education such as accounting, marketing, and finance; (v) exposure to angel investors, seed fund investors, and potential partners or employees; and (vi) history of entrepreneurial progress in the West, demonstrating how individual entrepreneurial efforts can give rise to the larger good.

A number of Western universities have recognized the need to establish programs addressing business approaches to international social problems, such as Cornell's Center for Sustainable Global Enterprise. A few university programs specifically focus on educating entrepreneurs, including the Skoll Centre for Social Entrepreneurship at Oxford (which promotes both nonprofit and for-profit entrepreneurship) and the recently launched Stanford Institute for Innovation in Developing Economies. At the Legatum Center for Development and Entrepreneurship at the Massachusetts Institute of Technology, we help about 35 students a year prepare for commercial entrepreneurial careers in lowincome countries. The Legatum Center fosters both theoretical knowledge and practical skills for creating for-profit ventures, and it exposes students to a rich entrepreneurship ecology for essential networking and support, including extensive interactions with successful entrepreneurs.

Successful programs for entrepreneurship in developing countries can be established at major Western universities that have business, engineering, and economic history curricula and the involvement of practitioners in developing countries. Universities should seek collaboration with universities in lowincome countries that can identify and help recruit would-be entrepreneurs; arrange for successful entrepreneurs from developing countries to give visiting lectures and interact with students; and, when possible, host entrepreneurs-in-residence to coach students.

In engaging entrepreneurs from develop-

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ing countries, Western researchers stand to gain knowledge about innovations originating from low-income countries (19). Universities can learn from the experience of General Electric, which recently began selling in the United States low-priced handheld electrocardiogram devices, originally designed for a rural Indian market (20). Economic growth spurred by entrepreneurship education can create richer two-way traffic of students and researchers between developing countries and Western universities.

Although promotion of entrepreneurship may appear to be of peripheral importance to universities committed to advancing science and humanities, entrepreneurs can anchor intellectual endeavors in reality by deploying the practical output of knowledge. Given the role of entrepreneurship in economic growth and social progress, the training of entrepreneurs can be deeply connected to public service, central to the mission of universities.

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