

Book Review

William B. Gartner, Kelly G. Shaver, Nancy M. Carter and Paul D. Reynolds, eds.
Handbook of Entrepreneurial Dynamics: The Process of Business Creation. Thousand Oaks CA: SAGE Publications, 2004.

By Howard A. Doughty

The still popular concept of “new public management” has certain essential elements that, taken together, advertise it as an efficient, effective and, above all, economical way to do the people’s “business.”

One of these core components involves centralization (sometimes called rationalization) of government services. In order to reduce expensive duplication of functions, activities from human resource management to routine office supply purchasing can, with the assistance of computerized information technology, be accomplished within remarkably short time frames using a minimum of workers. Forms can be filled out and instantaneously delivered, personnel records can be archived and worker complements assessed in a central office (or even a “virtual” office) without the need for added bricks, mortar and permanent clerical staff. Ordering truck tires or yellow hi-liters can be accomplished more efficiently on a Wal-mart model of inventory control using contract workers. What’s not to like?

Another piece is performance evaluation. In essence, a modernization of the approach to scientific management introduced early in the last century by Frederick Taylor, the reduction of complex tasks to observable, measurable and discrete functions also permits management to calculate the productivity of employees according to what appear to be perfectly objective standards. The number of client files a social service worker can manage, the number of trainees an instructor can process per skill-development session, the number of kilometers of highway a snow plough driver can clear are all important quantifiable objectives to establish baseline performance and permit the calculation of improvements, whether by organizational, technological or motivational innovation strategies.

Initiatives that take advantage of this “business-like” way of doing things have obvious benefits for the public purse. Those who simply want to reduce the level of government expenditure can boast that costs of service delivery have decreased by improving individual productivity, “cutting the fat” out of the system or adopting private sector methods. Those with a focus on quality as well as quantity can see their savings as an opportunity for more general improvement. Though certainly not all, many of the tasks that are most susceptible to change through centralization and performance measurement are low grade and repetitive. By cutting costs in routine work, money then be freed up for enhancing programs, creating high value work and developing exciting and innovative responses to the several challenges facing the public sector today.

Environmental, economic, educational, energy and health issues can, it is argued, be resolved more easily if employees are emancipated from mind-numbing labour and permitted—indeed, encouraged—to enhance their “skill sets.” Given the opportunity, most people would be thrilled to accept the challenge of more demanding but also more rewarding jobs. Becoming a “learning organization” can stimulate individual employees and the enterprise as a whole to provide better service—both quantitatively and qualitatively—to the taxpayers who are deemed to be, simultaneously, the shareholders and the customers of government services.

To produce this transformation, much has been said about introducing the concept of entrepreneurship into the public sector.

Here lies a problem.

In the private sector, entrepreneurship is largely defined by growth. Skillful entrepreneurs create new enterprises, stake out a claim to a market, invest heavily in product development, brilliantly “brand” the commodity they seek to purvey and measure their success by the size of the companies they “grow.”

In the public sector, success is more often judged in terms of maintaining existing levels of activity, but with fewer resources. Massive expansion is not merely discouraged, it is actively inhibited. No one wants to hear that a Ministry of Agriculture has doubled its staff, that a Department of Mines has tripled its regulations, or that a Welfare agency has quadrupled the number of people on its rolls. What counts as an indicator of achievement for private enterprise is likely to mean a major malfunction in the civil service. Moreover, in Canada at least, the full or partial (but ever increasing) privatization of energy utilities, health care, education, broadcasting, air travel, railways and other public corporations and services threatens to ensure that, even in activities where once government-owned enterprises could usefully be compared to private firms (the old Air Canada vs. Canadian Pacific, for instance), that basis of comparison is shrinking. The “mixed” economy which once displayed a relatively healthy blend of private and public investment is becoming more like oil and water.

Furthermore, for those who support the new public management and would like to see a greater degree of entrepreneurship in the civil service, there are very few places to turn for useful instruction about how to undertake this project. Not necessarily the worst, but certainly among the most annoying spots in big box book stores are those that give advice to aspirant entrepreneurs out to conquer the world of business. Usually set out in terms of “seven simple steps” to success or “six key skills” for getting ahead, these barely literate tomes are frightening. One wonders whether their authors are involved in a cunning plot to make people stupid, or whether the authors (often apparently impressive CEOs—or their ghost-writers) are actually so simple-minded. Neither option inspires, and, although the vocabulary and sentence structure sometimes gets better in books that announce themselves to be in pursuit of excellence, the content rarely improves as we move from cheap paperbacks to hardbound volumes, sometimes even with *faux* leather cover

There are, of course, other sources of education in the matter. They are commonly the product of polysyllabic academics currently warehoused in prestigious schools of business, management and even entrepreneurship at major universities around the world. These books may (or may not) have extraordinarily useful messages, but they are typically delivered in such arcane jargon that a Ph.D. in economics or, better, econometrics is required to plod through the first few chapters, at which point nothing less than a postdoctoral fellowship in mathematics becomes necessary to decipher the graphs, charts and tables of data presented in the form of multiple regression, factor or other statistical analyses.

Where to turn?

One intriguing place is the book here under review. Gartner and his colleagues have achieved a rather remarkable feat. They have put together a collection of thirty-eight chapters—plus a conclusion and three large appendices—each reporting on one aspect of a substantial empirical study of entrepreneurs that incorporates the contributions of more than one hundred researchers from thirty-four sponsoring institutions in ten countries.

Organized by the Entrepreneurship Research Consortium, the study began with a large sample from both the general population and those already employed in firms. It then focused on those individuals who were interested in starting a business of their own (either independently or with the sponsorship of an existing enterprise). This group was then studied using written questionnaires and telephone interviews to determine what, if any, generalizations could be made about nascent entrepreneurs. Are entrepreneurs somehow different from other citizens? What, if any, were the common traits of the selected individuals, who were in the process of starting a new business?

The next step was to shift from the moment of conception to birth. The focus was now upon what characteristics were shared by those who had elected to begin a new venture and those who actually succeeded in doing so. What explained why some bright ideas resulted in the start-up of new enterprises, while others failed in the decisive process of creation?

Finally, the researchers probed the results that the new entrepreneurs had achieved twenty-four months after first contact. They wanted to know whether the new businesses had flourished, stagnated or died.

At all “transition points,” the subjects could be compared to those in the larger population, the “control group” as well as to one another. The authors ask: “How similar (or different) is the process of starting a restaurant compared to starting a biotechnology research firm? How similar (or different) are the kinds of people who are likely to start a retail store compared to those starting a construction company?”

What follows is a fascinating account of the background, life experience, attitudes, expectations, problem-solving abilities and social skills (to name only a few) of the subjects. Many of the chapters contain helpful reviews of the pertinent social science literature, clearly written definitions and explanations of the relevance of the issues discussed and specific lists of the questionnaire items which specific sections use as the basis of their analyses.

Although the discussion of individual personality and ability plays a major role in the study, the authors are not indifferent to larger social issues such as race and gender. They make the point that ambition, clarity of thought, talent and effort must all be evaluated in a context that is “continually influenced by political, social, and economic factors.”

There is no point in hiding the fact that some of the statistical material may seem daunting to the casual reader; however, there is no need to be discouraged. Methodological issues are presented in a way that should be wholly accessible to the intelligent laity, even those that are mathematical neophytes. Meanwhile, the substantive conclusions of the study, especially with respect to the demographic and cognitive characteristics of the entrepreneurs, provide a tremendous pool of information about what factors contribute most importantly to the making of a successful entrepreneur.

This aspect of the book is stressed because it invites related research to be done on public service innovators. Such research would be invaluable in terms of the ongoing debate about what entrepreneurship could possibly mean in a public sector setting. Do entrepreneurs in the private sector have much or little in common with adventuresome civil servants? Are creative problem solvers similar regardless of whether they are motivated by personal profit or public service?

Answers to these questions would not only be intrinsically interesting, but they would also provide an important added dimension to our understanding of government officials who are prepared to accept a challenge, devise new and better ways of conducting the public’s business, and to contribute to the enhancement of social life for all citizens.

In urging the generation of a parallel study of public sector employees, I believe another contribution could flow from such work. Depending on the results of testing the hypothesis that the private sector entrepreneur and the public sector innovator share certain basic characteristics, it might be that a rigorous empirical comparison of the two could shed light on certain enduring debates about the new public management—in theory and in practice.

I have always bristled at the use of commercial language to describe the relationship between governments and the people they are elected to serve. When neoliberal politicians carp about waste or promise that they would better respect taxpayers’ dollars, I mutter under my breath (and occasionally shout aloud): “I am not merely a taxpayer; I am a citizen who happens to pay taxes!” My relationship to the state is complex. Apportioning a part of my limited wealth to the authorities, whether paying sales tax on a pair of shoes, or gas tax on a few litres at the pump, or submitting my annual income tax is part of my role as a citizen; however, there are many other dimensions to the relationship. To imply that all I care about is whether I am getting good value for my tax dollars is to insult me as a citizen who is also concerned that the medicare **system** is maintained, the Canadian Broadcasting Corporation is adequately funded, airport runways are properly designed, environmental toxins are reduced and efforts are made to reduce the gap between rich and poor—both domestically and globally. Government is a moral enterprise; it is not a business.

Likewise, I bridle at being called a client, a customer, or a consumer of government services. I am a client of my lawyer, a customer at the food store, and a consumer of dry goods; but, when it comes to my relationship to various levels of government, I am a citizen first. What I mean by this is that I, in community with my fellow citizens constitute the body politic; collectively we are not mere stakeholders but participants in developing and implementing public policies for the common weal.

It seems to me that the business model of government is at best a delusion and at worst a subversion of credible democratic norms. As such, entrepreneurship—when narrowly defined according to free market standards—is totally inappropriate to the maintenance of a creative and responsible public service. On the other hand, creativity and responsibility are valued characteristics not merely in business but even more so in the public service.

That is why I think that Gartner and his colleagues have produced an exemplary book, even though it does not explicitly address workers in the public sector, much less the broader “philosophical” and practical questions to which I have alluded here. Instead, it provides a model of how we might inquire into the nature of public servants (both the routinized and the innovative), compare and contrast them with the most dynamic business leaders, and build inductively upward toward a more comprehensive and empirically sound analysis of what constitutes the innovative and creative public sector employee.

This could, in the long run, become a far more illuminating project than one that succumbs to the advocacy of declaring business-like to be some sort of public virtue and that relies on the simplistic, self-satisfied and ultimately soporific pronouncements of those who would—with little substance—pretend to educate us to win friends, influence people, make a profit, cut costs and do all of these things without a mention of to what essentially distinguishes the public from the private domain.

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