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Entrepreneurs – Agents of Change

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Born in 1985, Ainur Begim received a Bachelor of Arts degree in Psychology, cum laude, from Bates College where she was elected to Phi Beta Kappa in 2007. She also studied economics, anthropology, and comparative religion and is currently a first-year graduate student at the Department of Anthropology at Yale University. Her research is on post-socialist financial markets.

Ainur Begim spent her childhood in Russia and Kazakhstan. An avid debater, Ainur Begim won regional and national debate competitions and participated in the 2002 International Debate Forum in Slovakia. Moreover, she supplemented formal studies with volunteer work at elderly homes and Head Start classrooms.

In 2005, Ainur Begim was awarded Phillips Fellowship to study an ancient Greek festival, Panathenaia, in Athens, Paris and London. In 2006, she conducted independent summer research on the ancient and modern Kyrgyz cultural identity. After her undergraduate studies, Ainur Begim worked as a credit analyst on Wall Street.
What makes an Entrepreneur an “Agent of Change”?

*Give me a lever and a place to stand and I will move the world.*
– Archimedes

The same concepts can take on different meanings in various cultures. As someone who received an American education and worked as an investment banker in New York, I am familiar with the term “entrepreneurship” and its Western meaning. However, as a person born at the launch of Gorbachev’s *perestroika* (1985), which marked the beginning of the break with totalitarianism, I also recognise a different meaning of “entrepreneurship” used in the former Soviet Union. Unlike in the West, the term “entrepreneurship” denotes expertise and patronage of the arts. The usage of the word is generally confined to the arts realm and does not enter into the mainstream discourse of business and economics. It is an example of a Western term that acquired a different connotation in the Russian language. This linguistic exercise exemplifies the importance of understanding cross-cultural differences and calls for further investigation of what “entrepreneurship” is today.

**Revisiting the Definition**

Who is an entrepreneur? The Concise Encyclopedia of Economics provides the following definition: “An entrepreneur is someone who organises, manages, and assumes the risks of a business or enterprise. An entrepreneur is an agent of change.” Let us unpack this definition and explore what it means to be an agent of change in today’s globalised world.

**Agency and Structure**

French sociologist Emile Durkheim (1858-1917) believed that individuals could not resist the structural forces and were subject to “collective consciousness” – social facts and moral laws that guide individual behavior. Anthony Giddens, a contemporary British sociologist, argues that human agency and structure do not oppose but complement each other. To Giddens, agents are capable of innovating within the structure and reconfiguring it through their daily actions. Thus, agency is a constituent of structure. An American historian, William Sewell, extended this idea further,
stating that “agency is formed by a specific range of cultural schemas and resources available in a person’s particular social milieu” (1992:20). He also noted that agency can be collective as well as individual as it involves working with others, coordinating, persuading, and monitoring one’s actions and those of others.

**Change**

The notion of change is continuously evoked in social and political discourse. During the late Soviet period, the word “change” became a popular buzzword, with positive connotations of the “changes for the better” (izmeneniya, peremeny, Gorbachev’s word podvizki in Russian). In the socio-political context, the word “change” invoked positive associations with the democratic movement of the 1980s in the USSR. A more recent evocation of “change” is Barack Obama’s promise to introduce “the agenda of change” to US (and world) politics during his 2008 presidential campaign. While politicians come and go, the notion of change remains a rallying point for the dissatisfied and a winning strategy for those seeking public office or corporate promotion.

**Entrepreneurship in a wider sense**

At the close of the first decade of the 21st century, it is important to take a closer look at our conceptual baggage to make sure that our definition of “entrepreneurship” reflects modern realities and helps us make sense of this ever-changing world and succeed within it. Having revisited the definition, I believe that the term “entrepreneurship” should be considered more broadly as an activity that can be undertaken in many spheres, including business. Anyone who approaches his or her life, career, and social relationships in a creative and thoughtful fashion is an entrepreneur. To survive and to succeed in the new digital age, we all need to become leaders of the enterprise called life. The stakes are high, but so are the rewards.

**Rethinking Schumpeter**

The thinker most closely associated with the notion of entrepreneurship is Joseph Schumpeter. In his opus *Capitalism, Socialism, and Democracy* (1942), the Austrian-born economist defined the
entrepreneur as the agent of change, innovator, and risk taker, who represented a beneficial disruptive force in an economy by introducing new products that led to the obsolescence or failure of others (he called this process “creative destruction”). Schumpeter believed that entrepreneurs, as visionaries, bring the radically new into the economic system. To Schumpeter, entrepreneurship was incompatible with “planning” and thus socialism. He believed that the creation of the welfare state would suppress entrepreneurship, the drive of long-term economic growth, and destroy the entire capitalist structure.

The Schumpeterian entrepreneur is an individualistically minded risk-taking creative genius who benefits society by supporting economic development. A closer inspection reveals that the definition is very Western in its conception. To borrow and reapply Stuart Hall’s commentary on globalisation, Schumpeterian entrepreneurship is “centered on the West and it always speaks English” (1997: 28). In the world increasingly dominated by non-Western societies, such as China and India, this definition becomes insufficient. In my opinion, the characteristic feature of entrepreneurship in the 21st century is hybridity, an ability to adapt global entrepreneurial practices to local conditions. While globalisation appears to be absorbing differences, homogenising, and westernising the world, what allows entrepreneurs to stand out and compete in the borderless marketplace are national, political, ethnic, and gender differences that manifest themselves in the way they think about business, economy, politics, and social issues.

The Former Soviet Union as a Case Study

Let’s take a look at the place where I come from – the former Soviet Union – as an example of hybridity. While the former constituents of the Soviet Union followed their individual paths and evolved into different economies and societies post-1991, they are all marked by their socialist past, aspirations for capitalist efficiency, and strong traditions of collectivism. Post-Soviet entrepreneurs are living proof of how entrepreneurship can succeed and in fact benefit from the socialist legacy and collectivist form of society. In line with Karl Polanyi’s argument that economic
activity is deeply embedded in social and cultural realities, post-Soviet entrepreneurs have relied heavily on connections, friends’ tip-offs, and family obligations to initiate or stimulate their business activities, as bank loans were and remain difficult to come by. McMylor, Mellor, & Barkhatova (2000) found that friendships smoothed business transactions and assured reliability while networking proved especially important in an information-sensitive sector such as advertising, where networking constituted the basis for securing clients. In short, personal relations, family duties, and bonds of friendship, which Pierre Bourdieu (1986) characterised as “social capital,” were essential to starting and sustaining business activities. Social capital was thus transformed into economic capital.

The tradition of cultivating social capital is by no means new. To get around the economy of shortage during the Soviet times, people relied on social ties and informal channels to obtain scarce goods and commodities in both legal and illegal ways (Buss, 2001). This practice in the Russian-speaking countries is known as “blat”. Everyday life was governed by this exchange of favors and goods, in line with Mauss’ analysis of gift-exchange; the reciprocal exchange was essential for the creation and maintenance of social relationships.

Apart from social capital, post-Soviet entrepreneurs relied on what Bourdieu called “cultural capital.” Bourdieu (1986) believes that culture shares many of the characteristics of economic capital. In particular, cultural capital can be used, like money, as cultural habits and norms can be translated into social resources, such as education, status, and power. In the case of post-Soviet entrepreneurs, education and training helped ensure success in entrepreneurial activities. These entrepreneurs took advantage of the resources they had (however little they seemed at the time) and put them to use in the newly free market economy.

Without a doubt, the structural forces of often corrupt and ineffective governments produce many difficulties for entrepreneurs in the former Soviet Union, such as cronism, nepotism, interference of the state, and poorly created and implemented tax
laws. Environmentalism is still a novel concept in this part of the world. The recent financial crisis led to the curtailment of bank loans and only a handful of venture capital firms have a presence in the region. At the same time, simple registration rules make it relatively easy and painless to start and register a new business. Technological innovations make it easier for post-Soviet entrepreneurs to connect with their counterparts around the world. Thus, for someone attuned to cultural context, there still remains fertile ground for entrepreneurship in the former Soviet region.

**Food for Thought**

The lesson that can be drawn from the experience of post-Soviet entrepreneurs is that it is not enough to copy a successful Western business model. Western entrepreneurial approaches cannot simply be grafted onto other cultures. Starting a business in the post-Soviet region, or any other place for that matter, requires creativity, cultural sensitivity, an understanding of how the state works and does not work, and a great deal of patience. Combining this cultural approach with Western efficiency, business ethics, appropriate technology, and environmental awareness is what constitutes *hybrid entrepreneurship*. Every nation defines entrepreneurship in its own way, adapting it to national and local conditions. The experiences of the fifteen post-Soviet nation states also contributed to the conceptualisation of “entrepreneurship,” enriching and expanding its definition. These developments signify that “entrepreneurship” is no longer just a Western concept but a global model, with each and every practitioner making his or her own contribution to what it mean to be entrepreneurial and innovative in the 21st century and beyond.

With this *hybrid* definition in mind, we need to set aside the following outdated myths and stereotypes concerning entrepreneurship: 1) an idea for a business does not have to be of extraordinary *Edison-light-bulb* kind, it can be replicative as well as innovative; 2) the United States has a strong entrepreneurial and venture capitalist tradition but it is also possible to start a successful business outside of major financial and technological centers, such as New York and Silicon Valley; 3) entrepreneurship
is not incompatible with socialist and post-socialist economies, as can be seen in China and Russia; 4) it is possible to start a venture without the backing of venture capitalists, it is often moms and pops that are the biggest initial investors.

I believe that entrepreneurship is first and foremost about hard work, dedication, and perseverance. It requires lots of energy, determination, and courage. To become a true agent of change, it is not enough to come up with a brilliant idea or vocalise your potential for bringing change. It is about creating and maintaining a process that works for you and being aware of your impact on the global as well as local community and environment.

A final note on responsible entrepreneurship

As someone who worked in the credit department at Lehman Brothers and witnessed the firm’s collapse, I take corporate responsibility very seriously. Over the last twenty years, corporations, aided by an army of consultants, opened philanthropic departments and tried to improve and “green” their images (BP Plc for example). However, few companies truly translated their pamphlets and mission statements into actions. While engaging in charity is certainly admirable, more efforts need to be made to ensure that our business practices are responsible and ethical. More than 10 years ago, Jamaica-born British cultural theorist Stuart Hall noted that “global and local are faces of the same movement” (1997: 27). Like the butterfly in the Ray Bradbury story, business practices in one country have a resounding effect around the world, even if it is not readily apparent to us today. The task of the hybrid entrepreneur is to become an innovator and a risk taker by not following what’s easy but attempting to build a business model guided by responsibility towards one’s community, employees, and environment. This challenge is particularly important for the oil states, such as Russia, Azerbaijan and Kazakhstan. As we continue our battle against corruption, nepotism, and poor judicial systems in these and other countries, we need to think critically about what it means to be an entrepreneur in the business sphere as well as in other aspects of our lives. Only then we can truly become the agents of change.


