

Project Reports: Industry and Services

STUDY MEETING ON CREATIVE ENTREPRENEURSHIP

18–21 May 2004, Taipei, Republic of China

BACKGROUND

Entrepreneurship is the driving force bringing innovations to the marketplace and establishing a community of high-growth firms. A creative entrepreneurial sector or community within an economy can contribute significantly to its prosperity. With change as the constant in today's globalized world, entrepreneurs constantly seize any arising opportunities to create new wealth. Peter Drucker in his book *Innovation and Entrepreneurship* noted that: "Entrepreneurs see change as the norm and as healthy. He or she always searches for change, responds to it, and exploits it as an opportunity."

Embracing creativity and innovation, an entrepreneur's products or services can bring about business growth, productivity improvement, job and wealth creation, an enhanced image for the economy, and ultimately a better quality of life for all. Policy makers have recognized that creative entrepreneurship needs to be encouraged through appropriate policies that foster entrepreneurship, innovation, and technological development. Some countries have introduced science parks in the hope that the provision of infrastructure will spark the development of high-tech ventures with new innovations and inventions that can become global products and services.

Within enterprises, there is a need for creative entrepreneurship. Some enlightened corporations have fostered creative entrepreneurship within their organizations by providing opportunities for innovation, intraorganization venture financing, and ownership of employee-initiated projects. More needs to be done in this area to motivate the involvement of incumbents in a corporation through tangible and intangible means.

This study meeting sought to promote the exchange of knowledge of, experience in, and approaches to creative entrepreneurship and creativity and innovation as a strategy for business excellence and growth in APO member countries. It investigated the following subtopics:

- Relevance of creative entrepreneurship for business growth and economic prosperity
- Critical examination of success factors for entrepreneurs
- Role of stakeholders, especially the government or NPOs, in promoting entrepreneurship
- Measures available to access entrepreneurial activities in an economy and their economic impact
- Development of enterprise "ecosystems"

The study meeting was jointly organized by the APO and the host country, the ROC, through the China Productivity Centre (CPC) from 18–21 May 2004 in Taipei. Sixteen participants from the 12 member countries India, Indonesia, Islamic Republic of Iran, the ROK, Malaysia, Mongolia, Nepal, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam contributed to the deliberations of the meeting. Three APO resource persons from Malaysia, the ROK, and Singapore provided resource inputs in addition to two local

resource persons. To supplement the learning with practical examples, a field visit was organized to the National Taiwan University Innovation Incubation Centre (NTUIIC), where two of its successful tenants, Universal Vision Biotechnology and Genozyme Biotech, were introduced to the participants.

The list of participants and resource persons, and program schedule are attached as Annexes 1 and 2, respectively.

PROCEEDINGS OF THE SYMPOSIUM

1. Presentations by Resource Persons

1.1 What Is Creative Entrepreneurship?

In the overview of the study meeting, Professor W.L. Tan of Singapore Management University pointed out that the meeting would consider:

a. Spheres of creative entrepreneurship:

- Who—new ventures, serial entrepreneurs, existing ventures (by themselves), existing ventures (together with others), regions, and networks.
- What—new products/services based on innovations or technology, new markets, new processes, or new business models.

b. Challenges hindering the growth of creative entrepreneurship and how enterprises overcame them on their own or with assistance from the private sector and/or government.

The main themes to be covered were:

- Creative entrepreneurs
- Public policies driving creative entrepreneurship
- International creative entrepreneurs
- Technology and innovation
- Corporate entrepreneurship

1.2 Corporate Entrepreneurship

Professor Tan highlighted the potential that most enterprises neglect when they consider ways to be creative and entrepreneurial, that is, they fail to engage the creativity of their workforce. Corporate entrepreneurship spans a continuum of possibilities, beginning with an R&D department, to involving only middle managers, to permeating the whole organization.

Whatever the level or extent of the organization one wishes to engage in corporate entrepreneurship, there is a need to change organizational factors. Certain factors have been identified by researchers as important for fostering corporate entrepreneurship. The most important are the attitudes of the intended employees. The proper attitudes toward corporate entrepreneurship will lead to objectives and subsequent actions. Other factors include organizational culture, practices, flexibility, and sponsorship of employee innovation projects. An organizational culture that results in creative entrepreneurship allows employees to remain with

their projects (continuity), encourages communication across areas and levels of the firm, creates cross-functional teams, encourages decision making by all even at the lowest level of the organization, and permits project teams multiple options so that they are not confined to procurement from limited sources. It does not encourage risk aversion or conformity. Such organizations train and develop their workforces, encourage creative decision making, do not frown upon projects with small beginnings, and spread any innovation throughout the whole organization. There is flexibility in the operation of the teams and the organization sponsors projects. In his study of Singapore middle managers, Professor Tan found that organizational culture, flexibility, and sponsorship influenced middle managers to become internal corporate entrepreneurs (intrapreneurs).

1.3 Product Innovation and Business Model (the Case of OKWAP Phone)

Mr. Jackson Chang, Chairman of Inventec Appliances Corporation, expanded on Professor Tan's presentation by showing how his company was able to involve its project teams in developing the ROC's most popular locally produced mobile telephones, with the brandname of OKWAP. The phones have the same features as the internationally known brands Samsung, Nokia, and Sony Ericsson.

He introduced the participants to the various considerations of an effective product innovation process and business model: strategy (positioning, entry segment, competing edge), execution (resources, process, and integration), and deployment (marketing and promotion, community service, and sustaining competitiveness). Taking these into consideration, Inventec developed its unique mobile phones with local content functions such as the Taiwan personal digital assistant and dictionary; culture-related content such as Web site support for free downloads; and a local touch like tailormade capability, promotion activities, and service and community features.

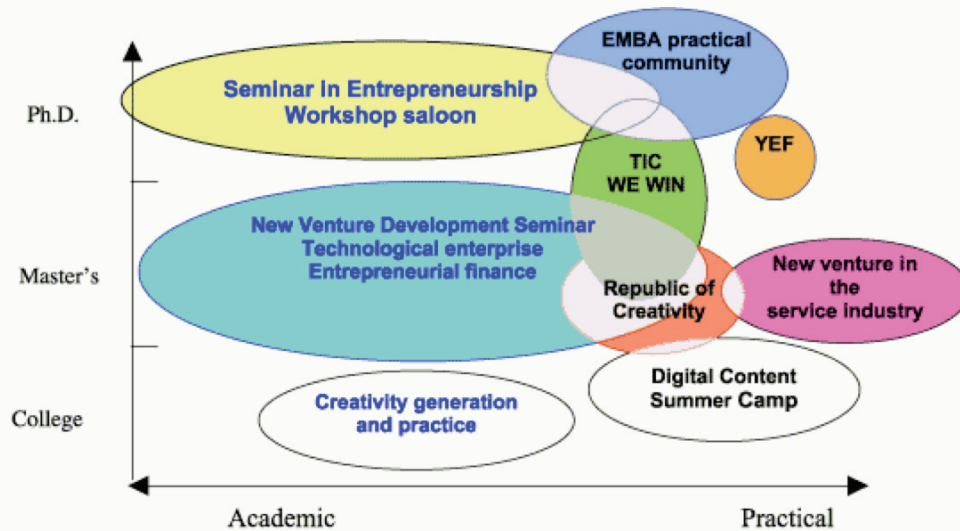
1.4 Can Entrepreneurship Be Taught? The Experience of the ROC

Professor C.T. Wen of the Graduate Institute of Technology and Innovation Management, National Cheng-chi University, explained how he developed the entrepreneurship program at the university to develop creative entrepreneurs and entrepreneurial teams. He made a study of overseas programs including the MIT e-Lab, University of Southern California Student Incubator Hatchery, University of Washington New Venture Creation Lab, Osaka Venture Factory, and Innocamp of Norway. He concluded that to foster creative entrepreneurship in the university environment, there is a need to create activities and an environment within which the students can develop ideas, work through those ideas, and involve university programs and resources to refine them, and interact with the mentors provided by the university to result in new ventures (Figure 1).

At the National Cheng-chi University, Professor Wen has encouraged entrepreneurship through the mentoring of business plan teams for the Taiwan Innovation Competition that is based on the MIT 50k Business Plan competition. He shared his conviction that for creative entrepreneurship to occur, a suitable milieu must be created wherein individuals can choose the combinations that work for them. Business plan competitions by themselves do not lead to entrepreneurship but often only create gamesmanship. He noted that there has been a decline in

student interest in such competitions.

Figure 1. *Facilitating creative entrepreneurship at National Cheng-chi University*



1.5 Strategy for Creating an Entrepreneurial Incubator: the National Taiwan University Case

Taiwan is a showcase for successful ecosystems for creative entrepreneurship in its incubators. There has been an increase in the number of incubators established after the international success of firms incubated at the Hsinchu Industrial Park, in particular at the Industrial Technology Research Institute (ITRI). ITRI is a primary R&D center for industry in the ROC. In 1973, when ITRI was founded, there was very little high-tech industry in the country. Today, the ROC is a world-class player in semiconductors, personal computers, and many other high-tech sectors. ITRI has played a significant role in this transformation.

Professor K.C. Fan outlined the way in which National Taiwan University (NTU) created its entrepreneurial incubator center, one of many being developed by universities and funded by the government. The entrepreneurial incubator center enables professors' involvement in consultancy, students' involvement in internships, and the university's involvement in setting up laboratories, facility utilization, and entrepreneurial programs. The additional expected benefits include commercialization of technology developed on campus, the formation of academic team groups as new start-up teams, and linkages between the university and industry. However, the center will face challenges, as Professor Fan noted that other university incubators have not been financially self-sustaining if financial support from the university or government is cut. Further, their contributions to universities are still not satisfactory in terms of equity returns. Perhaps the way forward is to permit universities to attract private investment in the incubators, as is being tried in China and at Universiti Sains in Malaysia.

1.6 NTU Incubation Center Site Visit

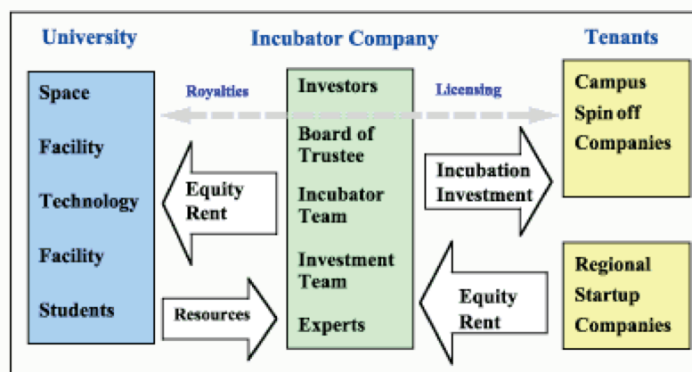
The participants learned more about product innovation through a site visit to the NTU's entrepreneurial incubator center. Professors K.C. Fan and Chau-Chen Yang introduced the NTUIIC to the participants. As an incubator, the NTUIIC created an environment for "start-ups" and "innovation" with the objectives of lowering the

risk of start-ups, improving the R&D capability of enterprises, assisting traditional enterprises to seek advances in technology, and to extend R&D conducted at the NTU until the final stage of commercialization.

The relationship of the incubator in relation to the tenants is shown in Figure 2. The incubator is structured as a company that is the interface between the tenants and the other stakeholders (internal and external). It has had modest success and has been able to attract university alumni and notable businesspeople to act as mentors. Since its formation in 2002, it has "graduated" 28 small and medium enterprises (SMEs) representing 14 in information technology, 11 in engineering, and three in the field of biotechnology. It is presently incubating 19 firms.

Two of its tenants, Universal Vision Biotechnology and Genozyme Biotech, were introduced to the participants. Universal Vision Biotechnology is the first management consultation company R in the field of professional ophthalmic treatment and the first to specialize in ophthalmic biotechnology in the ROC. It is in the incubator because one of its projects is R&D involving the NTU faculty to improve vision biotechnology techniques using excimer lasers, the vision treatment commonly associated with high myopia called LASIK. The other tenant, Genozyme Biotech, focuses on biotechnology applications for the livestock industry and produces enzymes for feed improvement and tests for the detection of toxins in feed which ranchers can use to improve livestock yields.

Figure 2. *Incubators, tenants, and other stakeholders in the NTUIIC*



1.7 The Interface between Entrepreneurship, Creativity, and Innovation: The Malaysian Experience

Dato' Mustafa Mansur drew from the Malaysian experience to demonstrate how Malaysian entrepreneurs and enterprises have continued to find niches and expand their markets. He presented two case studies: Royal Selangor International and Air Asia.

Royal Selangor International is a world-renowned producer of pewterware and high-end gift items, including jewellery. Although it has its share of competitors who have tried to mimic its products, Royal Selangor has employed an innovative marketing strategy involving creatively displayed showrooms, on-line shopping opportunities since 1996, and new design collections. It has found innovations to be critical because its products have short life cycles, and its designs can be easily copied by competitors and are nonessential luxury items.

AirAsia is Asia's first low-fare, no-frills airline to introduce ticketless travel. It operates frequent flights and plies routes not covered by mainline operators, saving

costs through the use of modern technologies to manage its operations like on-line booking and payment facilities, a multilingual Web site offering real-time holiday packages, mobile phone short message booking and checking of flight schedules, and a direct "B2B engine" with agents and virtual credit cards. The interesting element is that the creative team did not come from the airline industry but from the music industry. They infused techniques used in the promotion of services and advertisements in the music industry in the new airline.

1.8 Creativity and Entrepreneurship

Dr. M.K. Kim of Soongsil University School of Entrepreneurship and SME Management in his presentation focused on the theory of creativity and how it interfaces with entrepreneurship. In particular, he stressed that creativity is a collective capability that the whole organization can embrace. There are steps that organizations need to take, however. They should develop skills and capabilities that make it unique both in the present and in the future. The uniqueness is collective in nature, founded on the culture of the organization, in particular the way it operates and communicates as a team, rather than the creative skills of a few elite employees. The creative capability of the organization is shaped by the way the entire staff works and feels about the organization. Therefore creativity often involves organizational development processes rather than recruitment and career management tasks.

PRESENTATIONS BY PARTICIPANTS

In addition to the resource speakers, the participants presented papers on the theme of the study meeting. The topics of their papers are listed below. The participants, to varying degrees, covered the topics assigned to them. The presentation contents served as the basis for the ensuing discussions.

Topics of country papers			
	Participant	Country	Assigned topic(s)
1.	Mr. Kamal Dev	India	Creative entrepreneurship in international enterprises from India: <ul style="list-style-type: none"> • The internationalization of Indian enterprises • What motivates these enterprise and in what ways have they been creative? • How public policy has assisted efforts to develop creative entrepreneurship
2.	Mr. Susanto Joseph	Indonesia	Creative entrepreneurship in Indonesia: Examples of innovative entrepreneurs and serial entrepreneurs who followed initial

			successes with new and different start-ups. What characterizes their strategies and success?
3.	Dr. Mahmoud Ahmadpour Daryani	Iran	Efforts in Iran to encourage creative entrepreneurship: <ul style="list-style-type: none"> • Outline of efforts • Sources of ideas • Success/failure of efforts • Proposals for the future
4.	Mr. Lee Yong Geun	ROK	Implementing creative entrepreneurship in Korean enterprises: <ul style="list-style-type: none"> • How Korean companies encourage creativity and entrepreneurialism • Examples from Join Electrical Construction • Obstacles to current efforts to develop creative entrepreneurship
5.	Mr. Myung Kwan Kim	ROK	How successful has Korea been in establishing innovation networks and encouraging SMEs to engage in innovation and R&D? <p>Measures to establish networks and examples of how they work</p>
6.	Mr. Zainal Abidin bin Othaman	Malaysia	How entrepreneurs in Malaysia have infused their corporations with entrepreneurship and developed innovation teams
7.	Mr. Dashdorj Banzragch	Mongolia	Creative entrepreneurship in international enterprises from Mongolia: <ul style="list-style-type: none"> • Internationalization of Mongolian enterprises • What motivates these enterprises and in what ways have they been creative? • How public policy has assisted efforts to develop creative entrepreneurship