

ECONOMIC DEVELOPMENT

# 6 Signs You're Living in an Entrepreneurial Society

by Efosa Ojomo

OCTOBER 04, 2016



JUAN DÍAZ-FAES FOR HBR

In his landmark 1985 book, *Innovation and Entrepreneurship*, famed author and educator Peter Drucker wrote about an entrepreneurial society and its impact on economic development. “Entrepreneurship rests on a theory of economy and society,” he wrote. “The theory sees change as normal and indeed as healthy. And it sees the major task in society – and especially in the economy – as doing something different rather than doing better what is already being done.” What does it mean, then, to live in a society that is becoming more

entrepreneurial? I see six major signs:

**1. Innovation precedes regulation, not the other way around.** In entrepreneurial societies, innovation always precedes regulation. In the United States, for instance, scientists and engineers in Silicon Valley, Boston, and New York are always one step ahead of regulators, developing innovations that help us solve some of our most critical problems. The regulators eventually catch up, but not before the innovators have developed viable solutions for us to improve our lives. If the regulations in your society precede innovation from entrepreneurs, this is likely to curb the entrepreneurial spirit of innovators.

**2. Entrepreneurs and innovators are richly rewarded for their breakthroughs.** In an entrepreneurial society, entrepreneurs are popular heroes and profit materially from their work. People want to emulate them. In non-entrepreneurial societies, government officials, politicians, and civil servants are the ones who—while not heroes—reap the greatest financial rewards, largely because they are key to getting anything done. When that is the case, then society is at the mercy of the altruism of government officials as opposed to the ingenuity of entrepreneurs and innovators.

Before India liberalized its economy, its government bureaucrats occupied the higher socioeconomic rungs. But today, many Indian entrepreneurs are creating wealth for themselves and for their country.

Think about the most admired members of your society; are they innovators?

**3. The government depends on the ingenuity of the innovators.** A society's ability to develop innovations that continually solve problems is the best index to its long-term growth and prosperity. A government that understands this also understands that it must manage the economy in order to promote innovation and entrepreneurship in order to remain competitive and vibrant. On the other hand, governments that depend mostly on natural resources and rents put their citizens at the mercy of commodity prices set by international markets over which they have little control.

## Drucker Forum 2016: The Entrepreneurial Society

This post is one in a series of perspectives by presenters and participants in the 8th Global Drucker Forum.

---

for instance, shows that less than three percent of World Bank projects since 1970 are “highly likely” to be sustainable.

Entrepreneurial societies are different. They thrive on developing innovations that are pulled into society because these innovations solve an important job-to-be-done. Consider the proliferation of mobile telephony in many poor countries today. Barely a decade and a half ago, mobile phones were seen as a toy for the rich and a luxury many poor people could not afford. But through the efforts of entrepreneurs and innovators who devised affordable devices and plans, hundreds of millions of poor people in India, China, and across Africa now have access to mobile devices.

**5. Work is becoming more modularized.** As societies become more entrepreneurial, work, and our idea of work, is becoming more modularized. In other words, work will no longer be confined to employment contracts that require people to work at least eight hours a day for an indefinite amount of time for a corporation. Instead, work will depend largely on shorter term engagements and will be specific to a particular project. This evolution is already happening. Uber, Lyft, Catalant (formerly HourlyNerd), Task Rabbit, and other on-demand platforms that connect the supply and demand of labor are all signs that our societies are becoming more entrepreneurial.

**6. The society is either prosperous or is on a clear path toward prosperity.** Perhaps the clearest sign that you live in an entrepreneurial society is that it is either prosperous or on a path to prosperity. Prosperity is different from growth. Economies can grow without becoming prosperous. We saw this happen in the 2000s when many African economies, such

**4. Innovations are pulled into - not pushed onto – society.** In many countries, innovations such as primary and secondary schools, sanitation interventions, and clean water projects are pushed onto society. But many of these interventions don't gain traction and are unsustainable. Research by the World Bank,

as Nigeria, Angola, and Equatorial Guinea, were the fastest growing in the world, but failed to create prosperity for millions of their citizens. Growth is a subset of prosperity which includes an increase in the standard of living for the poor and low income. Despite Africa's astounding growth, according to this PEW research study, the percentage of poor and low income barely changed in the 2000s.

Consider how Africa's growth differs from the growth of the Asian Tiger economies of the 1950s and 1960s. The Asian Tiger economies encouraged the growth of the private sector, nurturing such entrepreneurial companies such as Samsung, GIANT Bicycles, LG, Hyundai, and Formosa Plastics.

The entrepreneurial society is a prosperous society, where more and more people are able to choose what they do, and when they do it. Innovation and entrepreneurship are the necessary ingredients for any economy or market to flourish.

---

Efosa Ojomo is a research fellow at the Clayton Christensen Center for Disruptive Innovation, where he looks into how disruptive innovation can engender growth and prosperity in emerging markets. He is a 2015 MBA graduate of Harvard Business School.

---

### **This article is about ECONOMIC DEVELOPMENT**

 FOLLOW THIS TOPIC

Related Topics: NATIONAL COMPETITIVENESS | ENTREPRENEURSHIP

## **Comments**

Leave a Comment

POST

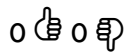
3 COMMENTS

---

**Adedoyin Adebayo** 13 hours ago

Brilliant article Efosa. I like the fact that you made reference to African countries most especially Nigeria where you and I are from. There was clear growth in the country's economy but unfortunately it didn't translate into prosperity for the citizens rather more poverty is visible in the land. Can there be economic growth without inclusive growth?

REPLY

 **JOIN THE CONVERSATION**

---

**POSTING GUIDELINES**

We hope the conversations that take place on HBR.org will be energetic, constructive, and thought-provoking. To comment, readers must sign in or register. And to ensure the quality of the discussion, our moderating team will review all comments and may edit them for clarity, length, and relevance. Comments that are overly promotional, mean-spirited, or off-topic may be deleted per the moderators' judgment. All postings become the property of Harvard Business Publishing.