

International Centre for Transformational Entrepreneurship
(ICTE)



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The Importance of Transformational Entrepreneurship in Socio-economic Development of South Africa

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Defining Transformational Entrepreneurship

To promote **enterprise and entrepreneurship** through a **systemic approach**, bringing about a **transformation** in **socio-economic development**

(Maas, Jones, Lockyer, 2016)

The Journey to Transformational Entrepreneurship

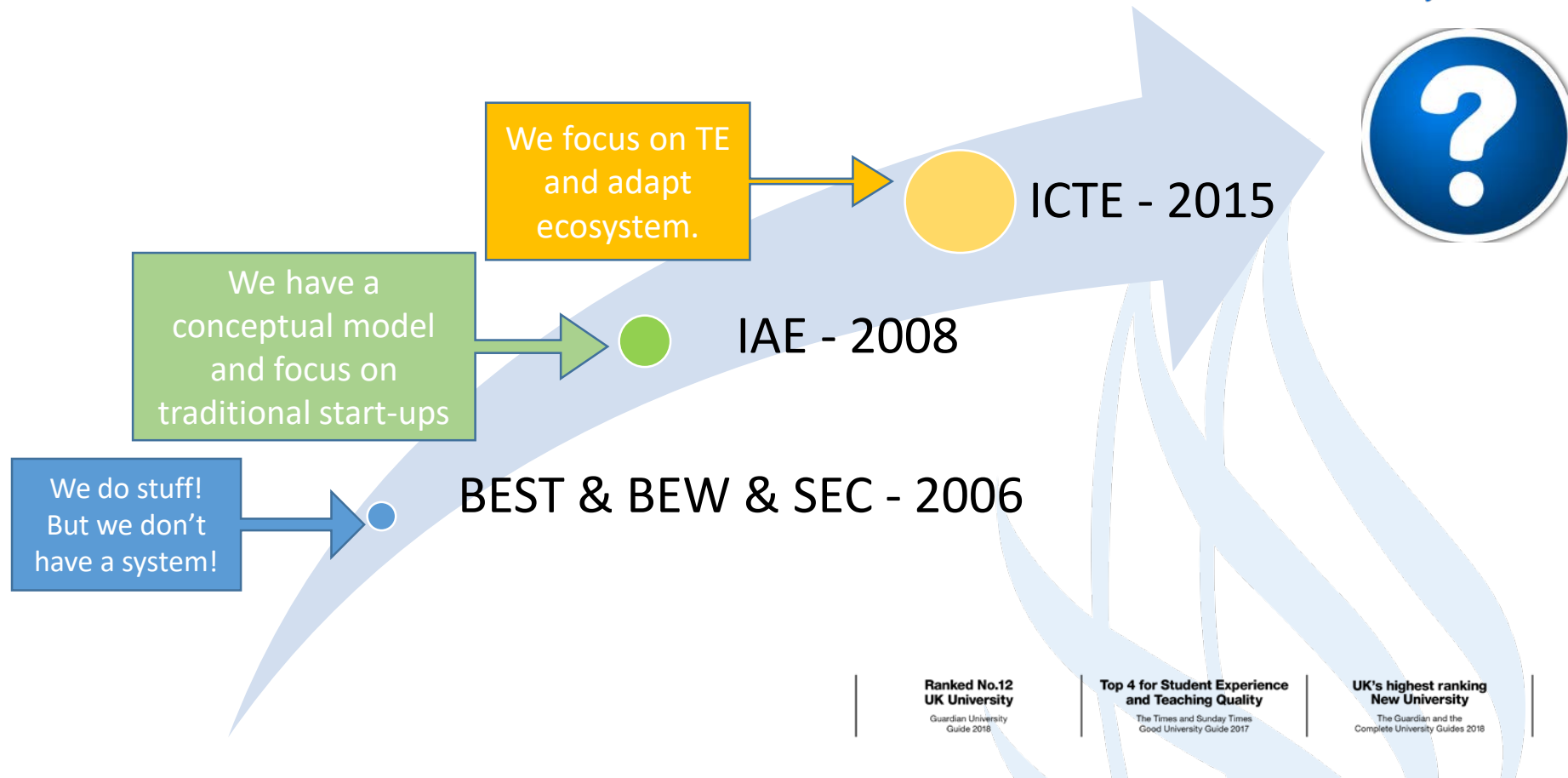
Academic perspective

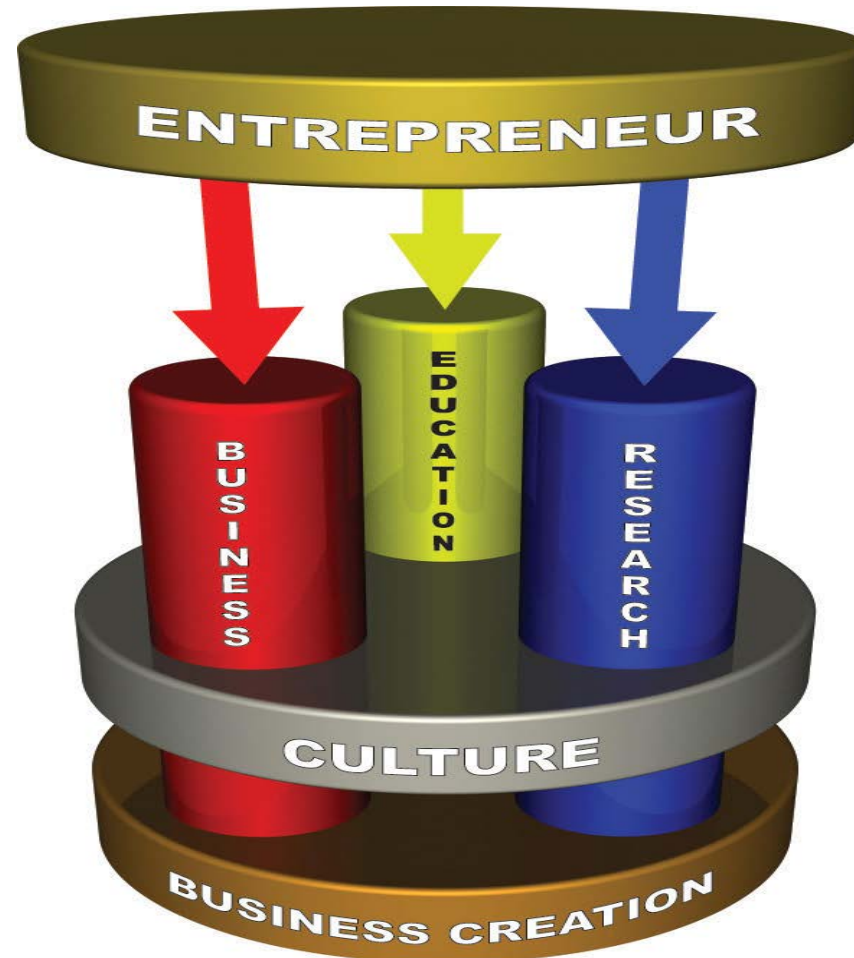
- Why is there a dominant functional / instrumental approach to entrepreneurship?
- Can entrepreneurship be defined?
- What is the role of culture in entrepreneurship?
- What is the role of mind-sets in entrepreneurship?
- Why don't we see (effective) entrepreneurship policies in most countries?
- How do we measure success and impact?

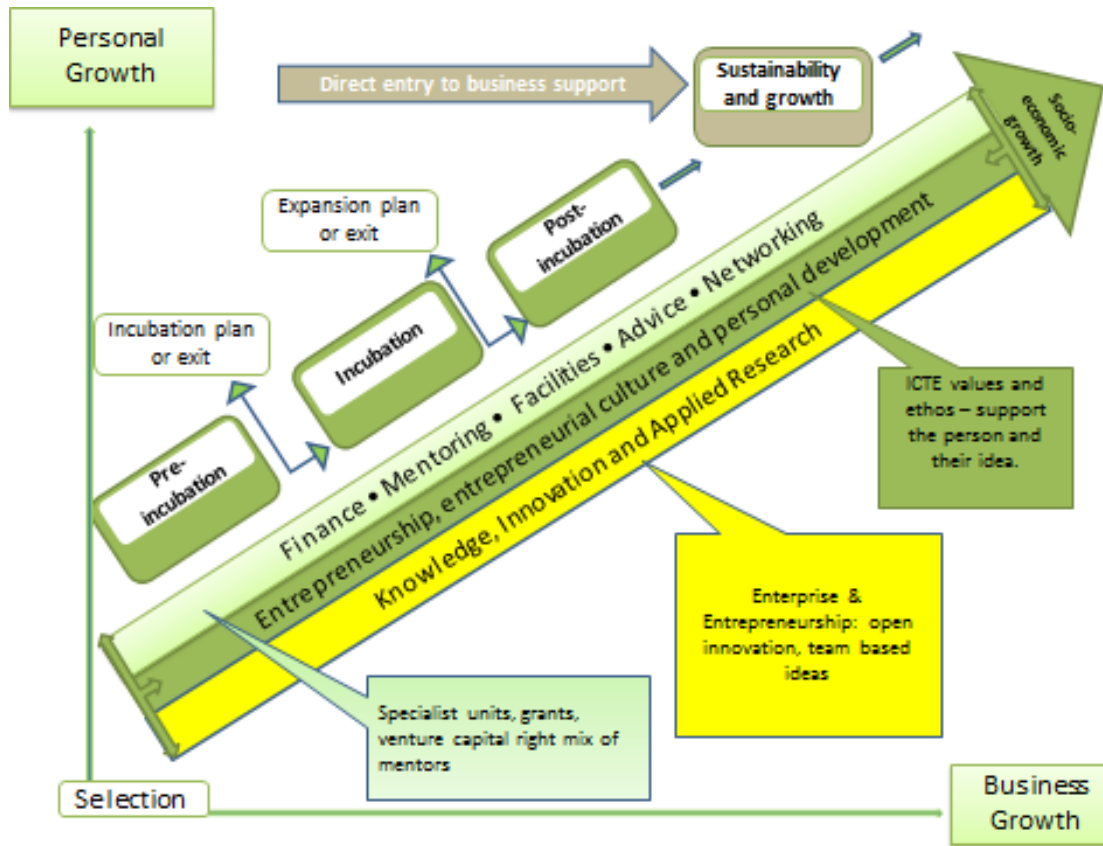
Industry perspective

- How can we apply entrepreneurial criteria in practice?
- Are there differences in the way entrepreneurship is supported in different categories of countries?
- Are incubators really supporting start-ups?
- Are we focusing on the 'right type' of innovation?
- How can we get people to think and behave more entrepreneurially?

History of Enterprise and Entrepreneurship at CU: 2007 - 2019

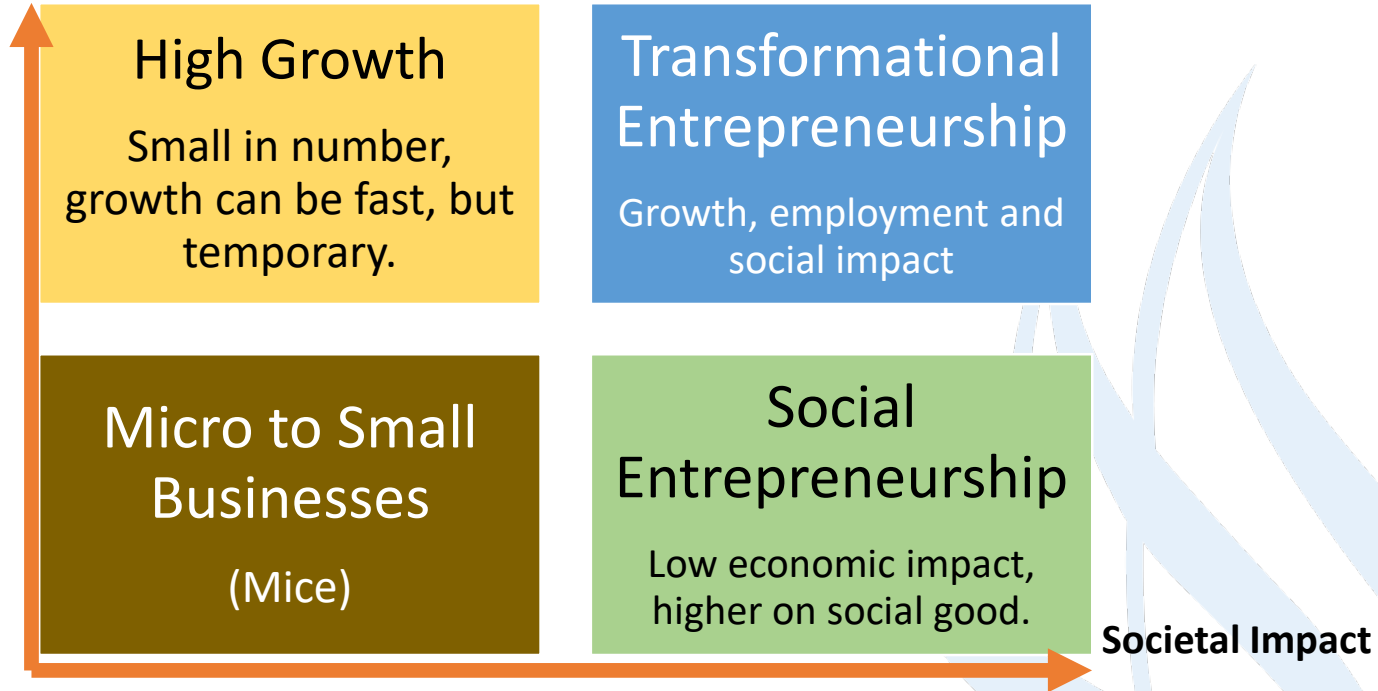






Socio-economic value creation

Economic Impact



Societal Impact

Max Marmer, 2012

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Transformational Growth – where are we now?

- South Africa is an efficiency driven economy (GEM)
- People do not feel that they have the skills for entrepreneurship.
- People between the age of 24-34 years are the least entrepreneurially active.
- Entrepreneurship in the age group 45 -54 are the most entrepreneurially active.
- Gender parity is improving.

African Union

National Objectives

1. To promote solidarity of African States
2. To coordinate and promote solidarity amongst African States
3. To defend the sovereignty of African states – territorial integrity and independence.

Mega Trends Facing Africa – WEF (2015)

- Youngest population in the world by 2050
- Effective governance is the key to economic stability
- Economic development is the best way to address poverty
- Domestic investment fuels national economic growth – inter-Africa trade will make Africa more competitive.
- Many barriers to economic integration

Mega Trends Facing Africa – WEF (2015)

- **Demographics** – challenge education, employment and welfare
- **Rise of the individual** – desire for more transparency, empowerment and rewards.
- **Enabling Technologies** – AI, big data and IoT becoming part of everyday life.
- **Public Debt** – balancing investment and debt remains a challenge
- **Economic Power Shifts** – emerging economies exert more influence.

Mega Trends Facing Africa – WEF (2015)

- **Climate Change** – growth demands power, but through responsible innovation.
- **Resource Stress** – Water stress, population growth, economic growth all demand more resources.
- **Urbanisation** – increases pressure on all of the above.

Global trends: PARADOX OF PROGRESS

A publication of the National Intelligence Council - 2017



- The rich are aging, the poor are not.
- Weak economic growth will persist in the near term.
- Technology is accelerating progress but causing discontinuities.
- Growing global connectivity amid weak growth will increase tensions within and between societies.
- Governing is getting harder.
- The risk of conflict will increase due to diverging interests among major powers, an expanding terror threat, continued instability in weak states, and the spread of lethal, disruptive technologies.
- Climate change, environment, and health issues will demand attention.

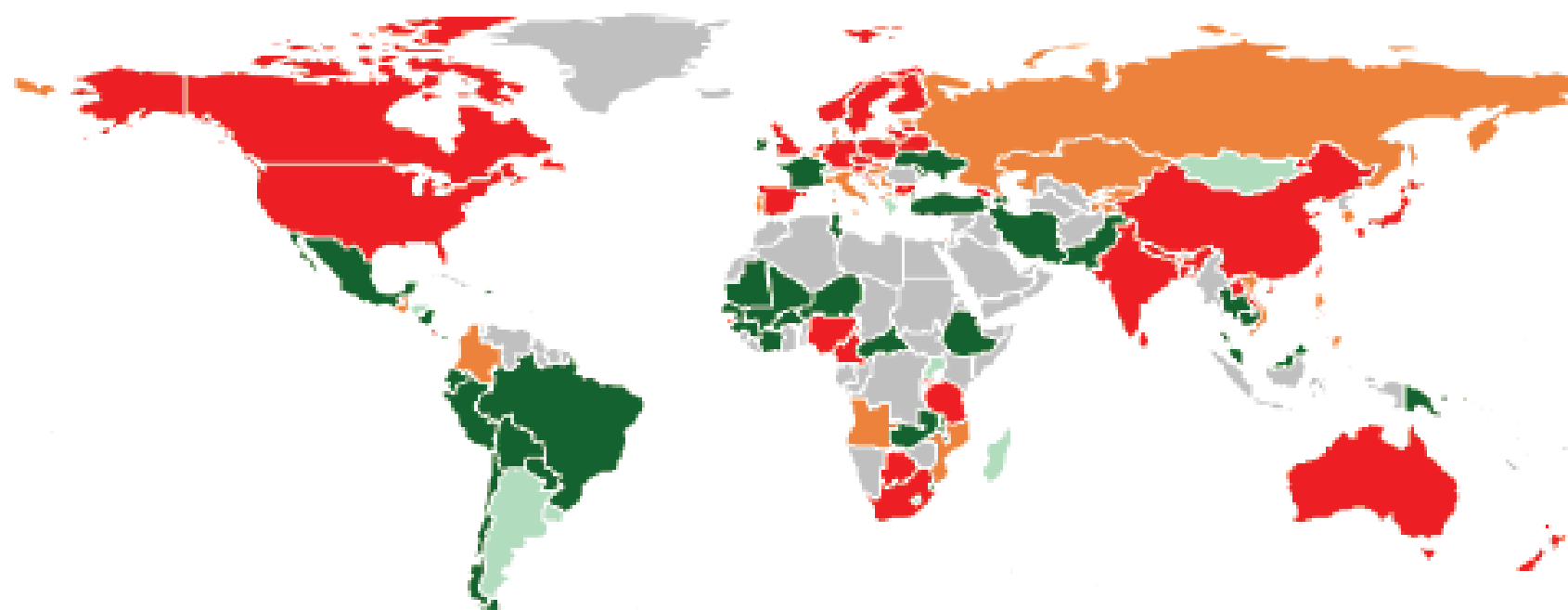
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INCREASES IN INEQUALITY

Increases in inequality are largest in advanced economies

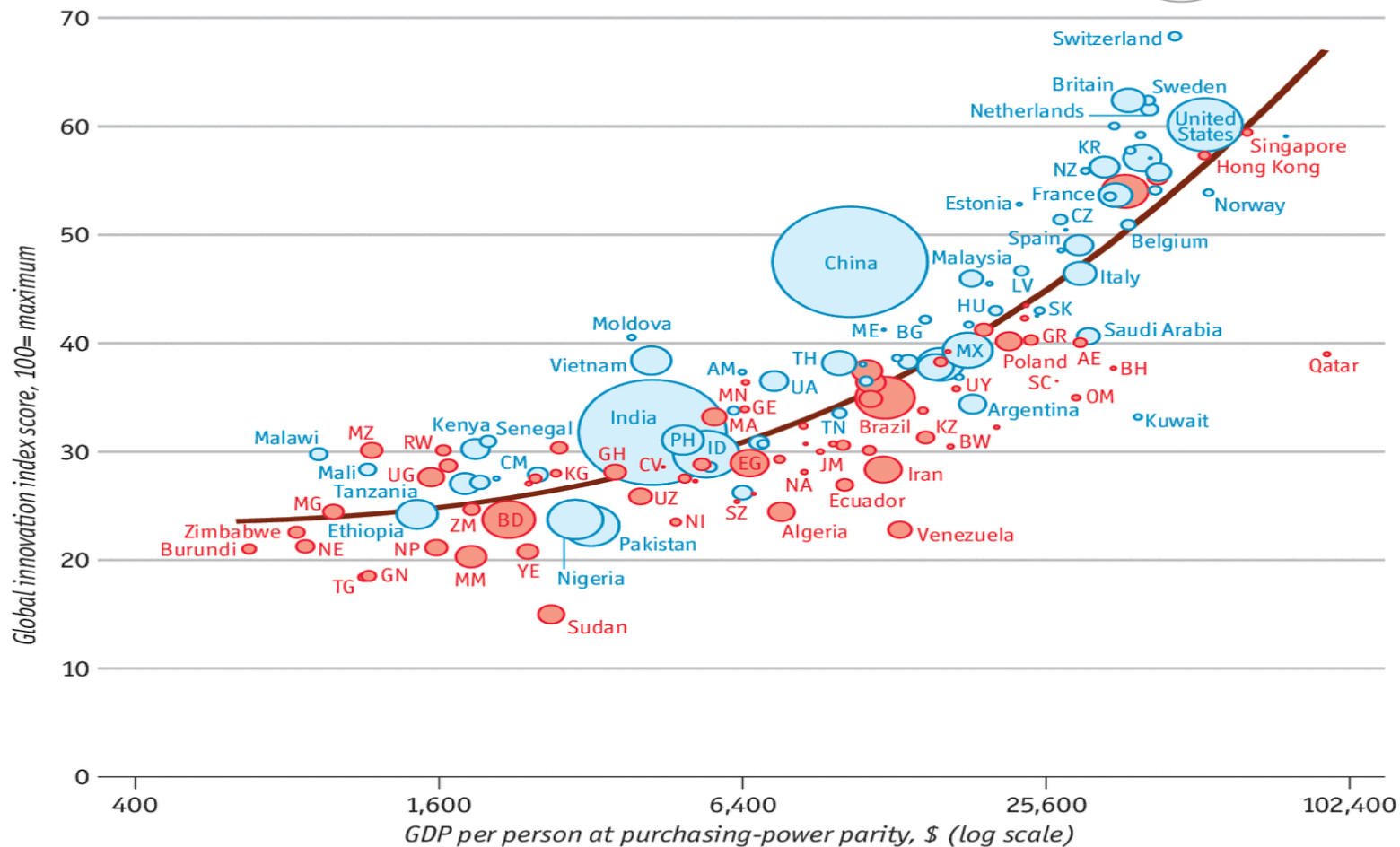


■ No Data ■ Large Increase ■ Small Increase ■ Small Decrease ■ Large Decrease

2014 or latest available year

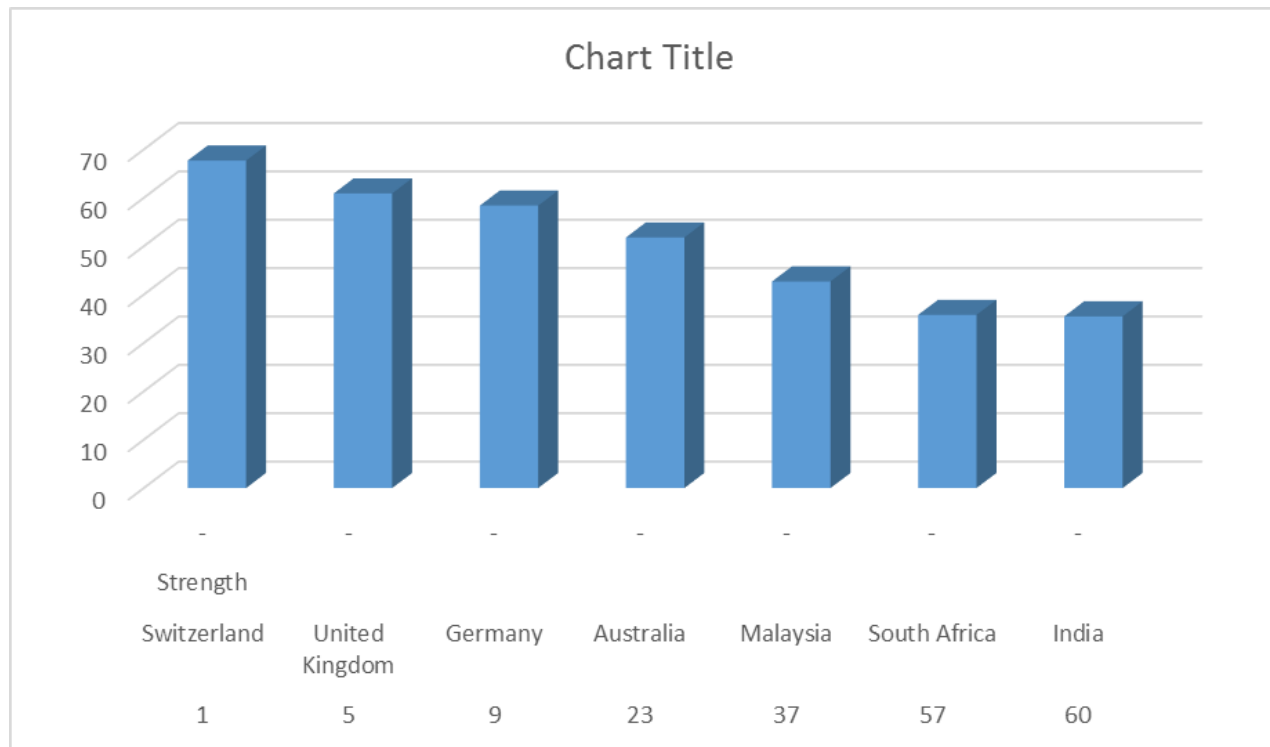
- Inefficient innovators

Circle size = population



Source: Global Innovation Index, 2015

Global Innovation Index 2017

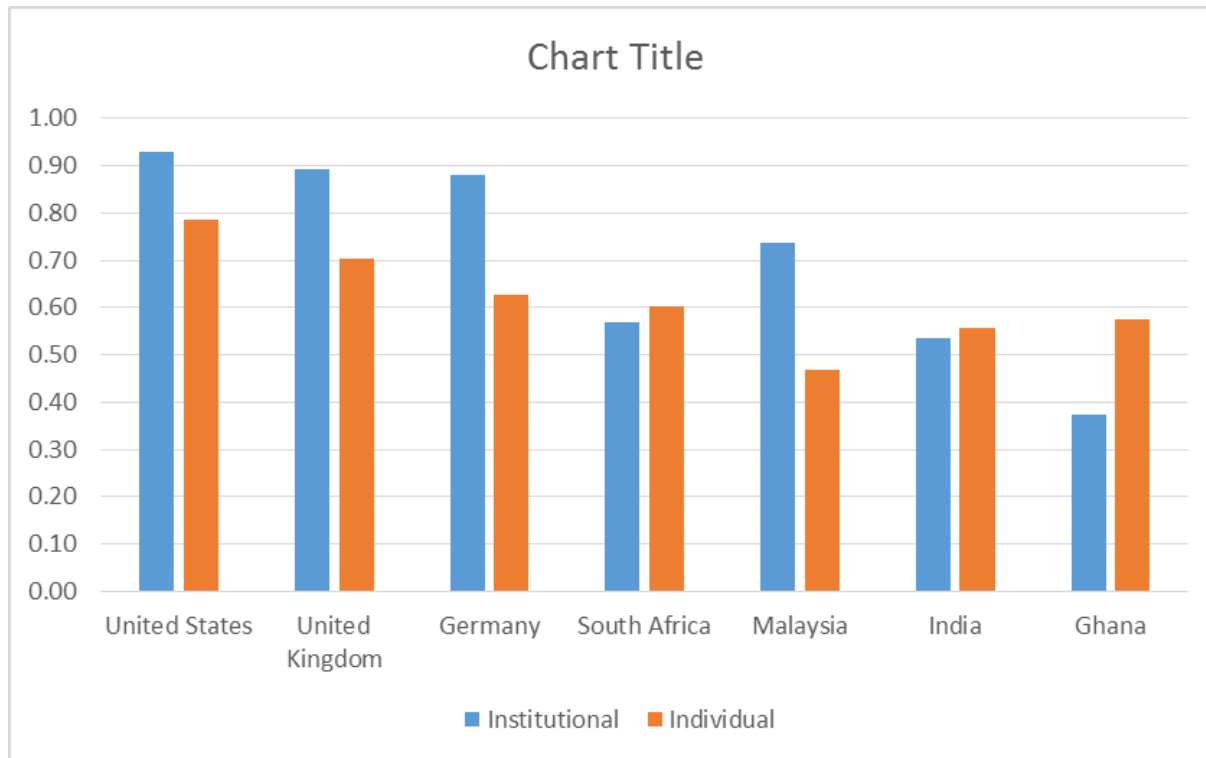


South Africa
63/129 2019 –
BUT first in
SSA

Global Entrepreneurship Index

Entrepreneurial attitudes	Opportunity perceptions, start-up skills, risk acceptance, networking, cultural support
Entrepreneurial abilities	Opportunity start-up, technology absorption, human capital, competition
Entrepreneurial aspirations	Product innovation, process innovation, high growth, internationalisation, risk capital

2018 Global Entrepreneurship Index



Ranked 46 out of 85

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United Kingdom

Global Rank:
4 of 137

Strongest area:
Technology Absorption

Weakest area:
Startup Skills

Overall GEI score:

78%

Individual score:
entrepreneurial qualities of
the people in the ecosystem

Institutional score:
quality of the institutions
that support
entrepreneurship

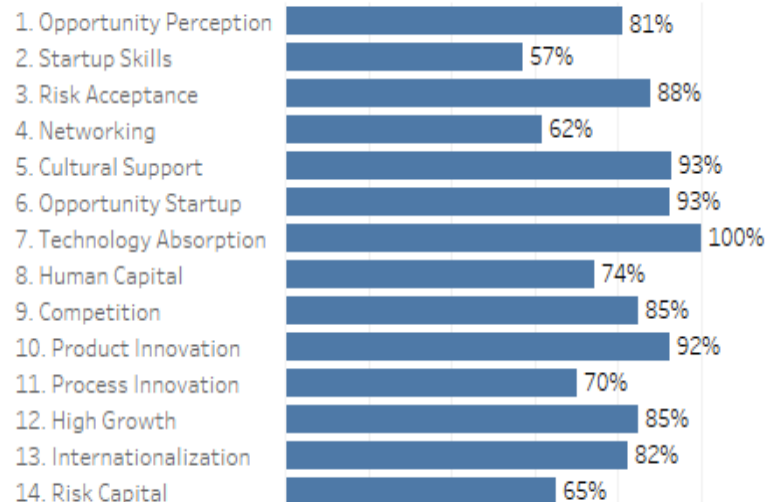
70%

89%

Scores



Component scores



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Regional results: Sub-Saharan Africa

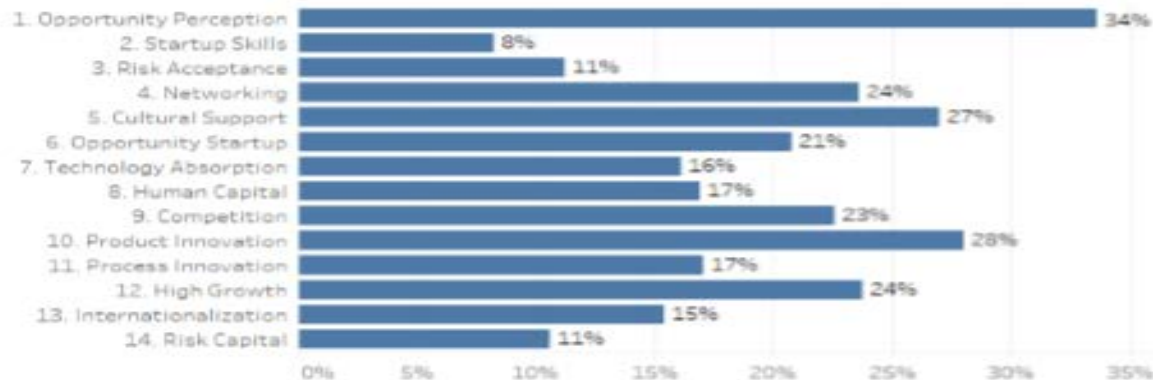
GEI ranks within the Sub-Saharan Africa region



Regional ranks and scores

	GEI
1 Botswana	35%
2 South Africa	33%
3 Namibia	31%
4 Gabon	25%
5 Swaziland	24%
6 Rwanda	21%
7 Ghana	21%
8 Nigeria	20%
9 Zambia	20%
10 Senegal	19%
11 Côte d'Ivoire	19%
12 Kenya	18%
13 Ethiopia	18%
14 Tanzania	16%
15 Gambia, The	16%
16 Mali	16%
17 Liberia	16%
18 Cameroon	15%
19 Angola	14%
20 Mozambique	14%
21 Madagascar	14%
22 Benin	13%
23 Burkina Faso	13%
24 Guinea	13%
25 Uganda	13%
26 Sierra Leone	12%
27 Malawi	12%
28 Burundi	12%
29 Mauritania	11%
30 Chad	9%

Regional component averages





A complex system

- No one can have a complete map of the actors and forces at play.
- The system's behaviour is not simply the sum of the behaviour of those parts.
- Feedback loops surprise us and change the behaviour of the system.
- The system is behaving in a self-driven way.

(Madelin and Ringrose, 2016)

ICTE's Position #1

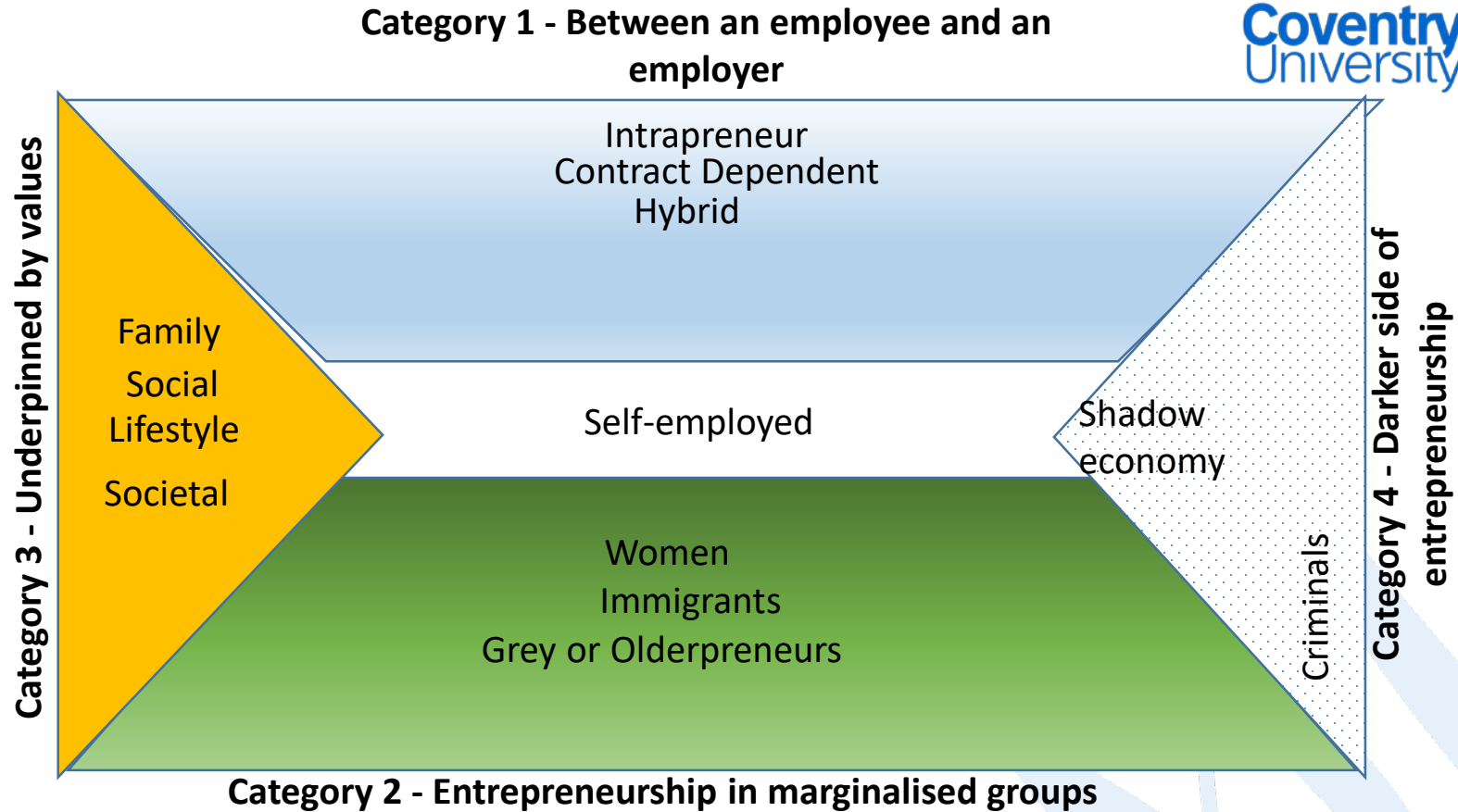
- It is questionable whether the right capability, capacity, eco-systems and policies exist to transform countries from struggling to progressive socio-economic landscapes.
- A holistic orientation is needed – i.e. recognising the interconnectedness of people and the environment and looks to support continuous adaptation, transformation and coordination through process of change and evolution (Best, 2011; Wapner and Demick, 2003).
- A heuristic orientation refers here to the process by which individuals make decisions in conditions of uncertainty.

ICTE's Position #2

- Entrepreneurship is socially productive but struggles to address major challenges such as unemployment and income inequality.
- 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.
- “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”. Miller and Collier (2010: 85)

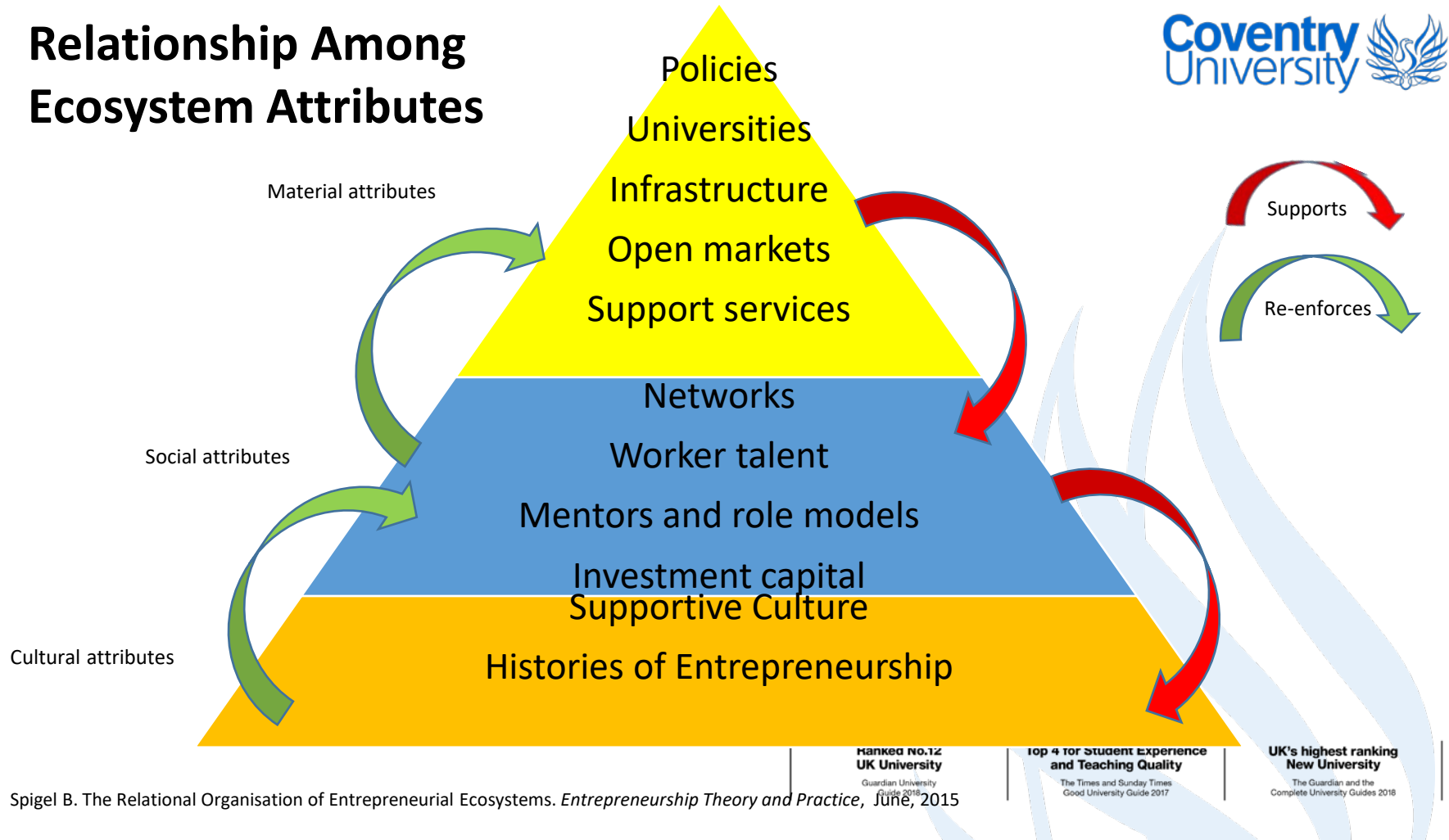
ICTE's Position #3

- Linear models cannot provide optimal solutions anymore.
- Innovation is most appropriately perceived as a systemic, networked phenomenon.
- 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.

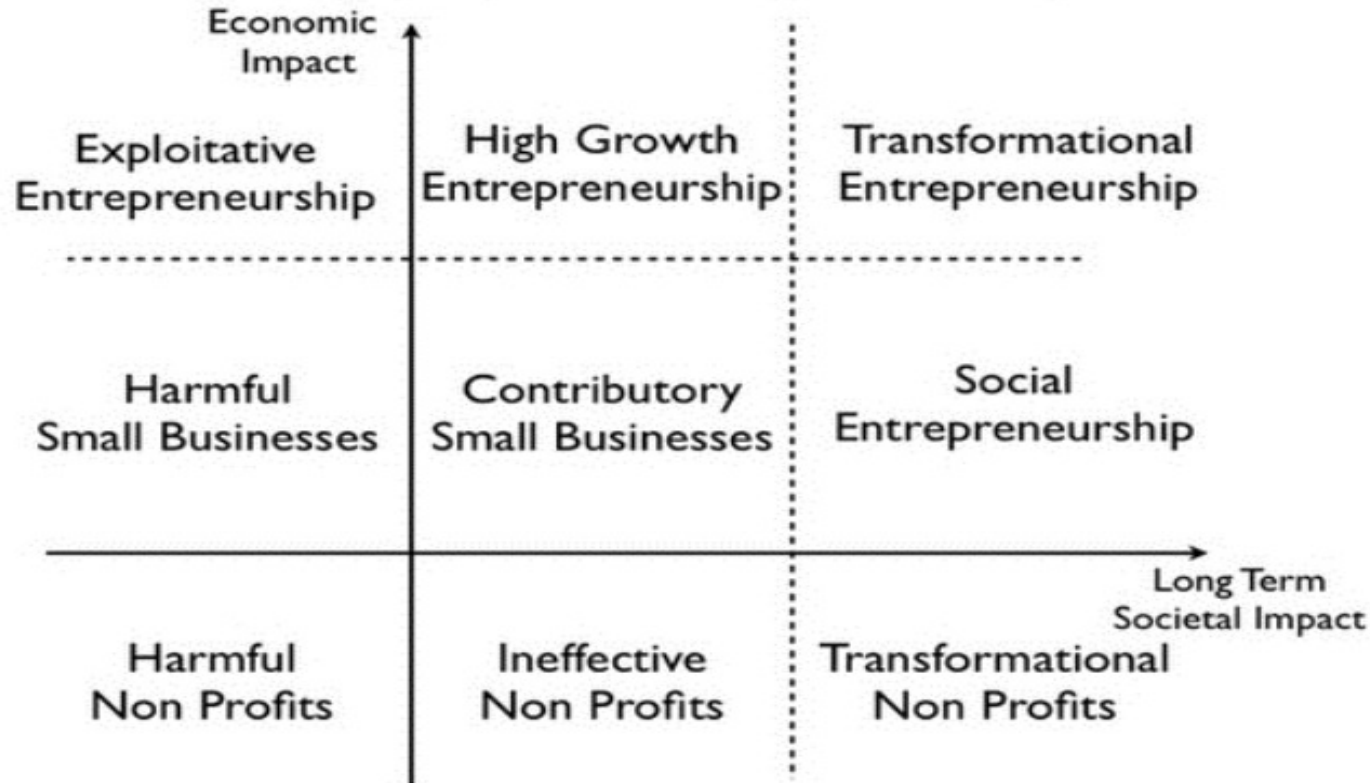


Source: Adapted from Cieřlik, J. (2017)
Entrepreneurship in Emerging Economies, p.43

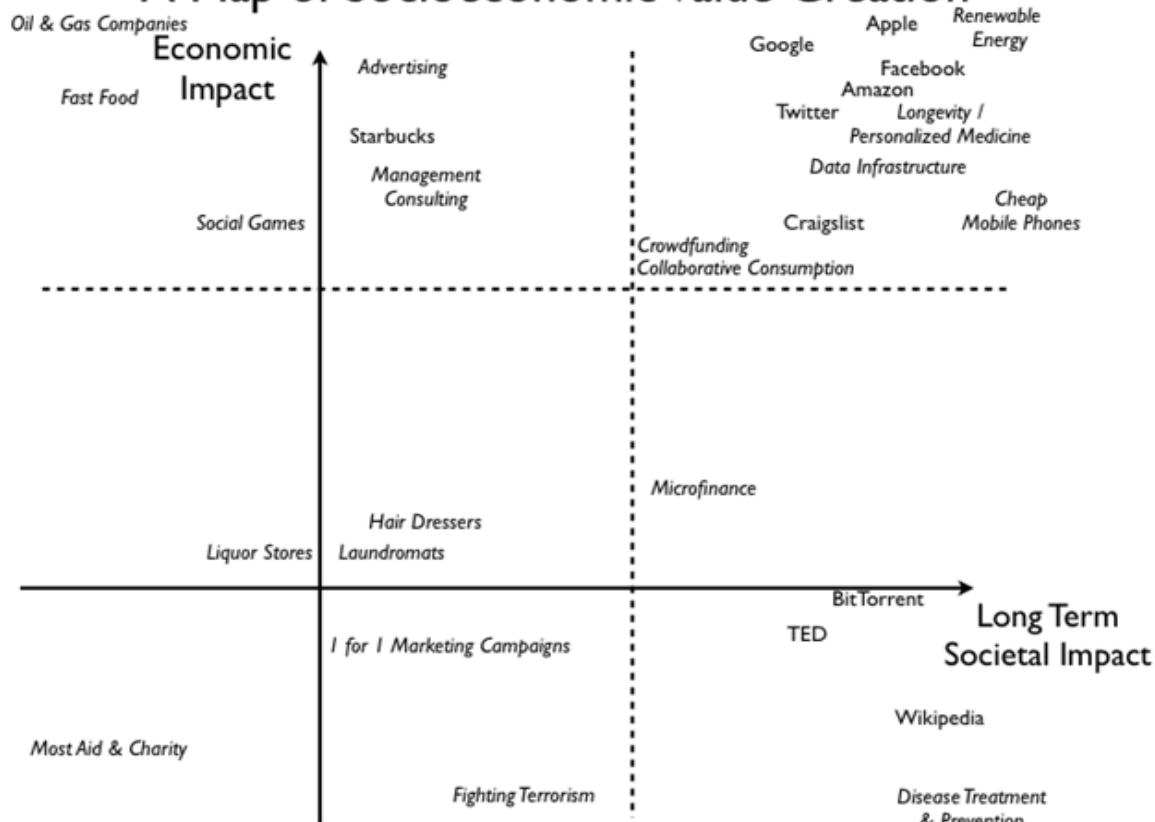
Relationship Among Ecosystem Attributes

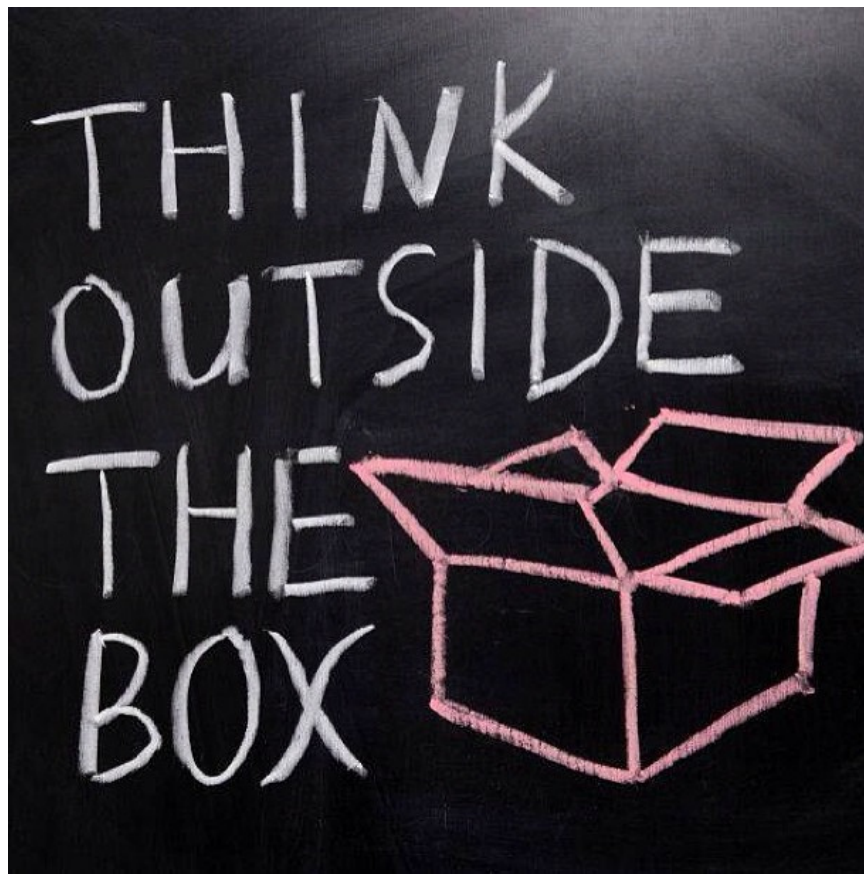


A Map of Socioeconomic Value Creation



A Map of Socioeconomic Value Creation





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Criteria of Transformational Entrepreneurship

- Value creation and not just venture creation
- Meaningful - addressing real needs
- Ethically accepted
- Focusing on the common good
- Contextualised – not bought off the shelf
- Sustainable: environmental and economically businesses

Encouraging transformational entrepreneurship

- **Ideas:** unpacking real needs into ideas
- **Capability:** continuous learning; empowering people
- **Capacity:** improve networking among people
- **Ecosystems:** entrepreneurial/innovation ecosystems
- **Innovation:** ethically sound innovation; open innovation
- **Business models:** innovative and sustainable business models
- **Research:** explore deeper and question more
- **Medium to longer term policies:** not according to time between elections

- Book 2018
- Platforms:
 - AITE
 - SEAITE
 - LAITE

Transformational Entrepreneurship Open Laboratory

Expectations for Think Tanks

- We need to debate about the future.
 - What should we not be doing anymore?
 - What should we be doing in future?
 - What don't we know at this stage?
- Joint projects for the next year
 - SEAITE II – Thailand October 2019; SEAITE III – Philippines 2020
 - AITE I – Ghana October 2019
- Summarised paper
- Declaration