

Innovation and sustainable development through entrepreneurship

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In today's world, with all its social, economical and environmental challenges, knowledge is the primary source of innovation, sustainable value and wealth. We need creative thinking and approaches, because 'more of the same' will not create the sustainable solutions our world needs. The development and productive use of knowledge is therefore becoming the key process of value creation for organisations as well as for societies.





This fact changes the nature of work, organisations and the role of workers: work is becoming knowledge work, done by autonomous professionals working in networks, where relationships are based on reciprocal appeal. This means that the autonomous professionals are becoming the driver of innovation and success. They will only play this role strongly, if they can act as entrepreneurs: work from their personal drive and talents, free to take initiative and responsibility to develop themselves and to create what they see as valuable, and able to co-create a context that enables them to do this. Loyalty, obedience and compliance were core values in the industrial economy. In today's knowledge economy, these values will lead to mediocre results. Passion, talent, creativity, freedom and responsibility are needed for excellence. In this article, I will elaborate why this kind of entrepreneurship is called for and will explore the consequences for individuals and organisations.

ECONOMIC AND SOCIAL DEVELOPMENTS

To understand the need for entrepreneurship, I start with a brief overview of some global,

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fundamental developments that are taking place in society and economy:

Economic and societal development are intertwined

The concept of wealth is broadening (e.g. Beinhocker, 2006). Moving from a strong focus on financial gain, we are becoming more and more aware of the fact that issues in economy and society are interlinked and part of a global system that is vulnerable and complex, that can not be controlled and managed, but asks for awareness and responsibility of individuals and organisations.

Development of society as a whole is dependent on economic development and vice versa (B.M. Friedman, 2005): economical success and productivity is strongly correlated with growth in trust, openness, tolerance, responsibility and democracy. This calls for an enlightened form of self-interest, in which individual and organisational development and wealth go hand

in hand with the development of an open society based on trust and democratic values, and with a strong economy in which many participate. It is in this context that social entrepreneurship is developing rapidly, as a field of practice and as a field of study and research. Centres and networks were established and are growing, see for instance: the Centre for Business as an Agent of World Benefit (<http://worldbenefit.case.edu>), the Skoll Foundation (<http://www.skollfoundation.org>), and the Ashoka association (<http://www.ashoka.org>).

The need for innovative solutions

Survival in a knowledge economy calls for continuous improvement and innovation of products, services and processes. An increasing body of research shows that innovation leads to increased turnover, market share and profits (Volberda, Van den Bosch & Jansen, 2005). Innovation is needed to find new solutions



for current issues in organisations and societies, and is crucial for sustainable development. It is striking that the traditional R&D departments are no longer the primary source: innovation is created more and more in dispersed networks in which customers, stakeholders, production workers, creatives and R&D people interact. Also, we need to look at innovation from a broad perspective: it is not only technological in nature, but also social: developing new and innovative ways of organising and managing are becoming an important driver for innovation and success.

This is now happening within organisations that acknowledge the importance of building strong networks, creative spaces and processes (with Google as an inspiring example for many). It is also happening in networks of independent professionals and free agents, working together on creative solutions and creating new rules for the game (like the example of the LINUX operating system that was and is being developed by a growing community of IT developers, and is freely available as open source software).

Sustainable value lies in the ability to innovate

Any specific innovation or improvement has a temporary value, the sustainable value lies in the ability to improve and innovate. A sustainable organisation has the ability to be knowledge productive: to identify, gather and interpret relevant information, to use this information to develop new skills and to apply these skills to improve and radically innovate operating procedures, products and services (Kessels, 2001). Learning lies at the heart of this process: tracing relevant information, and developing and applying new competencies are based on powerful learning processes. However, you cannot develop the capability to innovate by going to a training course or formal school, where the process and outcome are predictable and set by others. It requires individual and collective learning processes integrated in daily practice, where working and learning become one, where personal passion and curiosity are the drivers of this learning and where there is a social climate of respect, support, feedback, sharing and caring.

This need for learning to innovate, sparked the interest in creating innovative practices, in fostering a

learning culture, in attracting and nurturing talent. It stimulates to create practices for learning, and find ways of learning outside of the traditional schooling paradigm, that only works well for part of the people (some famous entrepreneurs and innovators never finished school) and for part of the intelligence needed for the future wellbeing of individuals, organisations and the world. Interesting work has been done by Howard Gardner (Five minds for the future, 2006) on multiple intelligences and by Ken Robinson, who puts forward the thesis that creativity is the literacy for the future (see his lecture on 'How schools kill creativity' on www.ted.com).

Individual passion and talent is the main source

The process of innovation through knowledge productivity is a creative process, driven by human intelligence, knowledge, passion and creativity. This puts the human individual at the heart of organising. This is not only true for a small number of highly talented people at the top: the number of creative professionals is growing rapidly, and already making up more than one third of the working population in developed countries, being responsible for more than 50%

*Comparing basic principles of the market and the network economy
(Rifkin, 2005, p. 209)*

Markets

Distrust
Self interest
Distant transactions
Competitive

Networks

Trust
Common interest
Close connections
Co-operative

of the total productivity (Florida, 2002). This creative productivity demands courage, entrepreneurship, emancipation and passion.

Conformism, loyalty and obedience, the carriers of the traditional economy, will not take us very far in the current knowledge economy and in solving the challenges of our world.

Individuals connect and make a difference through global networks

Individuals are operating in networks on a global scale. Globalisation is taken to the individual level (Th. L. Friedman, 2005), where every individual has worldwide access to information and people and can share their ideas and products with the world. Space and markets are no longer local. Social and economical activity transcends national and regional borders. The national market economy is transforming into a worldwide network economy

(Rifkin, 2005). In a network economy, access and participation take the place of selling and buying, cooperation based on reciprocal appeal and trust take the place of competition and conflict, and common interest replaces individual interest.

In this context, it is easy to understand the growth of communities and use of social media like LinkedIn, Facebook, Twitter and Xing.

The worldwide network society is potentially powerful but also vulnerable. We are more and more aware of our global interdependency. Large differences in access, development and wealth are likely sources of tension and pose limitations to global and to individual development, safety and prosperity. This calls for awareness, empathy and active engagement of organisations and individuals in order to increase participation of as many

people as possible in economic and social development.

THE CHALLENGE

The developments above are examples of the fact that we live in exciting times, where more than ever individuals have an opportunity to connect with others and make a real difference. It is also a time with great challenges, for which we need many of these connected individuals to engage and to make that difference. In order to grow the number of connected individuals making innovative and sustainable contributions to our economies and societies, managers in businesses and NGO's, policy makers on every level and entrepreneurs however small or big, need to:

- create (organisational) environments that allow individuals, teams and networks to be innovative and productive, and that at the same time enhance the wellbeing of workers;
- use individual autonomy and responsibility, diversity and networks to develop innovative solutions for key challenges in organisations, economy and society;

The nature of work is changing. Much routine work is becoming automated or is being outsourced.

- support the entrepreneurship and development of a large group of people who are now bystanders, to enable them to participate in economic and social development;
- stimulate powerful human networks across organisations and societies that foster safety, freedom and wellbeing.

This is not an easy task, and a simple overall strategy with guaranteed success is not available. But we need to work in this direction, so where could we start? Where can this development be influenced and strengthened?

Work, especially the creation of meaningful work, will play a key role. Meaningful work enables participation to an important part of life, creates opportunities to build social networks and to learn, stimulates to grow and to take responsibility for your own life and family and for the future (your own

and that of the context you live in). Let's start with looking at the way work is developing.

THE CHANGING NATURE OF WORK AND OF THE ECONOMY

Looking from a global perspective, taking a closer look at the changing characteristics and demands of work in organisations, we can see the following:

- The nature of work is changing. Much routine work is becoming automated or is being outsourced. Knowledge work, in which workers have to combine and interpret information and knowledge to find solutions for new problems they encounter in their daily work, is replacing routine work more and more. Such knowledge work has the characteristics of learning processes. Knowledge workers cannot get their job done and

add value without learning.

Organising work and organising learning are becoming inseparable.

- In knowledge work, the individual worker is the owner of the most important means of production: the capability to add value through creating and applying knowledge.
- Continuous participation, learning and development in this type of work are based on intrinsic motivation and curiosity. Without these, no one can keep up for long.
- Excellence and innovation depend on individual professionalism, responsibility, and passion. Without these, performance is at best satisfactory.
- Synergy is created through networks in which individuals connect and cooperate based on reciprocal relations. Without these, initiatives will remain at the individual level. Traditional command and control styles of managing will not work in such an environment.

One could easily argue that the above is a very western perspective, true only for the developed countries. And that the situation in



a country like South Africa, being rich in natural and mineral resources, being in a stage of development in which a significant part of the population lacks quality professional education, is very different. True as this might be, one can also see that South Africa has difficulty to compete in an economy of routine work, where price and cheap labour define competitive advantage. Furthermore, such an approach does not really bring the economical development that can be achieved by creating added value above natural resources and routine work. So, if South Africa wants to create integrated economical growth, a strategy in which more and more people are enabled to participate in meaningful, non-routine work, might be preferable. This type of work enables South Africa as a country to increase its participation to the knowledge economy, thus becoming less dependent on natural resources and making the most of the talent of its people. It creates powerful learning and development opportunities for South Africans, where work environments that support learning are especially beneficial given the long history – and current situation – of unequal access to quality education.

THE ROLE AND NATURE OF LEARNING

The first association most of us have with learning and development, is education. When there is a need for development of people, education is normally seen as the solution. Of course, education is of crucial importance, but to limit learning and development to education is asking too much from the educational and political system and, more importantly, overlooking a very powerful source of learning: every day work! Just reflect on you own abilities: what are you good at now and how did you become good at this? 80-90% chance you answer contains elements like: by doing it, by working and interacting with colleagues, in everyday life situations, and the like. Research over and over again showed that 90% of adult learning takes place outside

of formal classrooms and training courses, but in everyday practice, where people experiment, exchange, reflect.

That the work environment is a place of learning, has been true for ages (think of the apprenticeship systems in the middle ages). But in current times, when work starts to entail more than routine operations and thus becomes knowledge work, the work environment becomes the primary source for learning. This implies a fundamental change in the relationship between working and learning. We were used to view learning as a preparation for work: learning preceded working. Now, learning can also be viewed as a direct consequence of working: having access to meaningful work means having access to powerful learning environments.

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I would like to illustrate this development by presenting an example. To show that knowledge work is all around us and not only for the people who hold strategic positions in so called knowledge intensive companies, I choose the example of a farmer:

A farmer owns 70 cows. Together with an employee he milked the cows every day, which took them 4 hours a day. When his employee told him that he was going to leave, the farmer was faced with two options: replace the employee or innovate the way he organised the work. He chose to innovate. He searched for developments, and learned about the milking robot. He compared several suppliers and their versions of the robot, asked other farmers about their experiences, and bought one. Together with the supplier he prepared the installation and operation of his new milking robot. The robot operates 24 hours a day. When a cow wants to be milked, she walks into the robot by herself, gets cleaned and milked, and walks out again. During this process the quantity and quality of the milk is monitored constantly. These data are sent to the personal computer in the farmer's house, and the farmer analyses these data, looks

for irregularities and patterns, and constantly searches for the best interventions in view of the quality and quantity of the milk as well as the well being of the animals. This takes him approximately 1,5 hours per day. Together with seven other farmers, he built a small network. They meet once in a while and email regularly to exchange experiences, help each other in dealing with difficult situations. On average, the farmer realised an increase in productivity of 10% more milk per day.

When we analyse this example, it becomes apparent that the work of the farmer changed fundamentally: from milking to process control and improvement. The daily routine work decreased dramatically: only part of the 1,5 hours each day is spent on routine checks, the other part on dealing with unexpected situations and finding solutions to deal with these.

The farmer realised this change through an innovation that he researched, prepared and implemented in cooperation with the supplier. In terms of productivity, this was the most important work that he did: through learning about the milk robot, creating knowledge about how to use this new equipment in his own farm and using this knowledge to make it work. His capability to add value through knowledge creation and utilization has a lasting effect on the work and productivity on his farm. This capability will probably help him to create new innovations in the future.

Another important element to note is the role of learning in this process: from the beginning a continuous learning process is taking place. However, formal training courses are absent. Learning occurs while working and in the exchange with colleagues and supplier. When one would ask the farmer about learning,

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he would probably say that he is just doing his work. Learning and working are inseparable.

To create this kind of work, and grow the number of jobs in this work, we need entrepreneurs: people who can create work, either by starting new business or by developing the business they are leading. We especially need entrepreneurs that create work in which people can grow and develop, that has added economical value based on using and developing knowledge.

THE CENTRAL ROLE OF INDIVIDUAL AUTONOMY AND ENTREPRENEURSHIP

When we acknowledge that knowledge work is of growing importance, that this type of work provides and demands continuous learning, and that individual passion, talent, creativity and connections are driving excellence in this work, it becomes clear that we need to shift our focus to the individual and build strong and sustainable organisations around autonomous professionals. These are individuals who contribute to innovation and improvements, who are aware of their talents and contribution and develop these continuously, who ask for autonomy, responsibility, and influence, who

place high demands on their work environments, and who create opportunities for themselves and for others.

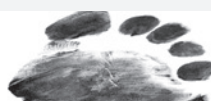
Autonomy refers both to having the space to influence the setting of goals and the way in which the work is organised, as well as having the ability to actually make use of this space. Autonomy is based on the one hand on a large degree of ownership, self-regulation, self-awareness, belief in one's own competence, and emancipation, and on the other hand on characteristics of a workplace that offers room for the critical reflection on work methods, goals, views and principles (Kessels, 2005).

Autonomous professionals are entrepreneurs of their own talent, network and work, rather than employees following instructions. They own the most valuable means of production: their talent, their ability to learn and to add value through knowledge. In that sense every individual is an entrepreneur by definition. One can be very active or very passive as an entrepreneur, but one cannot say to one's boss: 'be an entrepreneur of my talent'. As an individual entrepreneur one needs to take responsibility and ownership for one's work and development, and also for developing connections and

relationships needed for productive cooperation. The combined initiatives of these entrepreneurial professionals are the source of innovation and value. Those individuals who understand the interwoven nature of economical and social development, of personal and collective wealth, will play a key role in creating individual, organisational and societal success.

When thinking about social and economical development on a large scale, we tend to think of large scale interventions, government programmes, the big corporations who employ many people, the larger NGO's. We also tend to think about the 'what' and the 'how' question: what needs to be done? How should we do it? And off course, these are all important.

My reasoning above however, shifts the starting point to the 'who' question: who can make a difference? Who can innovate and bring about change? Who can be the initiators and creators of the future we want to see? Let's start looking at these entrepreneurial individuals, at any level (not only top talent but also local talent): in a local community, in a company, in a network, in government. Those are people who are not focused



on following the rules, but are prepared to break these rules to create better futures for themselves and others. Let's see their sometimes unorthodox, disturbing behaviour as part of a solution instead of as a problem. Let's build on these people, support and facilitate them, connect them with places and people that matter. We will be fascinated by the results!

In the remainder of this article, I will focus on the implications for organizations and individuals. Policy implications, on national, regional and local level, are also of crucial importance but others are better placed and more knowledgeable than I am in this area (see for example the series 'Policy in the making' of the Centre for Development and Enterprise: www.cde.org.za).

First I will summarize a more theoretical perspective and then I will present some experiences from our own social entrepreneurial practice.

THE CHANGING RELATIONSHIP BETWEEN WORKERS AND ORGANISATIONS

They key importance of knowledge work done by entrepreneurial

professionals, has important consequences for individuals, organisations, leadership and human resources practices:

- Autonomous professionals are becoming more and more aware of their key role and are placing high demands on their work environment. They choose environments in which working and learning are one, in which they can work on issues that interest and intrigue them, in which they have freedom and responsibility to make choices, and in which they are triggered to continuously learn and apply these new learnings. Such an environment is attractive for autonomous professionals, and stimulates them to work to their full potential.
- The challenge for organisations is to create such an enticing work environment and develop new and attractive ways to organise, based on reciprocal appeal. This is a prerequisite for any innovative and sustainable organisation. The individual professionals are challenged to continuously work on developing and using their talents and on strengthening their networks. This is a prerequisite to get access to

work and to stay attractive for the environments they want to participate in.

- Leaders and professionals need to create a corporate curriculum: an organisational environment in which learning and working are not separated, but integrated. They need to develop solutions to turn the daily work environment in a powerful learning environment that stimulates knowledge productivity. This kind of productivity is the basis for innovation and sustainable success, and learning lies at the heart of it.
- An organisation cannot own the means to be knowledge productive, they belong to the individual. Organisations cannot buy people. They can give an individual tenure, but this individual always has a free choice and can leave the organisation any time (with up to several months notice). This creates a shift in power between workers and organisations. With the emancipation of the workers into entrepreneurial professionals, the organisation is becoming more and more an environment created to develop and use the full

potential of individual workers, in stead of a system in which individual workers need to fulfil a predefined role in a planned and controlled way. Organisations are becoming the background for free creative work of individuals cooperating in networks.

- If the entrepreneurial professional takes ownership of his work and development, and is owner of the most important means of production in a knowledge economy, the question can be raised: who owns the organisation? Will such professionals still accept management and anonymous external stakeholders as 'owners' of the work, the ambitions and business? It could very well be that the dominant management and shareholder value thinking is coming to its limits. A first signal is that in recent years, a significant number of entrepreneurs withdrew their companies from the stock market. Their aim is often to recreate space for entrepreneurship, which is difficult in the stock market focus on share value and quarterly reports.

We break with the distinction between donors and receivers, and build real partnerships

OUR OWN EXPERIMENT: SEETRUST

Over the last years I have been studying developments in work and learning and linking these to economical and social development. This leads to interesting reflections. It also stimulates action and entrepreneurship: can I do what I write? Can I act on it and use the principles outlined above to create a practice that works?

To take up this challenge, I started SEEtrust, together with Nazih Mustapha and Ineke Khalil. SEEtrust is a social enterprise set out to create integrated economical and social development, which enable individuals and communities to improve their lives and future. For this, we create and implement duplicable formulas that generate economical, social, learning and environmental outcomes by integrating as many as possible from the following elements:

- Generate income and work
- Create affordable and attractive housing
- Create educational and social facilities and networks
- Reduce ecological footprint
- Strengthen local (women) entrepreneurship and ownership

SEEtrust is about: SEEing possibilities, TRUSTing people, and building entrepreneurial partnerships. To keep our projects sustainable and growing, we create an economical base, through combining external investments and donations with local income and through creating a return for all partners involved. We break with the distinction between donors and receivers, and build real partnerships: every one has a stake, a contribution and a return. We try to empower people instead of creating dependence.

SETrust starts from local initiatives and possibilities, and focuses on facilitating and growing these. For example in our first project, we partnered with Susan Rammekwa. Susan started Tshepang, a programme for orphaned and vulnerable children in the Princess informal settlement in Roodepoort. When we first met Susan in 2007, she had 80 children in her programme, and was doing great work with a small team and almost no means. The only facilities were a ledge and very small kitchen. She was told to leave this space, which would mean the end of Tshepang. SETrust bought 2,5 hectare of land and a big house. Since they moved to the new place, Susan was able to grow Tshepang. She now works with a team of 28. They take care of more than 300 children, counsel the caretakers, provide meal services to the needy and run a commercial bakery, sewing atelier and a vegetable garden.

SETrust tries to apply the following principles:

- Social and economical empowerment are intertwined and need to be addressed simultaneously.
 - We are all part of one world, one community, and we are all in it together. Empowerment is not black or white, it is about individuals and communities regardless of their status, color, religion, culture. The power is in connecting across divides.
 - We start from strengths, possibilities and energy. Every person has possibilities, capabilities and a drive. Using these as a starting point will create development and empowerment, much more and much faster than looking at what is not there.
 - Joint local ownership and responsibility makes development powerful and sustainable. We are not bringing solutions from
- outside, we are not taking over responsibility. It is the individual and the community itself who is responsible for creating solutions, for their own development. Through connecting with the community we are enabling this: bringing in investment, creating social and economical structures, creating facilities.
- Working and learning opportunities are the corner stones for development and empowerment. They create income and the capabilities needed for sustainable development. We create a setting in which work, education and learning are combined.
 - Entrepreneurship is a better base for sustainable development and empowerment than donor ship. Our entrepreneurial approach is aimed at development and value creation that are self supporting, independent of gifts.

Entrepreneurship of the individual will become a key driver to economical and social success

- You cannot learn and grow others, but you can create and foster a favorable and stimulating environment for growth. Our role is like being a gardener, who knows that grass doesn't grow by pulling it. A gardener plants seeds, creates conditions for growth, supports the well being of plants and trees through feeding and cultivating, and looks for a balanced development of all elements in the garden to make it a beautiful whole.
- The world is a global community in which we are interdependent across countries and continents. Our approach is global: people from different countries working together to create something worthwhile. This global partnership is personal and shows that we don't need to be multinationals to be working together globally and to make a real difference.

SETrust started end of 2007. It has been a rich learning journey in which we achieved some clear results and also struggle in some areas.

The world is a global community in which we are interdependent across countries and continents

TO CONCLUDE

In this article, I elaborated a perspective on why entrepreneurship of the individual will become a key driver to economical and social success and explored the consequences for individuals and organisations. In my view, these consequences challenge our mainstream beliefs about work, workers and organisations. I am aware that the perspective summarized in this article can very well be viewed as radical and unrealistic. I don't know the future and am not able to predict what will be the dominant reality in the coming years. But, I think it could very well be in line with the view outlined in this paper. What do you think? Reactions to this article are welcomed!

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