

## **Intellectual capital and local entrepreneurship: how education can support the inter-sectoral development**

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For decades we have been confounding the concept of development with one of economic growth, thus measuring it with quantitative economic indicators, such as the GNP, that give no information about the real increase in the quality of life in interested areas, nor about the sustainability of that increase, i.e. “meeting the needs of the present without compromising the ability of future generations to meet their own needs”<sup>i</sup>, thus preserving the natural environment, carefully and consciously using natural resources.

*What* we produce and *How* we produce it, as well as *how equitably* the benefits of that production are distributed have in fact an enormous impact on peoples' life and the environment.

Comparing societies with similar macro-economic indexes, those with lower inequalities have a stronger community life and more people feel they can trust others. Those societies also experience less violence – including lower homicide rates; health tends to be better and life expectancy is higher. In fact most of the problems related to relative deprivation are reduced; prison populations are smaller, teenage birth rates are lower, maths and literacy scores tend to be higher, and there is less obesity.<sup>ii</sup>

To differentiate the concept of development from one merely centred on economic growth, UNDP developed since 1990 the Human Development paradigm, redefining the objective of development as the creation of an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. Development is thus about expanding the choices people have to lead lives that they value. Fundamental to enlarging these choices is building human capabilities —the range of things that people can do or be in life. The most basic capabilities for human development are to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community. Without these, many choices are simply not available, and many opportunities in life remain inaccessible.<sup>iii</sup>

In addition we want development to be sustainable, ensuring that those choices and opportunities will remain available to future generations.

The quest for such a development also needs solid, committed, democratic institutions and a social environment which ensures active, responsible citizenship and the full respect of human rights.

Education plays a fundamental role for overall societal development, but its quality and educational objectives are equally, or even more important. The apprenticeship of technical skills, should go hand in hand with the development of mind-openness, relational skills (i.e. the capability to communicate with others, to manage conflicts, to solve problems, to make decision, etc.), and a values-based education to responsible citizenship. These qualities are absolutely relevant also for business.

More and more, also the corporate sector is orienting itself toward a socially responsible approach. Corporate Social Responsibility (CSR) is “a concept whereby companies integrate social and environmental concerns in their businesses operations and in their interaction with their stakeholders on a voluntary basis”.<sup>iv</sup> CSR, however, should not be seen as a new or additional

approach to business. Instead, it should be “part of the DNA of the organisation”. Only in this way would it help companies to respond to the pressure of globalisation and societal expectations and become a factor in competitive advantage rather than a philanthropic nicety.<sup>v</sup> The implementation of CSR, and therefore of management for human and sustainable development, requires specific competence, i.e. knowledge, experience and attitudes. Universities can provide the first (intellectual capital) and contribute to the latter (this however needs some rethinking of their curricula), business can provide space for experience. The development of committed, values-oriented human resources, with the needed relational and other life-skills, are essentially the domain of non formal education.

All together, responsibilities for education, especially education to human, sustainable development, are shared among many different actors, public and private, both acting in the domain of formal and non-formal education.

### **Formal Education**

The formal educational system (extending from primary, to graduate and post-graduate studies) rests mainly under the responsibility of public institutions. Under the “Education for All” programs driven by UNESCO, most countries have committed to achieving universal enrolment in primary education by 2015, which is one of the so called “Millennium Development Goals”.<sup>vi</sup> But even if basic education will be offered to most young people, in many countries quality of education may remain a serious problem, not least in basic numeracy and literacy.

Access to higher education has been shown to be in a strong correlation with success in the labour market and in business<sup>vii</sup> and lower levels of education and skills also correlate with higher levels of youth unemployment and joblessness in many parts of Europe and Central Asia, where young people complain of the irrelevance of their education claiming it does not prepare them for the job market.<sup>viii</sup>

Again, quality and relevance of education are paramount to facilitate youth transition to employment. Educational systems need to be relevant to the evolution of labour markets. What is taught, is as important as how this is taught, as well as the flexibility of education systems to adjust to changing conditions. For example, in some industrialised countries a shift has been observed from routine manual and cognitive tasks to more complex communication and expertise-based tasks (such as: entrepreneurial skills, science, engineering and technology, math, marketing, ICT, soft skills and foreign language).<sup>ix</sup>

Universities may play a fundamental role in local and national development processes with research and training activities designed with a view to the needs of market, to the model of society they want contribute to build, and to the long-term sustainability of results and innovation; so contributing to the development of the human resources that these processes require. In that sense, universities and research institutes could be also positively engaged with governments and public and private institutions in defining policy options and educational programmes.

Creating and enabling formal links between educational systems and businesses is a vital step in facilitating young people's transition to employment.<sup>x</sup> With human development in mind, a truly socially responsible corporate sector will be the best partner for the emergence of new generations of innovative social entrepreneurs, getting involved with educational institutions beyond just offering internship opportunities, rather jointly exploring new solutions for the benefit of the whole community.

Entrepreneurship is increasingly viewed as a valuable additional strategy for creating jobs and improving the livelihoods and economic independence of young people. A lack of other viable employment options forces millions of young people into the informal economy. These disadvantaged young entrepreneurs face significant barriers to transforming their enterprises into

wealth-generating, employment-creating businesses, including social prejudices against self-employment, restrictive bureaucracy, and difficulties in access business support services. Access to sufficient financing remains the most pervasive obstacle to success. The private sector can provide direct support through start-up capital (brokering finance and providing guarantees) and business support services to assist young entrepreneurs (mentoring, skills development, internships, work experience, etc.). Establishing links between enterprises and educational systems can ensure a better understanding among educators of the skills and competencies needed by employers and labour markets.

Among possible concrete actions for private sector involvement include:

- participation in curriculum development;
- facilitating availability of managers as teachers;
- assisting with equipment and facilities to raise quality of training and education;
- facilitating student consultancies in enterprises for students in management and related subjects;
- assistance in entrepreneurship programs.
- collaborating in information programmes, workshops, seminars career-days.

Partnerships with training and educational institutions are almost always key for private sector involvement in youth employment programmes.<sup>xi</sup>

### **The role of Non formal education**

By UNESCO definition, Non formal education refers to “any organised educational activity outside the established formal system - whether operating separately or as an important feature of some broader activity - that is intended to serve identifiable learning clientele and learning objectives.”<sup>xii</sup>

Many of the soft-skills needed to increase employability (such team-working, trust-building, interpersonal communication, decision-making, etc.), but especially to develop entrepreneurship cannot be 'taught' in formal education; they need to be learned through experience, in the “classroom of life”, rather than in lecture amphitheatres. Non formal education settings often offer the right 'hands-on' experience to that end, and in some cases – when they offer a lifelong educational project and eventually have developed a pedagogical method for it (for example Scouts)- they are incubators of the kind of responsible citizens and social entrepreneurs human, sustainable development requires.

Learning opportunities outside the classroom provided by youth organisations and youth groups, should be supported as a valuable complement to education received in the formal system.

### **Intersectoral development at local, territorial level**

Single-sector interventions cannot adequately address the multi-dimensional nature of poverty and, consequently promote development, similarly these issues need an inter-institutional approach, and the involvement of a wide variety of public and private actors.

Also the elicitation and production of knowledge is an inherently local process, feeding on territorial idiosyncrasies such as: local culture and creativity, social structures and political conditions, economic development trajectories, technology access regimes, physical versus virtual accessibility, and the quality and style of education.<sup>xiii</sup>

Involvement and coordination are best implemented at territorial level and that is the level for the creation of alliances for intersectoral, sustainable development.

The experience of multilateral human development programmes<sup>xiv</sup> shows that territorial working groups (regional and municipal LWGs) are very effective. Organised and regular meetings of representatives of local public authorities, associations, training institutes and the private sector, facilitate coordination in problem analysis, planning, implementation and evaluation.

According to experience the best way to foster coordination at the local level is working on:

- local integrated development strategies based on knowledge of the area's potential
- intersectoral thematic plans within the integrated strategies
- territorial marketing documents produced through a process of regular consultation between all stakeholders in the area to highlight characteristics, problems and potentialities;
- specific projects that originate within the framework of the regional strategies and plans;

in practice coordination or harmonisation is achieved only when there is agreement on the procedure among relevant stakeholders, including international partners (bilaterals, NGOs, UN Agencies, corporate partners, etc). Experience also shows that establishing ad hoc Local Economic Development Agencies (LEDA) may be of great advantage to the process.

The objectives of the Local Economic Development Agency - LEDA– are to harmonise national and local policies to increase the long-term competitiveness of local development actors, and at the same time to encourage them to meet the MDGs: social inclusion, gender equity, access to basic services, environment; and to create an environment that favours economic internationalisation, international partnerships, foreign private investment, and emigrant remittances.

Additionally, best involvement of local communities is achieved when adequate participatory processes are put in place. Experience in multilateral human development programmes shows that real participation of the most excluded social actors is achieved by encouraging the LWGs to adopt mechanisms for territorial analysis, planning and management of development that give space to those who are normally excluded and do not even have the necessary information to participate.

These participatory processes are best led by people in charge of public social and health services, school teachers and university lecturers, in collaboration with grass-root organisations and NGOs.

Universities and training institutes may also play a relevant role at local level organising training oriented toward the planning and management of local development processes for involved professionals, policy makers and representatives of civil society organisations. Collaboration with institutions and the private sector additionally offers the opportunity for internships and learning experiences that could be shared also internationally.

Specific workshops based on partnerships among the universities and other relevant public and private stakeholders may also help in the development of action-oriented research.

Produced knowledge contributes to the development of the places that host such processes to the extent that it becomes rooted in the structure of local interests. The local community becomes a stakeholder, establishing a stewardship for knowledge. As such, academic training - a powerful generator of knowledge – remains linked to the social and environmental context in which it takes place.<sup>xv</sup>

Emerging economies also face the challenge of modern “knowledge society”. If traditionally schooling stopped when work began, in the knowledge society it never stops. Even for already highly educated adults, continuing education is becoming a must. However this is delivered in a non-traditional way, ranging from week-end seminars to on-line training programmes, in any number of places, from a traditional university to the student's home.<sup>xvi</sup> Knowledge is the new means of production, to what end those means will be directed will determine, once again, the society we will live in.

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