EDUCATING FOR THE ENTREPRENEURIAL SOCIETY

A reality check on the current education system to prepare citizens for a society of constant change and innovation.

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In the final pages of his book Innovation and Entrepreneurship, Peter Drucker declares that the welfare state has come to an end, but makes no assertions about what follows it; curiously he leaves the reader with a question – “Will its successor be the entrepreneurial society?” In this essay, I wish to highlight some of the defining idiosyncrasies of our times and how these markers – specifically within the education system – are to be realigned to serve as a strong foundation for the entrepreneurial society as envisioned by Peter Drucker. I argue that formal education and informal education – specifically the teaching and reinforcing of risk aversion – are on the wrong course. Intervention in the form of govt. policies, social structures, and most importantly individual reflections are indispensable to achieve the entrepreneurial society.

EDUCATION – THE ONGOING ANACHRONISM

“In an entrepreneurial society individuals face a tremendous challenge, a challenge they need to exploit as an opportunity: the need for continuous learning and relearning.” – Peter Drucker.

I recall with fair certainty that in my first class in law school, I was awestruck with the amazing qualifications of my Torts professor. I walked up to her and asked her how she persevered to earn so many certifications of higher learning. She returned a carefree smile and said the qualifications (which included an LL.M and a Ph.D. from top-notch universities and a decade long teaching stint across the world) don’t count for much these days and that one needs to constantly be on top of things in one’s field to continue being relevant.

The last chapter of Innovation and Entrepreneurship precisely forewarned this in the 1980s. Peter Drucker referred to Zen monks and Jesuits as groups who valued continuous learning and predicted that such “exception” become “exemplars” in an entrepreneurial society. The one simple prediction in which he erred was in giving a generous five to ten year breathing space for the learning to become obsolete. This is not true in our times and anyone who says otherwise is deceiving himself. Moore’s law may have its sceptics, but it cannot be doubted that at least within the field of computer technology, the rate of growth in computing speeds and the rate at
which devices are shrinking in size are unprecedented. I remember my parents using cellular phones that competed with a brick for size and weight, now I use an iPhone; need I stress on this!

Such changes are not confined to technology and sciences. My family-law professor taught every topic in class with a caveat – watch out for a change in this law in the near future! I remember attending a make-up class with the same professor within weeks when a superior court re-interpreted a statute and practically changed the law. Such are the times we live in.

Change is the norm. That short sentence makes most of us uncomfortable in our own skin. But, it needn’t be so. If we recall P. Drucker’s words, “The best way to predict the future is to create it,” the same situation becomes an opportunity. We are empowered and gain agency instead of being passive recipients of change.

While this thought process might help us deal with our lives, it is the bare minimum. The most powerful tool to make and live through an entrepreneurial society is education. Life-long learning is no more a choice. This being the case, I feel there are two short comings in what we call ‘education’ world-wide. Firstly, the life-long learning will not be just amassing skills and certificates from various institutions at various stages in one’s life. The education will have to be a blend of honing one’s skills, knowledge and mind concurrently; particularly it has to teach risk-taking. This is what Peter Drucker meant in his book when he wrote:

> Young people headed for a “profession” – that is, four-fifths of today’s college students – do need a “liberal education.”...If this challenge is not faced up to, we risk losing the fundamental concept of a “liberal education” altogether and will descend into the purely vocational, purely specialized, which would endanger the educational foundation of the community and, in the end, the community itself.¹

An entrepreneurial society may not need teaching of skills, as advanced as they may be in the days to come. The present generation and the next one in the near future have many ways to acquire skills, thanks to access via internet. Massive Open Online Courses are a good example of how curriculum need not be taught in class. I have myself successfully completed three MOOCs in the last four years. The need of the hour is a different kind of teaching. Young people have to be taught how to be a good entrepreneur in the entrepreneurial society. This is a different ball game from teaching an advanced class in Physics or foundations of Management.

Let me put the spotlight on Kota, the “coaching capital of India”, a city in the Indian state of Rajasthan. This city is the archetype of the contemporary understanding and spot-on representation of India’s take on ‘education.’ In India, private tuitions/coaching is a $40 billion industry. Kota alone accounts for $40 million of it. Along with its huge business potential, it boasts a heart-breaking record of 57 student suicides in the last five years.² Children are placed in preparatory classes from age 13 onwards to make it to the prestigious Indian Institutes of

¹ PETER DRUCKER, INNOVATION AND ENTREPRENEURSHIP, 265 (1985)

² Yugank Goyal, Shadow Education: The coaching industry wreaks an enormous social toll. What must be the policy response?, The Indian Express (June 18, 2016), available at http://indianexpress.com/article/opinion/columns/shadow-education-private-coaching-kota-private-tuition-2859563/
Technology (IITs) and medical colleges. When the doors of Kota open, the gates to a playground or a cricket field shut forever to most of these children. This set-up is designed to kill any liberal thought in the first instance and thus endangers the foundation of the community and its future. A country with perhaps the largest youth population that is in dire need of quality post-secondary education will need to hasten its services and laws on this matter. If it does not, the world’s largest democracy will not have its citizens up and ready for an entrepreneurial world.

Education is neither the acquisition of skills, rote-learning nor is it our ability to bloom in a given learning system. It is the shaping of the mind to be inquisitive, curious and to be equipped to find answers to questions. In *Innovation and Entrepreneurship*, Peter Drucker explains the importance of understanding the problem of ‘how to educate?’ The Japanese are good at training students to perform well in Maths, but only for a few years; they don’t fare any better ten years after they manage to outperform peers from other ethnic and cultural groups. To quote P. Drucker again, “And without understanding the problem, we have not been able to find any solution.”

A true ‘liberal education’ is merely done lip service in most institutions of higher learning. Its consequences are quite relevant to an entrepreneurial society. A purely specialized education is not the birthplace of disruptive ideas. A holistic shaping of the new entrepreneur is a *sine qua non* for the entrepreneurial society.

While Kota bears witness to the grim fate of those who are in the rat race in a developing nation, the situation is no better in developed nations. William Deresiewicz has written volumes on the arrogance and incapacity of those who do manage to make the cut. A strong critic of elite education, especially in the USA, he says that elite education does not make us more intelligent, but in many ways shuts us down from interacting with diverse people. This is not what we wish for in an education that will pave way for an entrepreneurial society. He bemoans that attendees of elite college in the USA tend be self-satisfied and haughty. They even tend to expect success. In his words, “The idea of not being successful terrifies them, disorients them, and defeats them. They’ve been driven their whole lives by a fear of failure – often, in the first instance, by their parents’ fear of failure.”

What I wish to point out here is not the emotional damage, or the time wasted on these missions, but only the self-defeating purpose of education as highlighted above.

An entrepreneurial society is a place of uncertainty in many ways. What needs to be strengthened is not just capital sources but also our minds and hearts to embrace the new society as the next stop in our social evolution. This can be taught and must be taught; but it is not being taught to the vast majority of the so called ‘educated.’

Whenever there is an opportunity, there is room for innovation. With this comes the risk of failure, but it need not give way for fear. I believe education has its purpose in filling this gap.

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3 Supra n1 at 74

4 William Deresiewicz, *The Disadvantages of an Elite Education: Our best universities have forgotten that the reason they exist is to make minds, not careers*, The American Scholar, (June 1, 2008), available at: https://theamericanscholar.org/the-disadvantages-of-an-elite-education/#.V4iPTDWWm3d
should be the agent that prepares the next generation to minimize the risk and exploit the opportunity.

The vision of education is crying to be redefined. Writing on *Entrepreneurial Practices*, P. Drucker stated (referring to an organization): “The most valuable achievement may well be entrepreneurial vision, receptivity to innovation, and “greed for new things” throughout the entire organization.” My suggestion is that all governments and educationists must work to incorporate this value into the present education system to create this greed in society. Then, we will be on the right path to an entrepreneurial society.

**EMBRACING RISK TAKING AND UNCERTAINTY**

An entrepreneurial society will be led by entrepreneurs. They will be the zeitgeist which marks the era. They will come from all corners of the world. Peter Drucker identified them as bearing “diverse personalities and temperaments [who] perform well in entrepreneurial challenge.” However, there is one trait that we are to be wary of for the future entrepreneurs – Risk-aversion.

Peter Drucker’s words on this topic was:

To be sure, people who need certainty are unlikely to make good entrepreneurs…. In all such pursuits decisions have to be made, and the essence of any decision is uncertainty. But everyone who can face up to decision making can learn to be an entrepreneur and to behave entrepreneurially. Entrepreneurship, then, is behaviour rather than personality trait. And its foundation lies in concept and theory rather than intuition.⁵ (underline supplied)

Globally, we are still moving from an industrial to a knowledge economy.⁶ In this society, innovation is a gamble. We are no more offering products and services to serve mere necessities. Even when it comes to global hunger, the problem is redistribution and pricing, not production. We have enough food for all on Earth. Innovation is needed in different areas; new systems and new structures are needed to deal with the same measurable in this millennium.

The examples are already here. We only need to refocus on the success of cab service companies like Uber.⁷ Cars have been around for a century now, cabs have been around for many decades, as is the want/need to commute in cars. Even the modern smart phone is a few years old. Yet, someone had to locate this opportunity in society, design a business that is profitable and sell its value to the buyers. This was a gamble; Uber succeeded. It has disrupted old notions of car transportation, at least within cities. Its ideas were received well. This receptivity is a risk factor that Peter Drucker discussed in length. He said it cannot be predicted, but it has to be given a shot. If we are afraid to pull the trigger, or take a leap of faith, an amazing opportunity will slip

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⁵ *Supra* n1 at 25, 26


It turns out, there are some people already passionate about making young entrepreneurs who are educated the right way for the futuristic society. We need only learn from them and take this process forward. Entrepreneur Cameron Herold in his 2010 TED talk makes a pitch for raising all children with entrepreneurial capacities. Our current understanding of human beings is that we see conditions like Attention deficit hyperactivity disorder as an impediment; Herold calls it a gift. He even hints at foregoing college if youngsters show sufficient interest in running and starting businesses. Of course, in an entrepreneurial society, what is lost in the four years may be learnt again anytime. What it requires is an education system ready for that kind of audience.

Peter Drucker narrates the story of DuPont and its trysts with Nylon in *Innovation and Entrepreneurship*. Nylon’s application as a car type material was never originally envisaged by DuPont, but it became the most profitable market for DuPont. Paying heed to Peter Drucker’s advice on this matter is of utmost importance in my opinion because some products or services may find customers it never originally contemplated. This means the product or service has to have the grit to withstand the initial days. This in turn needs people who will have the grit to float that product or service for a while before they call it quits. However, the disciple, patience and grit needed it particularly lacking in the millennial generation.

**History shows the way**

This is a cause for concern as stability and enterprising endeavours are not the best of friends. Entrepreneurship entails a disruption of the status quo; job stability and career pathways are not featured in an entrepreneurial society. The discomfort of a fast changing world has to be embraced by one and all. This has to be instilled from a young age. It is even more important to inculcate a society and culture that is itself open to be innovated.

The story of Japan and its social innovation is an early example of the success of social innovation. I believe we have a lot to take away from this chapter in our history books. When Japan opened its doors with the Meiji Restoration, it took its fate into its own hands. It decided to shed its old way and embrace the new way as its own. It is no surprise that Japan is one of Asia’s leading economies and has been so for decades. P. Drucker acknowledged that social innovation was far more critical than technological innovations for Japan’s success. For the two problems I have highlighted in this essay, I believe the answers lie in social innovations – in redefining education and understanding entrepreneurship.

The world is facing unprecedented problems – be it environmental degradation, water scarcity or global hunger. These are all opportunities for us to usher the entrepreneurial society. Our present way of finding solutions to these problems is not yielding timely results. Schumpeter’s creative

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destruction most aptly fit here. An overhaul of the present mind-set is imperative. We need to creatively destruct our education system to prepare the knowledge workers of tomorrow in a constantly changing society. Teaching them resilience, tenacity and hardiness will support them more than instruction and in any advanced discipline and training in vocational skills.

Entrepreneurship is as much about human factors as much as it is about economic and managerial factors. The dawn of a new age is not defined only by changes in market structures, business opportunities and managerial tactics; it is also marked by a new mind-set and new patterns of thinking that is markedly different from the previous generations. An entrepreneurial society will be successful only if we prepare the right kind of people to run it and keep it going. We just need to acknowledge our present course in the wrong direction and act on Peter Drucker’s words: “If you want something new, you have to stop doing something old.”

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