A

PROMOTION OF ENTERPRISE CULTURE

Theory and Practices

Working Paper

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TABLE OF CONTENTS

Introduction[1]

In recent years, it has been argued that entrepreneurship and enterprise are critically important factors for the competitiveness of firms and the long-run economic growth of economies. They have become the focus of enabling policy across the globe, and most countries have been looking at ways to enhance and enable a dynamic entrepreneurship and a vibrant enterprise culture, especially in order to stimulate more entrepreneurial activity.

The New Zealand Government's Growth and Innovation Framework[2], has identified entrepreneurship and enterprise culture and its promotion as a key policy objective.[3] The MED has as a strategic priority the stimulation of enhanced entrepreneurial and innovative capabilities of NZ firms, which contributes to its intermediate outcome of encouraging a culture of enterprise in New Zealand, which in turn contributes to the final outcome of productivity improvement and sustainable growth.[4] Research carried out by the I&RD branch of MED on enablers of industry and regional development, and MTSG work on the potential impediments to growth, have both identified 'enterprise culture' as a key area for policy development.[5] The OECD has also produced a Growth Study (2000) detailing the relationship between entrepreneurship and economic growth; it has strongly recommended the encouragement of an entrepreneurial spirit.[6]

Enterprise culture has been linked with productivity improvement and sustainable growth, considered important for industry and regional development; and been linked to growth and economic development, because an enterprise culture is seen as a determinant of behaviour and decisions that New Zealanders make with regard to enterprise. Economic change is an ubiquitous, ongoing, incremental process, and it is in part a consequence of

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[1] Hayden Johnston was a key contributor to this paper in all its earlier stages. The project was begun with a draft paper by Dr. Claire Massey and Kate Lewis which surveyed the enterprise literature.

[2] Department of Prime-Minister and Cabinet, (2002), GIF.

[3] A variety of instruments have been developed to promote and enable entrepreneurial activity in New Zealand - NZ Trade and Enterprise, and their Enterprise Culture and Skills Activities Fund, is a notable example. However, aside from Government agencies such as New Zealand Trade and Enterprise, which act according to an explicit enterprise culture agenda, these instruments lack a nationally coherent strategic direction, and as a result activity is intense, but in pockets and somewhat fragmented.

[4] Ministry of Economic Development (2003) Statement of Intent 2003-2006

[5] Pirich, A., & Tullett, A., (2002), Growth Strategy and Enterprise Development Policies, OECD, and Fabling, R., & Grimes, A., (2002), Potential Impediments to Growth, internal MED paper.

[6] OECD, "Final Report on the OECD Growth Project, The New Economy: Behind the Hype", DSTI/IND/STP/ICCP(2001)2/FINAL, Paris, 2001.

the choices individual actors and entrepreneurs of organisations make every day. The nature of a country's economy and the quality and quantity of enterprises are in part a consequence of these decisions. In order to consider the choices individuals and entrepreneurs make, an understanding is needed of how choices are made and how patterns of behaviour are formed.

In order to form such a model,

> *it is necessary to dismantle the rationality assumption underlying economic theory in order to approach constructively the nature of human learning. History demonstrates that ideas, ideologies, myths, dogmas and prejudices matter, and an understanding of the way they evolve is necessary for further developing a framework to understand societal change. The rational choice framework assumes that individuals know what is in their self interest and act accordingly…[this] is patently false for those making decisions under conditions of uncertainty- the conditions that have characterized the political and economic choices that shaped (and continue to shape) historical change.* [7]

An increase and improvement in levels of entrepreneurial activity requires individuals to make decisions: to either start an enterprise, along with all the decisions that this entails, or to consider ways to improve their enterprise. Decision-making processes of individuals are not only cost-benefit analyses of alternative options or behaviours; individual preferences are no longer considered to be only those of an individual who maximises economic utility through cost-benefit analysis. It has come to be recognised that this hyper-rational decision-making model of traditional economics is fundamentally flawed. Nor is pure profit seeking the only motive of individuals who go into business, and it is not the cause of all the decisions or innovations of those in business.

Forming a complete model of the decision-making and behaviour of individuals is an extraordinarily difficult task beyond the scope of this paper, but any such model will include an important aspect of that process - the culture which has shaped the individual. Culture matters. It matters because individuals acquire a very, very large amount of information from their culture, and this information both informs and determines decisions. A growing body of work in economics augments the traditional view of the motives of individuals and individual behaviour with a broader and more realistic view which gives up the isolation of economics from the behavioural sciences, and takes culture into account.[8] So a broader view has to be taken on how culture impacts on the preferences and behaviour of individuals who consider being entrepreneurs, and of individuals who are entrepreneurs.

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7 North, Douglass C. 1996 pp 346-347.

[8] See for example work on "Behavioural Economics" by e.g A.Tversky, D. Kahneman, Douglass North, Samuel Bowles, Joseph Henrich, Richard McElreath, Herbert Gintis.

Modern individuals are born into a very complex morass of beliefs, values, rules, behaviour, norms, and institutions such as the political, legal, economic, financial, educational and religious institutions. All these beliefs, behaviour, norms and values of other individuals impact on individual decisions, as do the institutions. Thus while 'enterprise culture' may be described as the typical views, beliefs, behaviour, norms and institutions of a group which relate to enterprise, efforts to enable and stimulate entrepreneurial activity need an answer to the question of why and how culture and individuals interact; that is, to the question: *In what ways does culture form and influence the decisions of individuals?*

An answer to this question will involve a consideration of how culture moves within groups; how individuals come to have the cultural repertoire they do; how cultural information moves from individual to individual. An understanding of culture comes not just from a list of the culture of a country, but requires also an understanding of how it moves within a group, how it evolves. This is particularly relevant for a promotion of enterprise culture, which is an attempt to drop into the population new ideas, new beliefs, and is perhaps also an attempt at tackling beliefs counter to enterprise. Culture is currently the subject of research within the broad umbrella of the behavioural sciences, and this can shed much light on how culture, and therefore enterprise culture, impacts on the individual and on populations. What components of enterprise, entrepreneurship and entrepreneurs actually matter for successful enterprise must also be determined. Without sufficient understanding of the processes of cultural inheritance, any policy response directed at 'entrepreneurship' and on stimulating more entrepreneurial behaviour in a country or region may well have no significant impact.

Recognising all of above issues, the objectives of this analysis are to:

- Explore the theoretical background behind enterprise culture.

- Develop an understanding of culture and how culture bears on enterprise.

- Suggest policy recommendations, which bear in mind the role that government may be able to play, to enhance a culture of enterprise, within the broader national growth strategy and set of enablers.

- Identify the key initiatives used internationally to promote a culture supportive of enterprise.

- Identify the key initiatives used in New Zealand.

1. Enterprise, Entrepreneur, Entrepreneurship

Hereafter, 'enterprise' is a referent to the businesses individuals set up and run; 'entrepreneur' is a referent to the individuals who set up these businesses; and 'entrepreneurship' is a referent to the activity or practice of sustaining and growing the business. These are referent terms only, and by their use alone, no adherence is implied to any theories of enterprise, of entrepreneurs, or of entrepreneurship. Hereafter, the term 'enterprise' is to be taken as referring to all of these, so 'enterprise culture' is a referent to any and all aspects of culture which bear on enterprise, entrepreneurs and entrepreneurship.

It is argued that the factors which matter for enterprise are those which matter for business generally: access to labour, to finance, to skills, to technology, to knowledge. In New Zealand, it could be added, access to global markets. What also matters is of course the information, knowledge, beliefs and attitudes of those who form and run enterprises, because these impact on the way enterprises are undertaken and run; this is the focus of the section on the theory of evolutionary culture.

A very brief history of the terms and their use.

'Entrepreneur' was first considered in economic theory by the French economist Cantillon in the early 1700s. 'Entrepreneur' had up until then meant someone who was active and had initiative and who as a hero or warrior ran risk. By the eighteenth century it was used to describe a large scale businessman who contracted to supply, and who, at his own expense and risk, combined the factors of production. Cantillon expanded the term to describe all forms of earnings which have an element of uncertainty; the uncertainty comes from acting in an unstable market in an uncertain world, and as a consequence, profit and bankruptcy balance the numbers of entrepreneurs.[9]

Early English economists used English terms comparable in meaning. Adam Smith described the role of the 'undertaker' as having the functions of owner, manager and risk-bearer.[10] J.S. Mill added the importance of knowledge.[11] The theories of Shumpeter, Knight and Casson revived the concept of entrepreneur in the analysis of economic market dynamics and the interplay between markets and hierarchies. Schumpeter saw innovation, enterprises, and entrepreneurs as vital for capitalist returns and growth.[12] Knight argued

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[9] Cantillon, Richard (1755), "Essai sur la Nature de Commerce en General"; translated by Henry Higgs, 1964, New York

[10] Smith, Adam (1798), "An inquiry into the Nature and Causes of the Wealth of Nations"; Vol I,II

[11] Mill, John Stuart (1848), "Principles of Political Economy" with some of their applications to social philosophy

[12] Schumpeter, Joseph (1911), "The Theory of Economic Development"

the importance of entrepreneurs possessing courage in the face of uncertainty.[13] In the late 1970s and 1980s entrepreneurs and small business were hailed globally as a vital force in the economy and engines of economic growth. In this last ten years, most countries have been looking at ways they can enhance and enable the growth of enterprises and, in this context; enterprises are widely recognised as a major driving force behind economic growth.

Conventional wisdom predicted that globalisation would render the demise of small and medium sized firms, but instead they have become increasingly important. This is because the determinants of the underlying industrial structure have changed, so the industry structure most conducive to growth has changed.[14] Technology, globalisation, deregulation, labour supply, variety in demand and resulting higher levels of uncertainty has shifted industry structure away from greater concentration and centralisation, and toward less concentration and decentralisation. So industry structure is generally shifting toward an increased role for small enterprises; with an increased role of entrepreneurial activity resulting in higher subsequent rates of growth.[15] Small and medium sized firms are not disadvantaged by scale, because technology has reduced the extent of scale economies in manufacturing, and the importance of innovation reduces the importance of large-scale production, and increases the importance of small enterprises.

This shift has not been identical across countries, so such factors of a country as infrastructure, regulations or culture are held to make a difference to the timing of the shift.[16] As small or medium sized enterprises have become important, so too are the individuals who start or run these small or medium sized enterprises, and their innovations. What impacts on these individuals impacts on the speed and success of a country shifting toward the new industry structure. As the culture of these individuals impacts on their decisions and behaviour, culture has become the focus of government efforts to encourage the shift to the new industry structure.

The entrepreneur is the driver of the firm. Entrepreneurs are considered the enabler of the enterprise, and their activity is closely linked to that of the firm. If the firm is innovative, the entrepreneur is the innovator. Carton, Hofer, and Meeks provide an operational definition of entrepreneur, which encompasses salient points from definitions by scholars such as Schumpeter.

> *An entrepreneur is in pursuit of a discontinuous opportunity, involving the creation of an organisation (or sub-organisation) with the expectation of value*

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[13] Knight, Frank H (1921), "Risk, Uncertainty and Profit"; Boston

[14] Audretsch, David B., Thurik, Roy (2001) See also Freeman and Hannan (1989) "Organisational Ecology", Cambridge: Harvard University Press.

[15] ibid., p 21

[16] ibid., p 4

creation to the participants. The entrepreneur is the individual (or team) that identifies the opportunity, gathers the necessary resources, creates and is ultimately responsible for the performance of the organisation. [17]

In a similar vein the OECD has proposed that:

Entrepreneurs are the agents of change and growth in a market economy and they can act to accelerate the generation, dissemination and application of innovative ideas…Entrepreneurs not only seek out and identify potentially profitable economic opportunities but are also willing to take risks to see if their hunches are right.[18]

A definition of entrepreneurship tends to be a best practice of whatever is held to be the function of the enterprise and the entrepreneur. As there is little consensus on this, there is little consensus on what actually constitutes entrepreneurial activity or entrepreneurship. There is no generally accepted definition by OECD countries.

As the entrepreneur is the *elan vital* of the enterprise, much has been made of the attributes of the successful entrepreneur. It is often claimed that they are, for example, driven, vigorous, confident, persevering, determined, energetic, resourceful, risk-takers, versatile, creative and so on. None of these attributes are unique to entrepreneurs. They can apply to a wide range of successful people, from top singers, to top tennis players, generals, artists or CEOs of companies such as IBM. The possession of these traits has not been demonstrated to be either necessary or sufficient in order to be successful at enterprise.

No investigation of these supposed entrepreneurial traits is undertaken any further. It is argued that a successful entrepreneur is not an endangered nor even a rare species. It is likely that the general encouragement of drive, ambition, problem solving and confidence, such as is already expected from New Zealand schools, will enable individuals to be successful entrepreneurs. It is also recognised that pure profit seeking is not the only motive of individuals who go into business. Recognition, independence, pressure from the peer group, and of course, pressure from culture, are equally important. Thus, profit seeking is not the only thing that matters when considering or evaluating enterprise and policy. If the ambition of any investigation into the qualities of the entrepreneur is to explain *why* individuals choose to be entrepreneurs, so these sort of people may be fostered, or indeed, created, it is suggested that this question is added to the list of questions on why individuals choose to be, and like being, painters, composers, writers, accountants, tyrants; and these may well be answered in time.

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[17] Carton, R.B, Hofer, C.W., & Meeks, M.D. (1998). "The Entrepreneur and Entrepreneurship - Operational Definitions of their Role in Society". Paper presented at the annual International Council for Small Business conference, Singapore.

[18] OECD (1998) "Fostering Entrepreneurship"

The role of the entrepreneur is blurred by the tendency of modern enterprises to be not necessarily managed by the owner, nor owned by the manager; and neither owner nor manager necessarily bear the risk, although any variation of these three elements in an enterprise is possible. A common feature of modern definitions of enterprise is that the enterprise is developing something new, a new innovation, or line of business, or product, or service. It should be noted that 'new' is not necessarily *totally* new. It can be new just for the business, or new just for the industry, or new just for the country, or new globally.

2. Culture

Despite New Zealand having relatively high numbers of small enterprises, high levels of entrepreneurial activity, and high proportions of individuals who own their own business, there is considerable debate on whether the New Zealand culture is indeed an 'enterprise culture'. Unfortunately it is not a debate well grounded in theory, and nor is it precise on what exactly is entailed by the claim that a county ought to have an 'enterprise culture.' Culture (other than the arts) was once a subject of debate under the headings 'national character,' or 'core values,' and what the 'national character' or 'core values' of a nation might be seems intuitively obvious. They invoke ideas of typical attitudes, typical beliefs, typical behaviour, typical views of the nation's worth or glory, typical institutions.[19] In this sense, 'enterprise culture' may refer to typical attitudes, beliefs, behaviour, institutions, relating to enterprise. This does not, however, give us an indication of how to increase the amount of entrepreneurial activity, nor of how to improve the social environment for those who have enterprises. Nor does it answer the one really crucial question a promotion of enterprise raises, which is, obviously- would it work? And would the extant culture be an inexorable force? This requires an answer to the question of why and how culture and individuals interact; that is, *in what ways does culture form and influence the decisions of individuals?* -in this case: the decisions to do with enterprise.

The current discussion within New Zealand on enterprise culture and reasoning for a promotion can arguably be summed up with the following extracts:

> *We enjoy success and its consequences especially in sport and cultural activities. We need to extend this attitude into all our activities so that we reward success and risk taking when applied to other endeavours.[20]*

> *New Zealand has to want to grow – it has to want talented people to succeed, it has to provide the environment that makes success possible and it has to allow talented people to enjoy the fruits of their success.[21]*

> *Industry New Zealand, in a recent study, concludes that business and the economy is not a high interest subject for most New Zealanders. 90% of respondents felt that business was only good as long as it contributed to a community's wellbeing. Most expressed admiration for those who ran their own*

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[19] see for example Inkeles, Alex (1961), "National Character and Modern Political Systems in Psychological Anthropology"; approaches to culture and personality, Dorsey Press.

[20] SIAC – Innovation Stocktake, p8.

[21] L.E.K. Consulting, New Zealand Talent Initiative: Strategies for Building a Talented Nation (2001) p25.

businesses, but nearly a third were not in favour of celebrating the success of business.[22]

These extracts beg questions on why we should celebrate success, why we should reward risk-taking, why New Zealand has to want to succeed and why it should *provide* an environment in which success is possible, and why attitudes toward business matter? What has any of this to do with the level of entrepreneurial activity in New Zealand?

In the enterprise literature, one argument for the linkage of behaviour to entrepreneurial activity claims that the level of entrepreneurial activity is tied to the 'demonstration effect.'

> *Entrepreneurial activity involves not just the firm or individual responsible. Rather, others will observe this activity and the results of entrepreneurship. Other people learn that entrepreneurship is a viable alternative to the status quo. As a result of this demonstration effect, others will be induced to also develop entrepreneurial strategies. Thus, there is a compelling positive externality associated with entrepreneurship, particularly in areas with no strong entrepreneurial traditions.[23]*

Is this demonstration effect simply copying by individuals? Certainly, Veblen argued that copying is important in economic behaviour:

> *With the exception of the instinct of self-preservation, the propensity for emulation is probably the strongest and most alert and persistent of the economic motives proper.[24]*

Individual behaviour is not just acquired by an individual's own efforts at learning or reasoning, but also comes from copying the ideas or behaviour of others. Selecting from alternative behaviours by a cost benefit analysis using payoff-relevant information, or trial-and-error learning (even taking bounded rationality into account), is not the full story behind behaviour and behavioural change. Culture, as a sum of the ideas or behaviour of individuals, is an influence on individuals. How much and why is the question that needs to be answered.

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[22] The research also reveals that there is little understanding of what brings about economic success, a low level of interest in business and economic matters, a lack of enthusiasm for business success and a lot of negativity towards business. Those findings are based on a public-opinion survey of 1001 people and interviews with 120 teachers, conducted for Industry NZ by BRC Marketing and Social Research. The aim was to answer two key questions: Is business and the economy in general of interest to New Zealanders? and Does New Zealand have a business enterprise culture at present? After analysing the public-opinion survey results, BRC's answer to both was a definite: No. Industry NZ, Promoting a Business and Enterprise Culture in New Zealand: the research results. (2003).

[23] Audretsch, David B. (2002) p 48

[24] Veblen, Thorstein (1899), "The Theory of the Leisure Class: an economic study in the evolution of institutions". New York: Macmillan Company

To deal properly with the issue of enterprise culture in New Zealand, it is best to take a large step back and reconsider 'culture.' Explanations of culture are developing in work on theories of cultural evolution.[25] Evolution plays a central role in biology, and it is held to play an equally important role in understanding culture. It is argued that "the ultimate explanation for cultural phenomena lies in understanding the system of cultural and genetic evolutionary processes that generate particular cultural phenomena."[26] Evolution is necessary for answering biological questions, questions to do with the origin and development of species. It is also necessary for answering cultural questions.

Considerations of culture are also necessary due to the very nature of the decisions facing individuals with regard to enterprise. It has been argued that,

> *Frank Knight made a fundamental distinction between risk and uncertainty. In the case of the former, probability distributions of outcomes could be derived with sufficient information and therefore choices could be made on the basis of that probability distribution. But in the case of uncertainty no such probability distribution is possible and in consequence…no theory can be formulated…and…economic reasoning will be of little value….Therefore the central questions that confront economists are…how and why do [humans] develop theories in the face of pure uncertainty, what makes those theories spread amongst a population or die out, and why do humans believe in them and act upon them?[27]*

Economics traditionally viewed social behaviour as an aggregate of the results of individual choices made by each individual. Individuals are assumed to have a given set of preferences and beliefs, whereby the preferences explain how outcomes are ranked, and beliefs explain the connections individuals make between action and outcome. Behaviour emerges as people rationally choose the actions that produce the best mix of outcomes. The aggregate of these choices is then called social behaviour, but the individual is still the fundamental unit of analysis. The problem with this approach is that all that can then be said about an individual is that they have a set of preferences, perhaps a set of standard or typical preferences. This can not explain the distribution and flow of information within a group. It can not explain why some preferences are standard, why some people have one set of standards and not another set, why groups of people have a certain set, why a particular set remains standard, how it changes, nor how it might be changed.[28]

A set of standard preferences is not a population-sized coincidence in reasoning, it arises because people imitate each other. One of the principle determinants of behaviour is the imitation of whatever others are doing or

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[25] See for example the work of: Richard Lewontin, Donald Campbell, Richard Dawkins, Boyd and Richerson, Cosmides and Tooby, Bill Wimsatt, Kim Sterelny.

[26] Richerson, Boyd (2002), chapter 7, p 1.

[27] North, Douglass C. (2000)

[28] Richerson, Boyd (2002), Chapter 1.

believing. Individuals are influenced by culture to the extent that acquiring behaviours is usually not done with any cost benefit analysis of the aspect of culture and its alternatives- but by imitating, by seeing what others are doing or believing, and then just copying them. Thus culture is not an aggregate of individual behavioural choices but is a cause or determinant of individual behavioural choices. This makes it imperative that any consideration of individual behaviour looks closely at the group to which they belong and the forces of culture; and in this sense the study of evolutionary culture is the study of the decision-making of individuals as determined by the forces of culture, and by the inheritance of the culture of the group.

Some economists and economically-minded anthropologists argue that underlying socio-cultural evolution are individuals transmitting behaviour resulting from their own cost-benefit decisions. They argue cultural transmission replicates the existing distribution of behaviours, beliefs and so on, and change in behaviour does not result from transmission itself, but from the cost-benefit evaluation of alternatives.[29] It will be argued that individuals tend to just imitate what others are doing, without any cost-benefit analysis, and so transmission accounts for cultural evolution.

In economics these sorts of questions are the focus of 'behavioural economics,' a developing body of economic theory which takes culture and cultural evolution into account, and which has links to the other behavioural sciences, which includes anthropology, sociology, behavioural psychology, philosophy, politics, evolutionary biology and cognitive science. Another economic theory, namely evolutionary economics, attempts to explain economic behaviour in the light of theories of evolutionary biology. However, it tends to move directly from theories of evolutionary biology to theories of behaviour, routine, decision-making, institutions, that is, theories of economic culture, using genetics and natural selection to explain them. Evolutionary theories of culture are not exactly the same as theories of evolutionary biology; genetics and natural selection cannot be simply mapped onto the flow and distribution of information, and any consequent behaviour. Culture and cultural evolution have important aspects that genetics and genetic evolution do not- and vice versa.[30]

> *Cultural change is an evolutionary process, but one with many deep and important differences in fundamental machinery from that found in biology- a massive multi-faceted and deep problem, which invites careful thought both about cultural processes, and about why evolution (and our theories of it) work as effectively as they have in biology.[31]*

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[29] Henrich, Joseph (2000), p 7

[30] Boyd, Richerson (1985), p 4.   See also Richerson, Boyd (2002), Chapter 1, p 6

[31] Wimsatt, W.C (1999), p 279

Culture is important, and without an evolutionary study of culture, it is hard to deal with this empirical fact. Enterprise is linked to culture because it has been recognised that culture bears on the choices, preferences, behaviour and actions of individuals to do with enterprise. If a society wishes to understand the behaviour and choices of its individuals, or why the society has many who start enterprises, or why it has many more who do not, and how to influence these preferences, it needs to look at the population, and at its culture.

A promotion of enterprise culture

A brief note on the two possible aims of a promotion of enterprise culture is worth mentioning at the outset of the investigation into culture. A promotion can focus on individuals, and aim to increase the levels of enterprise in society, by encouraging more to attempt enterprise. It can aim to reduce the numbers of those who are negative toward enterprise. These can be distinct aims- a promotion can run a campaign to promote enterprise, or it can run a campaign to tackle the specific cultural beliefs and so on of New Zealand that bear negatively on enterprise. The latter may or may not be necessary for the former to be successful- it depends on the set of culture of New Zealand. However, as will be seen, the culture of New Zealand is unlikely to be homogenous, and a promotional campaign will probably augment the numbers at least enough to justify attempting it.

A promotion can focus on institutions, and aim to improve, redesign or add institutions, laws and so on to foster and aid enterprises and individuals trying to establish, run or improve an enterprise. A focus on institutions is essential for the success of a focus on individuals, and institutions are a part of the culture of a group, but their improvement etc is not the primary focus of the following discussion.

A promotion may need to determine how best to tackle firms in order to improve them or develop them. Are they to be considered as institutions, or as groups of individuals? Can people change firms from within, as they might change opinion, or is it the case that opinion-changing is not enough - must the structure also be changed?
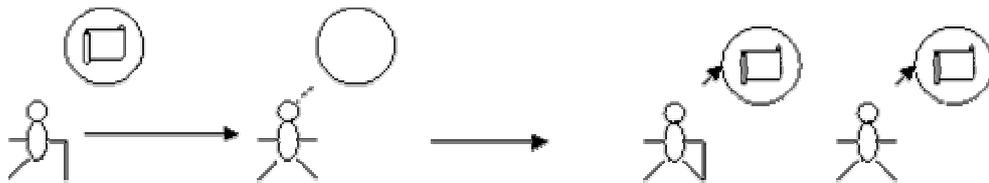
What Culture Is

Defining Culture

'Culture' broadly defined is the *description* of the information and its expression shared within a group - the set of all ideas, values, practices, language, norms, beliefs, behaviours, technology, institutions a group shares. None of these are necessarily useful, functional or adaptive - they can be irrational, contradictory, superstitious, useless, wrong, or dangerous. 'Culture' narrowly defined is the set of all ideas, values, and so on, *shared and transmitted* (non-genetically) within a group. They are shared and transmitted between individuals of the same generation and between generations. Each aspect of the culture of a group thus has a causal chain of transmission from individual to individual, where the causal descendants of an idea and so on

resemble the original idea in content.[32] This resemblance is not always exact, transmission can modify culture.

It can be seen that the wide and narrow definition have the same breadth of what counts as cultural. To be cultural is to be *anything* that stems from the minds of individuals - from drawings to laws, games to political systems, from norms to financial rules, beliefs to science and so on - *which is then transmitted to other individuals*. So English, *The Wind in the Willows*, hopscotch, tort law, physics, stories, cooking styles, marriage rituals, are cultural because individuals learn about them from other individuals - such as their parents, or their peers; or from institutions. They are transmitted between individuals; *thus* an individual comes to know of them. So what culture is, is in part what it *does.* Transmission impacts on the individual. An individual's beliefs, ideas, knowledge, behaviour, preferences can arise not just from within the mind of that individual, but can come from another individual, who in turn received it from another individual. In other words, that an idea, value and so on is shared and transmitted, from generation to generation, by individuals of a group, is what makes it part of the culture of a group, not what sort of idea, institution and so on it is.

The transmission of culture from one generation to the next results in behaviour, action, and beliefs and knowledge in the second generation which is a close replication of the behaviour, action and beliefs and knowledge of the first generation. This transmission leaves the second generation of the group a close or fairly close model of the first generation of the group. 'Culture' narrowly defined is thus a cause of and an explanation for an individual of a group having or holding certain ideas, values and so on. It is this narrow sense of 'culture' which will be explored further. Hereafter, ideas, values, practices, language, norms, beliefs, behaviours, technology, institutions, laws, rules, etc. will be called simply 'aspects of culture' or 'culture.'

Culture is the set of information which is *shared and transmitted* between individuals and between generations of individuals.

Human culture and imitation

Many animals acquire behaviour through social learning, but their ability to acquire novel ideas, behaviours and so on, by observation or 'observational learning' is extremely limited or non-existent, depending on the animal. The acquisition of behaviour by animals is usually by each member of a group learning individually, they learn or discover behaviour by themselves. If they

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[32] Sperber, Dan (1996), pp 1-8, 99.

do learn from each other, it is limited in complexity, and isn't more than they could have learnt on their own.

Human culture involves learning by observing and copying or imitating other individuals (and so it also involves teaching). Individuals copy or imitate what they see around them - the behaviour, expressed attitudes or beliefs or ideas of others. Humans can learn more than they could discover for themselves, and it is argued to be due to observational learning.[33] Thus culture can accumulate and become extremely complex.[34] We can learn, for example, how to tailor and sew clothes from a tailor. We do not have to work it out ourselves or teach it to ourselves, nor invent needles or scissors or sewing machines or cloth - nor invent the machines which build sewing machines, make needles, or weave and dye cloth. Having to do that would of course render impossible the development of a tailoring business or fashion label by most individuals. Consequently, while making needles, weaving and dyeing cloth, building sewing machines are aspects of culture, an individual need not learn all of them in order to benefit from them. Individuals can learn parts of culture. (Although some aspects of culture do require others, such as reading requiring language, trigonometry requiring algebra.)

The OECD in *Entrepreneurship and Local Development* suggests, "the diffusion of entrepreneurship appears to involve an element of imitation. If this is the case, a lack of entrepreneurial role models may have important repercussions in local economies."[35] It cites evidence from the U.S that wives are more likely to become self-employed if their husbands were also, and that entrepreneurs are more likely to come from families which have experience with self-employment. However the OECD is not convinced that this is not more to do with "the transfer of skills," than imitation,[36] but as argued in this section, imitation is about skill transfer.

A promotion of enterprise culture can take advantage of this manner of the transmission of culture by exposing as many individuals as it can to the idea (and skills) of enterprise. The media is a perfect mechanism for this.

Public transmission

Culture is essentially the transmission of ideas and so on from individual to individual, from *mind to mind*, but the culture of a group is not just transferred directly from an individual, such as from a tailor to her apprentice, by the apprentice copying the tailor. With writing and printing, film and painting, digital storage, culture can also be stored separately from the minds of

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[33] Boyd, Richerson (1996)

[34] Boyd, Richerson (1995), p 8

[35] OECD 2003, p 50

[36] OECD 2003, p 51

individuals.[37] Culture is thus not just in the mind, but exists independently of individuals. Individuals can learn culture by the imitation of information which has been stored in some *public expression* of culture,[38] so the transfer can be via these public expressions as *public mechanisms* of transmission.[39] Public expressions include art or literature, cinema or television, music and the like.

Individuals also inherit the political, legal, financial, educational, religious systems and institutions of previous generations. These institutions and institutional structures routines cultural transmission[40], and attempt to transmit at least a minimum set of culture which the society (or policy-making body) expects or wishes all individuals to have. Individuals learn culture from these institutions, and parents do not have the responsibility of some sort of 'complete' transmission of culture to their children. In this way, while the expressions of culture, such as government, came at one time from minds of people, they are now processes or mechanisms or transmission. Modern individuals are born into already constructed social, political, legal, economic, financial 'environments.' These institutions are an important source of culture and cultural learning, or socialisation, and therefore have a considerable impact on individual behaviour, beliefs and decisions.

Culture and the mind

As culture is the acquisition of novel behaviours through observation of others, or interactions with public expressions of culture; and the subsequent transmission to others of that learning, the culture of a group is distinct from an individual's privately generated learning, beliefs, fantasies, fears, intentions. (It is distinct by origin, but is not literally stored and accessed separately in the brain.) As such, a distinction can be made between *installed* culture, derived from cultural learning, and *generated* information: ideas, values, intentions, and so on, derived from individual learning and reasoning.[41] It is when generated information is transmitted that it becomes cultural. This entails that culture ought not to be used as an absolute excuse for behaviour, as individuals are capable of judging, thinking, learning, 'figuring things out' for themselves.

A distinction is also made between an individual's cognitive psychology or cognitive capacities and culture.[42] Cognitive capacities are the capacities all individuals have because they are human - because of the brain humans

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[37] Boyd, Richerson (2002) chapter 3, p 6

[38] Wimsatt (1999) pp 5-6. Sperber (1995) p 32

[39] Wimsatt (1999) pp 5-6

[40] Gintis, Herbert (2003)

[41] There are other descriptions of this. Sperber, for example, calls this distinction the intuitive-reflective distinction.

[42] Boyd, Richerson (1985) p 4. Sperber (1996), p 33

have. For example, the size of short-term memory (working memory), the modularity of perception, heuristics for reasoning, are held to be universal for humans. Cognitive capacities, and the generated ideas and so on, will impact both on the culture of a group at a time, and on the transmission of that culture to the next generation.[43]
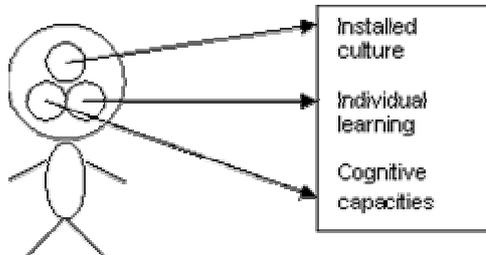
An individual's installed culture, their generated learning, ideas, values, and so on, and their cognitive capacities are held to be distinct. These may be in conflict, causing tensions between an individual and the culture of the group to which they belong.

Culture vs. the Individual

The previous sections raise four important questions a promotion of enterprise culture needs answers to, all of which are on the theme of what actually goes on in transmission.

- Is culture just poured from one head to another?

- Do individuals just randomly imitate from randomly selected individuals?

- Is the transmission of culture just the transmission of individual learning as a result of some sort of cost benefit analysis?

- How much choosing or filtering can people do in the course of transmission?

- Does culture win out over generated ideas and individual learning?

Solutions to these questions come from the three different ways an individual and its culture interact. In the first, individuals just absorb culture. Culture is like an installed programme, giving and determining individuals' behaviour and action, beliefs and preferences, and thereby their inventions, art, technology, laws, institutions and so on. The individual (and society) in this sense just is the sum total of its culture. The second type of interaction is where an individual chooses amongst variants of culture, thus playing an active filtering role in the installation of culture, and transmits the results. In this sense the individual is a jigsaw of parts of its culture, and culture is altered by the process. The third type of interaction is where an individual deliberately

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[43] Sperber (1996), p 113

modifies what they learn from culture with their own ideas or discoveries, or chooses between their own generated learning, beliefs, behaviour, action and so on, and what their installed culture is telling them. In this sense an individual is a melange of their culture and their own learning, thinking and so on. In summary, the interactions are:

- Culture determines the beliefs, behaviour etc of the individual

- Individuals can evaluate culture and adopt certain aspects

- Individuals can meld or alter what they learn from culture, or choose between their private learning and what they learn from culture.

In reality, humans and their societies are a mix of these three, with each being the story for a different aspect of culture, or with each interacting in the acquisition of an aspect of culture. Differing groups may have distinctive mixes. Each of these distinctions, as a theoretical framework imposed on a very messy reality, [44] will be investigated in turn.

Culture makes the individual.

As children, individuals copy their parents closely, and in the process absorb their parents' culture, as well as their parents' genetically and environmentally determined behaviour. Parents also actively teach and reinforce certain behaviours, strengthening the inheritance process. Children, like older individuals, will also copy their peers, teachers and the media (which is a mechanism for mass transmission). These in turn, and especially institutions, teach and reinforce certain aspects of culture. As adults, they then transmit what they have inherited, especially to their own children, and the group maintains its culture. In this interaction, individuals inherit (not genetically, but in the sense of a transfer), rather than choose their views, they adhere to their culturally inherited beliefs, behaviour and so on, and ignore or dismiss opportunities for, or the dictates of, individual learning.

As a culture just is the set of ideas, values, practices, language, norms, beliefs and institutions shared and transmitted within a group, it matters whether culture is for or against something. It matters because culture is a cause of and an explanation for the ideas, beliefs, behaviour of individuals, and these are part of their decision-making process. Individuals will hold beliefs that *p* is bad if that is what the culture holds, for this will be the view they have inherited from other individuals of the group. Furthermore, if *p* was just not part of a culture, and never transmitted (and the culture was isolated from outside influences), only those individuals who thought of *p* for themselves would consider it. *P* may not be expressly forbidden by the culture, but the culture can be inconsistent with it, and so should outside influences bring the group into contact with *p*, it may not be accepted. So, clearly, it matters whether culture is for or against enterprise. It matters whether enterprise is an

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[44] Richerson, Peter. personal conversation.

activity considered or mentioned by the culture, or whether culture is consistent with enterprise.

It matters, but first it must be determined which group is under focus. Most nations are very large groups, and in such large groups cultures are not usually homogenous. In most nations the complete set of the culture of a country will not be uniformly for *or* against anything. For example, a distinction can be made between institutions, such as legal, regulatory, governmental, educational or religious institutions; and individuals. This distinction tracks variability and uniformity- institutions tend to be slow to change, are not always permitted by society to change at all, can only change by conscious effort, and they can be presumed to be internally consistent and reinforcing. Individuals are typically none of these. The distinction also tracks what culture each has, for individuals can have an aspect of culture the institutions of their group do not transmit or approve; drug-taking, for example, or speeding or truancy.

Distinctions can be made between individuals. The culture of a group such as Americans, for example, may well contain some aspects which are universal for the whole of the group, but there will be many aspects which are not universal, and which only some Americans have. Only individuals of northern states may have them, for example, and not those of southern states, or only New Yorkers, or only the upper class New Yorkers. In prohibition days, for example, the values of some were made law and drinking was forbidden, but there were still enough who wished to drink to make smuggling alcohol profitable. In other words, all variances within the culture of Americans are within the set called 'American culture,' but it would be wrong to think that therefore all Americans have them all. These variances may include really quite different ideas, behaviours and so on, and may also include alternatives of the same idea, or behaviour etc.

The clashes that have occurred in history are not just between countries over resources, but are often clashes within a country between alternative variances of one aspect of culture. The American civil war was an intra-culture war, the civil rights movement was an intra-culture movement. Both were over alternative views on the rights of black Americans: their right to not be slaves, and their right to have 'civil rights,' or in other words, their right to be treated the same as white Americans. In both cases individuals fought each other for the supremacy of their alternative variance of American culture. The French Revolution and the Glorious Revolution in England were equally battles between variances of cultural beliefs within the population. Thus culture is fragmental. The content of what is transmitted, the fragments of culture individuals learn, vary - there are no set units nor set combinations of units of culture.[45] Parts can be transmitted and others not; parts can be recombined in different ways.[46] Individuals will not typically learn all aspects of the culture of

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[45] Wimsatt (1999), p 283

[46] Wimsatt (1999), p 284

a group, if we map 'group' onto the larger distinctions we make within populations such as 'Western European', 'Americans' or 'American middle class'. Finally, culture can vary within a unit as small as a family, resulting in children getting conflicting or different aspects of culture from parents or siblings.

So it is important to be precise about which aspect of culture is for, against, neutral, or inconsistent with enterprise. As culture varies within populations of countries (hence the term subculture), to say country such-and-so's culture is not or has not *p*, is to say *no* ideas, behaviours and so on approving *p* are *ever* transmitted between any individuals, institutions, any subsets of population, or between generations of individuals, in that country. In ordinary usage, we say the culture of country such-and-so is not *p* when *p* is illegal or forbidden in that country. A culture could be emphatically, expressly against enterprise, by it being illegal, or being deliberately stopped, via financial, religious, or commercial rules, for example. Individuals would be likely to reflect this institutional stance, and their ancestors' beliefs will be the originators of it. It is certainly unlikely many individuals belonging to that culture would take a stand against culture in order to start an enterprise (but this is not the same as saying no individuals ever believe or transmit ideas favouring enterprise, but it is to say that it is highly unlikely). This is not the case for New Zealand, enterprise is not illegal, forbidden or deliberately stopped. However there may be individuals who are expressly against it. A culture could be expressly positive toward enterprise, by its institutions and large majority of individuals encouraging and specially aiding it. New Zealand has some institutions which do this - Trade and Enterprise New Zealand being one. It is likely to have individuals who do this also. A culture could be neutral toward enterprise, by institutions and individuals being neither expressly for it nor expressly against it.

A neutral culture is one where a new idea can be adopted because nothing in the culture really bears upon it. For example, the horse was introduced to American Indians by the Spanish around 1650.[47] Many tribes adopted it, and they poured out onto the plains, in some cases abandoning village existence and farming, and evolved entirely new economic and social systems, based on life on the plains and horses, within twelve generations. It would seem that nothing in their culture said anything about close prolonged contact with animals, or life on the plains. Another example is the adoption of the motor car - nothing in American or European culture said anything about riding about in machines.

While individuals would not be prevented from enterprise by a neutral culture, such a culture is not consistent with a promotion of enterprise. Such a culture could be fairly easily changed however, by adding laws, rules, instruments, measures, or programmes, which visibly and actively encourage enterprise.

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[47] Boyd, Richerson (2002), chapter 2 p 21

The culture of a group could be such that the culturally installed behaviour, ideas, beliefs, actions of an individual, and/or rules, laws and institutions, are just not consistent with also being entrepreneurial. The culture is neither expressly for nor against enterprise, but is simply not consistent with or conducive to enterprise. A culture inconsistent with enterprise may have a lack of finance options or impossible regulatory burdens. It may have restrictions placed on growth by small business owners. It may have individuals discovering that beliefs about appropriate activity or behaviour happen to impact unfortunately on their wish to be or being entrepreneurs. Parents may encourage their children to be doctors or lawyers, for example, and to seek security of income. A culture can be inconsistent with enterprise by impacting on what sort of enterprises are undertaken, or on the way they are undertaken.

Colonial Nigeria is an example of how culture can affect enterprise, by simply being consistent or inconsistent with enterprise.[48] The Ibo of Nigeria were able to take quicker advantage of Colonial Nigeria's modernising economy, than other tribes, because of the Ibo's existing social structure. Ibo society emphasised individual achievement where other tribes emphasised hereditary status. Status based on parentage alone (aristocracy) is typically inconsistent with status based on individual merit (meritocracy), and private ambition must be discouraged. As a result, other tribes fared badly in adjusting to the rise of a market economy in colonial and postcolonial Nigeria, and the Ibo had a large head start.[49] A similar argument has been made in explaining "striking entrepreneurial achievements" of rather simple Melanesian societies, compared to seemingly sophisticated Polynesian societies in the same region.[50]

A study in Illinois in the United States, of farmers and farming practice, shows similar evidence of the effect on enterprise of an inconsistent culture. Illinois was settled in the 19th Century by immigrants from different parts of Europe; today the differences in dress or language are gone. Farming practices however, are still substantially different, in spite of similar soil, rainfall and so on, because of the difference in beliefs about farming and family, of different immigrant groups. Those of German descent: 'yeomans,' emphasis farming as a way of life, and they want their family to carry on farming, and preserve the family farm from one generation to the next. They almost never sell the farm, even when they might do so for large profit. Wills specify the farm goes to the child who will farm the land, and they must buy out their brothers and sisters who do not. Parents pressure their children into becoming farmers, and do not place much importance on education.

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[48] Boyd, Richerson (2002) chapter 3, p 9

[49] ibid.

[50] Boyd, Richerson (2002) chapter 3, p 9

The area was also settled in the 19th Century by people from other parts of the United States. Their 'yankee' descendants view farming and their farms as a profit making business. They buy, or rent land, depending on the economic climate. If the price is right they sell. Selling for lots of money is applauded as sensible, because really very large profits just can't be made by farming. They are happy for their children to continue farming, but they do not pressure them to do so, and they value education. The yankees' farms are twice the size of the farms of the yeomans'. Yankees aggressively expand their operations by renting, the yeomans farm the land they own. The crops each farm differs. The yeomans mix grain production with dairy or livestock. Yankees specialise in grain production, because that way they can make more money from the land, and with less work.[51]

These examples show the effect a culture can have by simply being inconsistent with enterprise. Individuals consider whether an idea or behaviour is consistent with their culture, and if it is not, they reject it. The Ibo of Niger maintain a culture which happened to be consistent with the new market economy; whereas the yeoman farmers do not. The yeoman farmers also show how countries vary. As a subset within the larger group of Americans, they have their own methods and views on farming distinct from other practices in America, and actively discourage their children from varying these practices. Their children, then, face their greatest opposition to any other, more entrepreneurial behaviour from their own family.

New Zealand may well have a culture that is not consistent with or conducive to enterprise. As New Zealand is a large group, and a diverse group, it is unlikely all New Zealanders share all aspects of New Zealand culture, so there are probably those who do have an enterprise culture, or a culture consistent with enterprise, and there are probably those who do not. Those who do not may be in pockets: communities or families, or perhaps religious groups. Obviously, as children learn their culture first from their family, the attitudes of their family will have a great impact; as the attitudes of the yeoman farmers do on their children. Their community and religion will also have an important impact.

While the institutional aspects of the New Zealand culture, such as the regulatory, legal, financial, or political culture, which are inconsistent with enterprise, may be amended, a propensity by individuals to reject ideas inconsistent with culture does not lend much hope that individual attitudes or beliefs can be changed. If the promotion of enterprise culture aims to raise the numbers of enterprises and entrepreneurs, this is a problem.

One solution is to target individuals while they are still acquiring much of their culture- while they are young and are in school, and try to instil beliefs and behaviours consistent with enterprise. Another solution is to try and structure

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[51] Boyd, Richerson (2002), chapter 2, pp 3-5

a promotion within the culture of New Zealanders - which would need to be determined. If, for example, it is determined that New Zealanders are independent, and leisure seekers, enterprise can be shown as giving freedom and, say, travel, and travel as they please. If New Zealanders are risk-seekers, enterprise can be shown as exciting and challenging. If New Zealanders are ambitious, enterprise can be promoted as making one successful and rich. And so on. Another solution is of course to remember that it is just not the case that individuals are entirely programmed by their culture, or never follow ideas of their own, or that culture never changes. This, and how it benefits a promotion of enterprise culture, is discussed in the next two sections.

The evaluation of cultural variants.

The transmission of culture is not automatic or inexorable. Culture does not simply pour into individuals' heads. Individuals discriminate between variants of ideas, values, behaviours and so on and choose which to transmit, which to adopt and which to reject.[52] This is not to say that individuals can actively choose all the aspects of culture which make up their transmitted or installed culture, many are transmitted or adopted without awareness or consideration.

Individuals can be exposed to variants of culture, because, for the very reason explained in the previous section, culture is not homogenous in groups, especially large groups; it can even be not homogenous in the one family. What is interesting about the evaluation of variants of culture is that there is no cost-benefit analysis of the utility of the variant of culture against other variants; and individuals do not simply imitate random things from random people. Instead, individual cultural learning shows biases.[53] A bias is a predisposition to adopt some aspects and not others of a culture, following a set of guiding criteria which have evolved in humans, culturally and genetically. Individuals evaluate along certain pre-existing lines a variant of culture to which they are exposed, and then imitate only certain ones. Biases play an important role in the evolution of culture because biases increase the frequency of the culturally transmitted variant that is favoured by the biases.[54]

Gaining a cultural variant because of ones biases is called *biased transmission,*[55] (and also 'cognitive algorithms' and 'cultural selection') and functions where there is incomplete information, or where information is costly to acquire, and where there are variants of culture to choose among.[56] Three biases argued to be the most important are called 'direct bias', 'indirect bias'

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[52] Boyd, Richerson (1985), p 132 and chapter 5 generally

[53] Henrich, Joseph (2000), p 9

[54] Boyd, Richerson (1985), p 137

[55] Boyd, Richerson (1985), pp 132-133

[56] Boyd, Richerson (1985), p 136. Where individuals choose which aspects of culture to transmit, it is called *biased modelling*. See Boyd, Richerson (1985) p 144-145.

and 'frequency-dependent bias'.[57] These may well be divisible into a more elaborate taxonomy, but work in this area is ongoing.

Direct bias shows where individuals accept a variant because of its content, following certain guiding criteria. The variant may not actually enhance the fitness of the individual, and it may even be maladaptive.[58] Guiding criteria are things such as preferences, the senses, goals, or cognitive aspects such as ease of remembering. As far as the individual is aware, variants of culture are adopted just because there is something about it which appeals to an individual, and they may not think deeply about why. Direct bias is for example, where someone drinks champagne at a party because when they see someone drinking champagne they decide to try it, and they find they like the taste. It is not a direct bias where someone sees someone drinking champagne so they try it, and then ask whether there is anything else, and try those, and then decide. This is *individual learning*, and is the third interaction to be discussed, along with *guided variation*, deliberate changes to the culture individuals inherit or adopt (these two are thus also the processes whereby individuals decide following all this that they need to invent a new drink). In direct bias, a person copies, but copies following criteria. They drink champagne simply because it is what they see someone else do *and* because it conforms to their personal guiding criteria.

Indirect bias (or prestige bias) shows where individuals imitate individuals they see as successful or prestigious or whom they admire. Individuals who admire someone (called a *model*) because of a trait, such as being a film star, or a famous musician, or having an expensive fast car, then copy the model's other traits without further bias.[59] Individuals use the success or prestige of other individuals as the means of evaluating a variant of culture, rather than evaluating the variant itself. The variant is seen to be successful just because a successful individual has chosen it, even if the reason individuals admire the model is not caused by the use of the variant in question, and even when the individual does not know the actual reason the successful individual has chosen the variant, which makes the variant work for the successful individual, but not for them. Individuals copy the dress or hairstyle of a star, even though the dress or hairstyle is not why the person is a star, and even if the dress or hairstyle is acceptable for the star but not for the individual.

Finally, frequency-dependent bias (or conformist bias) shows where an individual chooses the most commonly used variant, the variant of the majority, or, where they choose the least common variant, the variant the majority of the group does not express - they choose not to conform to the group. Individuals use the frequency of behaviour as a measure of its quality.

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[57] Substantiated by cross-cultural ethnography, laboratory psychology and theoretical evolutionary modeling. See e.g. Boyd, Richerson (1985); Henrich, Joseph (2000*)*; *"Bounded Rationality; the adaptive toolbox",* Cambridge: The MIT Press, pp 344-359

[58] Henrich, Joseph (2000), p 9

[59] Richerson, Boyd (1997), p 16

As can be seen these evaluations are not necessarily evaluations of the variant itself with a cost-benefit analysis: the information which determines the evaluation can be not directly related to its actual costs or benefits at all; nor does the process involve the imitation of evaluation information. Instead, individuals copy ideas or behaviour which happen to appeal, which they see the majority have chosen, or which they see certain others performing or believing.

Biased transmission is one of the forces of cultural evolution, because it alters the frequency of traits in a group.[60] However they do not operate with the same strength, it is thought that the direct bias is weak force, weaker than the other two. A bias need not be strong to for culture to evolve. Even a weak bias can cause a rare variant to increase to a high frequency in a few tens of generations.[61] Biased transmission is probably the process which takes place when a new idea is presented to a culture neutral on it, but it is powerful enough that it is the predominant process by which aspects of culture are rejected for a new idea; thus it is the predominant force in behavioural change.[62] Thus individuals are indeed likely to accept a new idea, and are even more likely to do so, if it happens to be introduced or pitched to them following the biases. However the variance in strength suggests that a promotion could focus on using the indirect and conformity bias, and not worry about the direct bias or having to determine what the guiding criteria for the direct bias are.

Advertising makes great uses of these biases (which is a good argument for their effectiveness), when it tries to 'inject' an idea or product into the culture of a population, or simply have it accepted by many of the current generation. Products such as Coca-Cola, for example, have been successfully 'injected' into culture, because parents and peers of each generation transmit it as an accepted beverage to the next generation. The direct bias is relied on in advertisements where the product itself is promoted as the best product, by explaining how it works best; or by claiming it fits the individual's needs as traveller, mother, teenager etc. Advertising which makes use of the indirect bias shows celebrities using the product, or an individual felt to embody what the target audience wishes to be. The newly prevalent 'viral advertising' makes use of this bias, and carefully selected individuals, selected because they are 'trendy' or admired, are paid to use a product around others, so the others emulate their choice, and without even realising they have succumbed to an advertising ploy. Advertising which relies on the frequency bias claims its product is used by more.

Studies of the diffusion of innovations provide empirical data that supports the three biases, and shows that the biased cultural transmission dominates

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[60] Richerson, Boyd (1985), chapter 5

[61] Boyd, Richerson (1985), p 138

[62] Richerson, personal conversation.

individual learning - and that it is the predominate force in behavioural learning.[63] The field of diffusion of innovations looks at how new technology or ideas are accepted by individuals: how they diffuse through and become distributed and stable in a population, particularly when they run up against contrary culture. It also provides empirical demonstrations of the introduction of a practice into a population and its consequent diffusion. There have been over 3000 studies on the diffusion of innovations, providing an enormous amount of data on the spread of a variety of practices, technologies and ideas through communities and countries around the world.[64]

In this literature, ideas, practices, objects that are perceived as new (whether or not they are in fact new) by an individual, group or organisation, are called 'innovations'.[65] Studies of diffusion show that if it is easy for individuals to accurately evaluate innovations, the direct bias shows.[66] If it is not easy, if the innovations are complex, difficult to understand, test or observe, or quite radical for individuals, then they tend to be adopted more slowly[67] and the other two biases show. Innovations are more likely to be adopted if individuals see others they respect using them, or many others using them.[68]

An example offered in the literature is that of the Peruvian government's efforts to introduce water boiling to Peruvian villagers and urban poor.[69] It instigated a two-year campaign in one peasant village of 200 families. The campaign managed to persuade 11 to boil their water. The local health worker, the medical doctor who gave talks on the health implications, and fifteen locals who were already boiling water, all failed to diffuse the idea of adding water boiling to the daily routine of the villagers. Failed furthermore in the face of serious water-born diseases affecting the villagers. Unfortunately, the campaign ran in the face of local villager theory on illness, which had hot foods considered appropriate only for the sick. Boiling water made it hot and therefore for the sick, and the norms of the village were against the well consuming hot food.

If the programme had made a better use of the biases, they may have stood a better chance of encouraging the individuals to reject their beliefs about disease. Boiling water was seen to be effortful, and boiled water tasted worse than unboiled water. This is an example of a direct bias at work. Individuals rejected a variant of culture which was seen to be less beneficial for them, in

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[63] Henrich, Joseph (2000), pp 12-23

[64] Rogers, Everett M. (1983) See also later edition: (1995), New York: Free Press

[65] Rogers, Everett M. (1983) p 11

[66] Boyd, Richerson (1985) p 167

[67] Rogers, Everett M. (1983) pp 230-232

[68] Rogers, Everett M. (1983) pp 223-226

[69] ibid. pp 1-5

that it took more work for them, and then gave a worse result. The health worker, as middle class and of the government, was not identified with by the lower social groups of the village, who therefore did not wish to emulate the practices she was advocating; the villagers she focused on were not respected socially by the other villagers, so they did not wish to emulate them. These are both examples of the indirect bias, where individuals determine the worth of a variant of culture by the 'models' or individuals that use it. As the models were not seen to be successful, or who the villagers liked or wished to be, individuals chose not to emulate their choice of variant. As only a very few of the people, who the villagers had daily exposure to, adopted the variant, the villagers choose to do what the majority did, and not boil their water.[70]This is the frequency bias, where individuals choose to copy the majority.

What it is important to note is that it is the biases as particular to the Peruvian villagers that matter. Their social status or suspicion of the government led to the health worker not being identified with - another group may in fact perceive government workers as successful, or admire them. Another group may reject the choices of the majority of a group, because they happen to see them as foolish, and so copy the minority, or because they tend to prefer to not conform to the group. A promotion will need to consider who New Zealanders consider successful, and what group certain New Zealanders identify with.

These ways of evaluating variants of culture are very likely to apply to choices individuals make in regard to enterprise. As its consequences are so uncertain, an accurate cost-benefit analysis of enterprise is very difficult, probably impossible, for an individual to make. If it is promoted to take advantage of a bias, it is much more likely to be accepted. The OECD *Entrepreneurship and Local Development*, notes the importance of the indirect bias and models. It argues that children are more likely to follow their parents into self-employment if they consider their self-employed parents successful. It also argues the commercialisation of scientific research brought about by an awards programme in the United States led to increased numbers of scientists attempting entrepreneurship; the OECD argues the programmes enabled the scientists to see the success of other scientists, so they imitated them.[71] It also mentions Mirandola, a town near Bologna, Italy, which has one of the largest clusters of biomedical firms in Europe, and it became so in thirty years. The OECD argues, "its development stems largely from the example [model] of a single entrepreneur who switched from working in the textiles sector to making moulded plastic products for local clinics."[72]

A typical and robust feature of the diffusion literature is the S-shaped cumulative adoption curve. The curve shows the increasing frequency of

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[70] Boyd, Richerson (1985), p 167

[71] OECD 2003, p 51

[72] OECD 2003 p 55

adoptions over time, and it is typically S-shaped. Innovations are adopted slowly at first, then speed up, and then level off. Analysing the temporal dynamics of individual learning and biased transmission processes shows that individual learning alone never produces the S-shaped adoption dynamics, biased transmission always produces it, and a combination of the two produces it only when biased transmission dominates. This analysis shows how important biased transmission is to the adoption of new behaviour[73]and how useful the findings on biased transmission would be for a promotion of enterprise culture.

If a promotion is designed around these biases- and truly captures them- it should spread in a similar way through the population. If, for example, there is no variant of enterprise for individuals to choose, a promotion can supply it. It can carefully pitch the promotion to tap the biases. The direct bias can be tapped given the preferences or other guiding criteria of New Zealanders. These will need to be empirically determined.

It has been argued that New Zealand needs to celebrate successful business people, because doing so sets them up as models for people to copy. Simply telling people someone is a person to be admired will probably not work, especially given the fact that there are doubts about whether New Zealanders admire business people. Models can be chosen whom New Zealanders already admire, for other reasons, and then it can be explained that that they also run their own business. A promotion can select models such as an All Black, or Sir Peter Blake, or Dame Malvina Major or whoever groups of New Zealanders do admire, and show that they also ran their own business, or worked for themselves, and so on. The conformity bias can be tapped by showing how many New Zealanders are already running an enterprise, and how people many around the world do so, or by showing all the unfortunates who are in tedious jobs, or the like, and by encouraging people to not go down this common path.

Individual learning and culture

This final interaction has three aspects to it. The first is where individual learning and cultural learning conflict. An individual's own learning, their generated ideas, beliefs, and so on, and what they learn from culture, can conflict because cultural and individual learning are often alternative ways of acquiring behaviour or information.[74] Either can offer information, or a solution, or direction, so, like clashing variances within culture, what an individual learns or determines for themselves, and the information culture supplies, may clash. The second is called *guided variation* and is where individual learning supplements what is learnt from culture, where individuals deliberately adjust what they learn from culture following what they have learnt individually. The third is called *non-social learning* and is where individuals

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[73] see Henrich, Joseph (2000)

[74] Boyd, Richerson (1985) p 97

carry out their own learning processes, such as trial and error learning, rational calculation, rules of thumb or boundedly ration 'fast and frugal heuristics'. This last can produce similar behaviour in similar environments, because each individual independently adopts the behaviour appropriate to that environment. The consequences of guided variation and non social learning can then be transmitted and become part of the set of culture of a group.

Whether individual learning or adjusted culture win out over conflicting culture depends on whether individuals choose culture over the results of individual learning or reasoning, or choose individual learning and reasoning over culture. If individuals choose the latter, they will dismiss any contrary culture and pursue or follow individual learning or reason. If cultural learning wins out, then individuals will ignore what they learn or reason for themselves and will follow the dictates of culture.[75] Culture has developed within human society because it is a useful or adaptive way to learn, it is a effective shortcut and a way of eliminating the risks of individual learning. By following culture, individuals do not have to think everything through for themselves, or learn everything for themselves, and can avoid costly errors.[76] Individuals also pass on their learning about ways to survive, to progress, and so on, and individuals who take heed of this cultural learning do better than individuals who don't. Thus to some extent culture just does win out over individual learning, but it does not always.

Models developed within cultural evolution theory show that culture will win out if cultural learning is more accurate, individual learning is costly, and if the environment is predictable- both in its staying the same and in its variability. If an environment changes too rapidly, culture will not keep up and individual learning becomes essential. If the environment changes in material ways, individual reasoning or learning will also win out - and will then become cultural. [77]

A way to deal with cultural learning, then, is to enable individual learning to win out over culture. This can be done by addressing the causes of culture wining out over individual learning, by helping individual learning be accurate, easy, and by demonstrating the environment has changed. Firstly, aspects of culture which are contrary to or inconsistent with enterprise could be shown to be inaccurate. Errors individuals make when establishing or running an enterprise could be limited or eliminated, and information on these errors and their limitation or elimination made public and widely available. Secondly, comprehensive information could be provided in very public ways, so any individual learning to do with enterprise is easy and rewarding. Thirdly, it could

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[75] Boyd, Richerson (1985) pp 81-82

[76] Sterelny, Kim (2003)

[77] Boyd, Richerson (1985) p 130. Sterelny, Kim (2003), see also Laland, Kevin N. (2002) "Imitation, Social Learning, and Preparedness as Mechanisms of Bounded Rationality" in *Bounded Rationality; the adaptive toolbox*, Cambridge: The MIT Press

be promoted that the economic environment has changed dramatically, and aspects of culture no longer accurately reflect this modern economic environment. A promotion of enterprise culture could, for example, show that enterprise is quite profitable, or offers more possibilities than just that of being a grocer or café or bar owner. If a promotion wishes individuals to seriously consider enterprise, it needs to ensure the environment does favour enterprise and does not discourage individuals.

In order to stem or deal with any consequences of guided variation, where individuals learn enterprise is not a good idea and transmit the results, a promotion can look to ensure enterprise is a favourable option. This will also be a way to negate unfortunate lessons from non-social learning, which can also be transmitted. Individuals will learn that enterprise is not a good idea if they learn that all that is required for it, or all that enables it to be successful, is absent from or unavailable in New Zealand. Obviously, it will not look like a good idea if it is penalised or actively discouraged. But nor will it look like a good idea if the factors that matter for enterprise, such as capital, labour, technology, the right infrastructure, the right regulatory, financial and legal environment are absent. If individuals learn that enterprise is discouraged, that it is too hard to set up a business; that they can't access technology; that it is too little profit for the work; that it is difficult to find, hire or employ staff; or that they bear the risk with an added burden from the regulatory environment, they are then likely to reject it. If there is little information available, for them to easily determine whether enterprise might work; if they see there is little help for them to avoid making terrible errors; if any consequent failure will be economically devastating or not legally or socially tolerated; or if they cannot see that the commercial world or economic climate is favourable; individuals are also likely to reject enterprise.

Another way to deal with tension between individual learning and cultural learning is to generally promote a liberal culture and not a conformist culture in New Zealand. This assumes that New Zealand is not already a highly entrepreneurial culture, because then a conformist culture may be preferable. Not being a highly entrepreneurial culture, a culture where variety is accepted is preferable, and indeed, ensures risk from any risky business ventures is spread among the population. Conformist cultures typically have strong and even severe enforcement mechanisms to ensure culture is not challenged. Liberal cultures are those which tolerate and even encourage individual learning over cultural learning. To promote a liberal culture, punishments, either social or governmental, for individual learning that contrasts with any aspect of the culture of a group (within reason, i.e. not those which approve of bodily or property harm to others, for example), can be eliminated. Support for alternative and not 'mainstream' fashions, music, art, literature, or life styles, can be provided, to encourage a culture where individuals are prepared to investigate and follow their own ideas, learning and so on. In this way, a group can show it does not mind if individuals prefer their individual learning to that of the culture of the group. Then individuals may also feel they can choose to start an enterprise, simply because they wish to, and will know to ignore any who discourage it.

Important Points to Note on Culture, Environment and Individuals

An effective promotion of enterprise culture will consider the nature and structure of beliefs.

An important point to note is that identifying which aspects of culture are actually bearing on an individual's perspective on enterprise, matters, if aspects of culture contrary to or inconsistent with enterprise to be addressed. This may not be easy, and may be made harder by the relevant aspect of culture being not at all obvious. It might be, for example, that New Zealanders prefer to leave New Zealand and live abroad, in the years when they could be building their own business. This attitude is not against enterprise per se, but is a choice which is incompatible with enterprise. It can also be hard to determine which aspects of the beliefs and so on of individuals are cultural or are due to individual learning, or genetic tendencies (such as instincts).

The structure of cultural beliefs, practices and so on, held by an individual, is not only as a web, where some can be torn away but all the others remain, and any can be added, but is as a layered web, showing sequential dependence.[78] Individuals form layers of culture. Some aspects are required in order to acquire others, some are required to facilitate others and some can be held only if others are also held.

The last sort of belief is a foundational belief, a belief which plays a foundational role for other aspects of culture, and so is fixed, entrenched, and is very difficult to change or remove.[79] The fight in England, for example, for women to have the vote was not a simple fight for universal franchise, but was a fight for women to be viewed as politically relevant, as equal politically to men. This was a fight against foundational beliefs on the role of men and the role of women, on the worth of men and the worth of women. If universal franchise had not been viewed in these terms, and was not balanced on such beliefs, it would not have been so hard to achieve.

Consider also the different consequences of the introduction of Roman Catholicism to the Pueblo Indians of Southern America. The Eastern Pueblo Indians readily accepted it; the Western Pueblo Indians rejected it, and then killed the priests, burned the missions and then annihilated a neighbouring village, who looked like they were going to accept it. The difference lies in the Eastern Pueblo's extant patrilineal society and faith involving a male deity. The Western Pueblo Indians had a matrilineal society and a female deity. They considered and rejected Catholicism, but the Eastern Pueblo Indians evaluated it, and were prepared to adopt it in place of their own religion.[80] This

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[78] Wimsatt (1999) p 288

[79] Wimsatt (1999) p 291

[80] Rogers, Everett M. (1983) p 224

shows that new ideas can be accepted, but some belief structures more tenaciously resist new ideas than others. Religion may involve such a belief structure, but probably choices about work do not- but so long as they do not rest on foundational ideas, such as individual worth and concepts of ideal living.

The government may have to consider whether aspects of New Zealand culture, which may hinder enterprise, are in fact deeply cherished by, or are foundational beliefs of, New Zealanders. New Zealanders may react strongly to any attempt to change these aspects of their culture. If a lazy, relaxed, simple and causal style of life is cherished, and it is determined that this is inconsistent with enterprise, the government may have to consider whether any attempt to change this will simply result in their not being re-elected.

This problem of determining salient aspects of culture is exacerbated by the tendency, as an individual ages, for ideas and beliefs and so on to 'build up', and 'increase in strength,' making it even harder to make major changes in conceptual perspective. The young are not so typically averse to change as are the old. Any effort to really alter the foundational and entrenched culture of a group as large as a nation may well have to begin with the young, and it may well take decades before the majority of the nation has altered the foundational beliefs in question. Changing western society's views on women took the better part of the nineteenth century, in the face of widespread and vocal opposition. If enterprise culture sits on some foundational belief, government policy will need to take account of this.

The task of promoting enterprise culture is complicated by the varying degree to which aspects of culture are prevalent in individuals and in public mechanisms of transmission. A promotion of enterprise culture may need to give more weight to certain modes of transmission or focus more on certain groups of individuals. The nature of the mode of public transmission and the status of the model also impacts on whether the fragment is adopted and re-transmitted by an individual. Aspects of culture can also themselves vary in strength and impact. The set of ideas, values and so on which make up the aspects of culture of a group can include those which have been unchanged for generations - we call these traditions. These may be very hard to change, or require a much more extensive use of policy. Those which are new and short lived - we call these fashions or fads - may be easier to change. Culture is not acquired all-at-once, but is acquired over time - over one's lifetime. This compounds the impact of the various ways culture is transmitted,[81] making it harder to tease out the unique role that any one mechanism of transmission or individual plays, complicating the choice of targets and weight for any policy action.

An effective promotion of enterprise culture will consider aspiration levels.

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[81] Wimsatt (1999) p 287

One aspect of the culture of the group which can fall within all the interactions discussed are the levels of aspiration which are encouraged. Cultural standards of wealth and success can alter or determine attitudes to risk. The level of wealth a society considers normal or applauds may require less risk-averse behaviour than if the society was neutral on material attainment. The level of achievement of parents tends to be matched by similar levels for their children, unless they actively encourage them to do better. Alternatively, little encouragement from middle class parents can have their children achieve less.[82] Low aspirations have individuals pursuing an accepted amount of wealth but little more, preferring to maintain a certain maximum level of public display of wealth. Low aspirations also impact on enterprise decisions, on whether they are started and whether they are furthered, whether to limit the success of their enterprise. High aspirations may have individuals favouring careers, such as the law, or a career abroad. Faced with these attitudes, the government can act, either to reduce the risk, increase the certainty, and reduce or share the cost of enterprises, or by attempting to motivate individuals to raise their aspiration levels.

An effective promotion of enterprise culture will consider the environment.

The current environment can cause large numbers of individuals to arrive independently at the same ideas, values or practices and so on.[83] For so long as the environment remains the same, they may then be transmitted to the next generation, thereby becoming cultural. Any such ideas are ideas which will have crept into the group very recently; they are ideas which are prevalent now, but are not the ideas of the previous generation. They may be found by, for example, looking at the media, advertising, newspapers, or magazines. To alter the belief or practice in such cases, it may be possible to alter the environment, thereby eliminating the cause of the belief or practice, and thus preventing their transmission.

An effective promotion of enterprise will promote a truly key feature of enterprise and innovation- that it is a problem-solving process.

Aside from the features the matter for business in general, one that matters for enterprise and its relationship with innovation is the search by individuals for information. That the successful entrepreneur possesses 'alertness' is far too passive and it assumes ideas will simply 'come' to the individual like an artistic inspiration. Innovation and being a successful entrepreneur is an active and problem-solving activity, requiring diligence and persistence. The ideas that come for innovation can come from searching the world for information on innovations and seeing how they can be made into products. That it is a process may not occur to many people, and it should be incorporated as a step-by-step process in any promotion of enterprise and innovations, such as the innovation promotion currently touring the country. For those who have not

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[82] Boyd, Richerson (1985), p 52

[83] Sterelny, Kim (2003). See also work on 'methodological individualism.'

considered enterprise or inventing things, the *process* of thinking of inventions or innovations must be explained.

Summary

Part one

- 'Culture' is information and its expression, including technology and institutions, which are shared and transmitted between individuals and between generations within a group. What is cultural is whatever is transmitted in this way, so it may be very broad.

- Individuals can have beliefs, behaviour and so on because they have copied them from other individuals.

- Human culture transmits via imitation. An individual can thereby learn more from culture than they could discover by themselves.

- Individuals are born into extant cultural environments, especially the institutions, laws, rules, regulatory environment; these routines cultural transmission.

- Culture is distinct from privately generated learning and reasoning. It is distinct from the cognitive capacities of an individual, which individuals have because they are human, such as the size of short-term memory or heuristics used for reasoning.

Part Two

- There are three ways culture and an individual interact.

    i. Culture is like an installed programme, so an individual just is the sum total of its culture

    ii. An individual can evaluate variants of culture, so it plays an active filtering role in the installation of culture

    iii. An individual chooses its individual learning over culture, or vice versa. It adjusts what it learns from culture, and it can learn for itself.

- *Culture makes the individual*

    i. Cultures can be for, against, neutral or inconsistent with an idea etc.

    ii. Individuals will follow the dictates of their culture. For a new idea, they will consider whether it is consistent with their culture. If it is not, they may well reject it.

    iii. Groups, especially large groups, do not have homogenous cultures.

iv. It is likely New Zealand has a culture with aspects both consistent and inconsistent with enterprise, and it is likely that New Zealand has individuals who both have and have not an enterprise culture.

v. Aspects of New Zealand culture inconsistent with enterprise, especially those aspects regulatory, legal, financial and so on, can be amended by government.

vi. Individuals can be targeted early, while they are young and at school, so they adopt ideas and attitudes consistent with enterprise.

- *The evaluation of cultural variants*

    i. Individuals can discriminate between variants of culture. This is called *biased transmission*.

    ii. Direct bias: individuals try out or assess a variant against their individual preferences.

    iii. Indirect bias: individuals choose the variant they see used by an individual who they see as the most successful, or who they admire.

    iv. Frequency bias: individuals choose the variant the most individuals use.

    v. Ideas, behaviour, can be changed; technology can be introduced by using these biases.

- *Individual learning and culture.*

    i. Individual learning and cultural learning can be in tension because each can offer information on situations, or solutions to problems.

    ii. How much tension depends on whether an individual is predisposed to choose culture over individual learning or individual learning over culture.

    iii. Culture tends to win out if it is more accurate, if individual learning is costly and if the environment can be predicted. It will also win out if it is expressly intolerant of individual learning.

    iv. Ensuring learning will win out can be done by enabling it to be very accurate and cheap, showing that the relevant aspect of culture is wrong, and showing the environment (that supported that aspect of culture) has changed.

    v. Individuals can adjust what they learn from culture with what they learn for themselves.

    vi. Individuals also learn through non-social learning, such as trial and error learning or risk-analysis.

vii. These can both be transmitted and come to alter the culture of the group. To ensure these do not spread variants contrary to enterprise, any cause of such contrary learning can be eliminated.

viii. Individual learning can be promoted by promoting a liberal culture and not a conformist culture, by: eliminating legal and social punishments for (harmless) individual learning, reasoning and expression, and promoting alternative music, art, literature, fashion, life-styles, perhaps over the mainstream.

ix. Individual learning, and seeking information for its own sake, can be promoted as the 'thing to do' in the modern internet world.

- Identifying the relevant aspect of contrary culture may not be easy; changing it may also not be easy, especially if it is a foundational belief.

- Some mechanisms of transfer, some models, and some aspects of culture have more weight than others.

- Culture exists independently of individuals in public expressions of culture, such as art, laws, rules, music and so on. It can transmit via these public expressions of culture, which thus become public mechanisms of transmission.

- Aspiration levels impact on decisions regarding enterprise.

- The environment bears on the (non cultural) decisions individuals make. Altering the environment may be an essential or easy way to change these.

- The search for information is a process that can be explained. Innovation is not 'alertness,' which is passive, but *problem-solving*, and this is active, and should be introduced as searching for information, and to a great extent can be explained to individuals as a process.

3. Promoting Enterprise Culture in New Zealand

The promotion of enterprise culture

A promotion can harness the forces of culture. Promoting the aspects of culture which matter for successful enterprise can focus on individuals and aim to increase and improve the levels of enterprise in society. It can focus on institutions, to foster and aid enterprise.

The most efficient promotion of enterprise culture.

This section will focus on those aspects of culture identified which hold solutions to problems of the design of a promotion.

- Human culture transmits via imitation. An individual can thereby learn more from culture than they could discover by themselves.

Individuals imitate. A promotion should widely distribute the idea of enterprise, via television and magazines for example. New Zealander en masse need to have heard of enterprise, need to see that individuals have their own business, need to see its possibilities, for it to be adopted.

1. Culture makes the individual

A promotion can target individuals when young, via school curricula, to have them learn ideas and so on consistent with enterprise, before they learn others. It could determine empirically which aspects of New Zealand's culture are not consistent with an enterprise culture, and tackle these specifically.

2. The evaluation of cultural variants.

A promotion can use the biases to spread ideas and attitudes which are consistent with enterprise. This will result in others which are inconsistent with or negative toward enterprise being dropped. Widely advertising enterprise, following these biases, will be effective. For example, careful selection of an entrepreneur or an enterprise that New Zealanders may see as successful, or admire, will help the promotion campaign. This individual will not be universal for New Zealand, groups will prefer different individuals. Advertising that many New Zealanders - and people globally - are running successful enterprises, can also be effective.

3. Cultural learning and individual learning

A promotion can focus on making copious amounts of information accessible, preferably via the web, and advertising the existence of this website. It can show that the economic and social environment which supported a lifelong career in one company has changed. It can show that enterprise is profitable and offers many opportunities. It can advertise that the government has tried to limit or eliminate all hindrances and errors, and advertise ways of avoiding remaining errors or hindrances.

A promotion can focus on the aspects which matter for enterprise, and address these on an informational website, determine any errors or hindrances which pertain to these, and advertise ways of avoiding them. Individuals may reject enterprise if they see it as too difficult to gather enough information on it, if they see enterprise as too difficult, less successful than other options, and so on. A promotion can attempt to limit or eliminate the causes of such considerations, and then widely advertise that it has done so

A promotion can be consider effecting a wider promotion of a liberal culture, and advertising the ways that the government already promotes this, with grants to music, fashion, relevant law changes etc.

- Identifying the relevant aspect of contrary culture may not be easy; changing it may also not be easy, especially if it is a foundational belief.

A promotion may need to consider ways to gather information on New Zealand society and culture, or consider information which has already been gathered, by historians, anthropologists or psychologists.

- Culture exists independently of individuals in public expressions of culture, such as art, laws, rules, music and so on. It can transmit via these public expressions of culture, which thus become public mechanisms of transmission.

A promotion can consider all expressions of culture, including media, schools, and public institutions.

- Some mechanisms of transfer, some models, and some aspects of culture have more weight than others.

A promotion may consider giving varying weight to those aspects of culture it is attempting to deliver ideas or change to.

- Aspiration levels can impact on decisions regarding enterprise. These can be targeted by

    raising aspirations, encouraging success.

- The environment bears on the individual decisions individuals make. Altering the environment may be an essential or easy way to change these.

A promotion can look to see if the world or New Zealand currently causes individuals to reach decisions inconsistent with enterprise, and consider ways to change these or reduce their impact. It can do this with each aspect of enterprise that matters.

- The search for information is a process that can be explained. Innovation is not 'alertness,' which is passive, but *problem-solving*, and this is active, and should be introduced as searching for information, and to a great extent can be explained to individuals as a process.

A promotion can include information on searching for inventions, and considering ways to make these into useful products, and so on. This will de-mystify the process for individuals and encourage them to realise innovation can be considered a problem-solving process and not solely the result of inspiration. Individuals can be assisted in this process.

Commentary on 'Tall Poppy Syndrome'

It is possible many surveys of New Zealanders confuse a question about, for example, the opinion of an individual on whether they think others hold with the 'tall poppy syndrome', for a question of an individual of whether they themselves would entertain and express the belief that a successful person ought to be 'cut down'. These are two separate questions, and only the second is useful in determining culture. This is because *culture involves transmission*, so not what people think others might say or do, but what people actually transmit, matters. Surveys need to determine whether many individuals would actually say to a successful entrepreneur, that they are wrong or bad for being a successful entrepreneur. If many do, then it can be said that we cut down 'tall poppies.'

It may be interesting to determine whether the 'tall poppy syndrome' arises due to a linkage between success and deference.[84] Traditionally, these have been expressly linked by society, and the possession of social status involved the reduction of others to an inferior status. Human society has probably been hierarchical in this way for hundreds of thousands of years, and European society was hierarchical in this way for hundreds of years. It actively promoted the deference individuals owed to those born of status, until gradually these societies were overthrown or altered. Perhaps having made an effort to construct a new society independent of these sorts of norms of Europe in general and England in particular, individuals of New Zealand are very sensitive to any declarations that by being successful, an individual is superior.

This is confirmed to some extent by Hofstede's 2-stage late 1970s and early 1980s study on culture around the world, where he found New Zealanders are the fourth most sensitive to any distance of power between themselves and a manager. The U.S is ten places higher than us, so they are much less sensitive than we are.[85] This suggests New Zealanders are very sensitive, relatively, to suggestions of superiority and inferiority. This also suggests a degree of insecurity, which is certainly discussed in some cultural studies. In this case the tall poppy syndrome is not about New Zealanders believing *no one* ought to show themselves to be *successful,* but is a sensitivity to anyone claiming that thereby they are *superior*. Perhaps sport is admired so in New Zealand because it has no visible, consequent, social status elevation; and after all, the All Blacks were traditionally farmers, freezing workers, and the

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[84] Henrich, Joseph, Gil-White, Francisco J. (2001) p 165

[85] Hofstede, Geert (1991) See p 26 and Part 2, chapter 2 generally.

like - 'ordinary blokes.' Perhaps in New Zealand the 'yuppies' of the profitable eighties and its share market boom were resented because they were felt to claim superiority and to flash their new-made wealth obnoxiously.

A promotion of enterprise culture could take this into account and promote enterprise as a way of everyone fulfilling their own potential, and avoid reference to some consequent superior status. It may have to be very careful with the way it displays successful entrepreneurs - they could be shown to be successful as problem solvers, or ordinary people. (Microsoft is running such a campaign at present. It advertises that hidden in individuals is potential-great creations, achievements and so on, which Microsoft can enable them to achieve. The campaign does not encourage use of Microsoft by expressing any consequent superiority for these individuals.)

Commentary on certain assumptions

Surveys need to be careful they do not confuse a negative reply to the question of whether business or entrepreneurs ought to be promoted, with such a promotion's effectiveness. Individuals may well think such a promotion is a waste of money, or would be ineffectual. Nonetheless, individuals imitate. They copy especially 'models,' people they admire. This is the cause of fashion, the mimicry of pop stars, movie stars, the unfortunate impact of fashion magazines on young girls' self image, the promotion of the All Blacks as heroes in order to maintain the popularity of rugby. If a promotion of enterprise selects its models carefully, individuals are very likely to imitate them.

We must also weed out those ideas which have no impact, or are highly unlikely to have an impact, on being an entrepreneur or starting an enterprise. One example is the argument that those individuals who have a close interest in the functioning of the economy, or read newspapers are most likely to be entrepreneurs, and those who don't are not. Having a close interest in the functioning of the economy, or reading newspapers are neither sufficient nor necessary conditions for an individual starting an enterprise.

As culture and its transmission is fragmental, any aspect can be constructed for transmission however we wish. However it is best if it is transmitted in a way that is memorable and attention-grabbing, information becomes cultural more easily if it is easily understood and easily remembered. Compare the now famous equation $e=mc^2$ or the unfortunate idea that relativity theory means 'everything is relative,' with the lack of equivalent understanding for what the equation means what or relativity theory in general says. These are less well understood or expressible, and so have not become as distributed within culture as have the equation or the erroneous belief stemming from relativity theory that 'everything is relative.'

4. What Other Countries and Organisations Are Doing

While it has been argued that what is cultural is broad, and aspects of the political, legal, financial, educational, religious systems impact on enterprise, this section will not consider all measures or programmes that target these systems. This section will focus on efforts to introduce encouraging culture or culture consistent with enterprise to individuals, including by the use of the education system. It will focus on ways countries ensure that the promotion of enterprise is not undermined by visible factors which make it of little benefit for individuals, and ways to enable information to be widely provided. This section will not replicate what is already developed in New Zealand.

The EU

The Lisbon European Council of March 2000 set the European Union the strategic objective of becoming the most competitive and dynamic knowledge economy in the world. To this end the European Commission proposed a Multiannual Programme on Enterprise and Entrepreneurship 2001-2005. This is a framework plan of activities which aim at:

a.   enhancing the growth and competitiveness of business in a knowledge-based internationalised economy;

b.   *promoting entrepreneurship;*

c.   simplifying and improving the administrative and regulatory framework for business so that research, innovation and business creation in particular can flourish;

d.   improving the financial environment for business, especially SMEs;

e.   giving business easier access to Community support services, programmes and networks and improving the co-ordination of these facilities.

Objective (b) fits to the selection of trying to overcome culture contrary or inconsistent with enterprise, and introducing culture encouraging or consistent to enterprise. This objective is pursued by the EC via activities that fall under the heading:

> Policy Development: The Commission, in close co-ordination with Member States, analyses and studies how to ameliorate the overall environment that enterprises have to operate in. Within this field, particular attention is paid to the Best Procedure projects in which the Commission and national administrations actively collaborate to gain a better understanding of the various issues of concern to businesses, to identify best practices and to evaluate policy choices.

Specific actions of the EC

Attitudes:

The EC has commissioned a survey to identify attitudes to enterprise and determined some critical factors. These match with those identified earlier, following the direct bias, as reasons why individuals reject enterprise. The survey claimed material attitudes are: attitudes to starting a business generally; attitudes to the practical difficulties in starting a business, particularly any lack of financial support. The survey also identified that risk, and the intolerance of risk matter.[86]

Education:

A European Forum held in 2000 on *Training for Entrepreneurship* was to further an action plan for promoting entrepreneurship and competitiveness. It began with the agreement that promoting entrepreneurial spirit is a key to creating jobs and improving competitiveness and economic growth. Its conclusions on creating a positive attitude to entrepreneurship were that the education system offers the opportunity of providing the required knowledge and necessary attitudes. A recognised hindrance was the reservations of teachers to economic content.

The Forum concluded that entrepreneurship requires activity-oriented learning and activity teaching methods. Pupils need to learn networking, initiative, risk-taking, creativity, verbal expression skills, independence, critical thinking, selfmotivation. The transmission of knowledge is insufficient in preparing young people for entrepreneurship. Hence training for teachers is also essential, so that they understand the importance of enterprise and have the skills to teach it.

Finally, the Forum concluded entrepreneurial education must be a central political priority, with comprehensive teacher training.

Member states and candidate states

The themes of the measures, programmes, schemes and policy initiated by these states that fit within the narrow focus discussed above are:

1. Education and training, including the promotion of entrepreneurship, schemes for business run by students, entrepreneurship and business management courses, business-education links, awards for entrepreneurs, and vocational training.

2. Improve visibility of support services

3. Better legislation and regulation, including regulatory/business impact assessments

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[86] Commission of the European Communities, Enterprise Directorate-General (2001)

The following shows the measures or programmes a few countries use to these ends, grouped by interaction of culture and individual. It will be seen that there is some overlap between these, especially because efforts by a state to enable or counter these interactions can also be seen as straight transmissions of culture from the state body to the citizenry.

Introducing enterprise to as many individuals as possible also enables individuals to evaluate it. Promoting enterprise by encouraging a positive evaluation via the indirect bias, also does so via the direct bias. Measures which encourage positive evaluation following the direct bias also enable individual learning to trump cultural learning, by helping individual learning be easy and cheap.

Measures involving university or adult learning are placed under 'evaluation of variants', whereas those for the young are seen as attempts to introduce enterprise, before culture teaches it to be rejected, as per 'culture making the individual'. This division between educational measures for the young and those for older individuals may be questionable but it tracks the idea that the young are still learning culture, but that by university age it is fairly well set.

Observational learning (learning by imitation)

Belgium

First introduced in 1994 in Wallonia, the "Enterprise discovery open days" event now involves the Brussels and Flanders regions. For one weekend, the public has the opportunity to discover the business world. This, in turn, raises the profile of enterprises, reveals the value of their work and improves their integration in the region.

The Offices des Métiers d'Art of the Walloon Provinces have held "Craft weekends" annually since 1987. The craftspeople selected open their workshops to the public in the last weekend of November.

Culture makes the individual

Belgium

Since 1976, the private initiative "Young enterprises", which is supported by the regional authorities, has allowed a student to create and manage a mini-enterprise for a few hours a week over the period of one school year. The young people play the parts that concern any enterprise (fund provider, director, accountant, marketing person, liquidator, etc.). The aim is to make young people aware of their economic environment, to initiate them in the creation and management of a business and to encourage a spirit of enterprise.

Organised by the UCM (Union of Small Businesses) and the IFPME (Continuing Training Institute for Commerce and SMEs), the "Avenir Création" initiative offers information sessions in schools themselves. The aim is to

make students aware of the idea of self-employment, to inform them about business creation and to promote contact between the young people and entrepreneurs participating in the sessions. The initiative is aimed at students in secondary and higher education.

"Bravo les Artisans" aims to allow students to experience the day-to-day life of a craft entrepreneur so that they can discover the business world and learn about craft trades. Their visits result in the creation of a project (e.g. a video, a product, the history of the trade or enterprise visited, etc.) which is presented to the pupils' parents, their teachers and the craftspeople visited.

The initiative "Démarre la Recherche d'une Entreprise à ta Mesure" ("Creating a business that suits you") (DREAM) aims to instil a spirit of enterprise in young people by building a bridge between the professional world and schools. It consists of visits to firms and assessing them afterwards in class.

The Ecole Internationale des Entrepreneurs (EIE) is intended primarily for the children of entrepreneurs, with a view to their inheriting the business. It lasts for nine months, with academic courses alternating with traineeships abroad. The aim of the training is to prepare for the transfer of the family business or the creation of a new SME.

Denmark

In 1996, the Ministry of Education decided on a two-year action programme for civic independence culture to enhance motivation among young people to set up their own business and to promote entrepreneurial attitudes. Around EUR 2.8 million (DKK 21 million) was allocated, resulting in 200 target-oriented initiatives, many of which addressed teachers, subject matter and learning methods. Activities include:

- three packages of general teaching material, which have been distributed to 2000 primary schools, 130 vocational schools and 240 upper secondary schools;

- 23 000 pupils between the ages of 13 and 14 have received special teaching material (all classes); and

- 65 000 pupils between the ages of 14 and 15 have received special material (all classes).

To help schools develop entrepreneurial spirit and a culture of independence among students, a roadshow for students in upper secondary educational programmes is under consideration. The roadshow initiative should offer activities that inspire students, sharpen their attention and curiosity, challenge attitudes and pave the way for broader views that could support the development of a culture of innovation.

Several engineering programmes have also organised entrepreneurship events, with the commercialisation of technological innovations as a central theme. Awards for entrepreneurship have been established for students in

vocational training and vocational programmes at upper secondary level, and various business games have been developed and promoted in educational programmes for 16-19 year-olds. Several hundred different courses and conferences have taken place, and a large number of schools have received financial support for experimental work in the area of entrepreneurship.

Spain

Steps have been taken to improve the Spanish education system, in particular through the introduction of the concept of enterprise in Compulsory Secondary Education (ESO), in technological subjects taught in first degree studies and in vocational training. The approach in primary education is changing (away from targets and towards capabilities), so that teachers' attention focuses on what the pupils are capable of achieving. Future plans include the introduction of "business simulation" programmes for young people and in continuing education courses for adults.

Greece

The Ministry of Education and Religious Affairs plans to encourage entrepreneurship in education. The programme is designed within the framework of the "Operational Programme for Education and Initial Vocational Training" 2000-2006. The measure entitled "Promoting Entrepreneurial Action and Innovative Applications" aims to:

- encourage young people to turn towards self-employment through the setting up of viable businesses;

- provide them with the knowledge required for the undertaking of entrepreneurial initiatives;

- support them in the above activities.

This policy includes the adoption of an Action Plan concerning all levels of education. The following categories of action are expected:

- support for entrepreneurial ideas through the structures of tertiary education (introduction of courses on entrepreneurship, familiarisation with the concept of business, virtual enterprises, case studies, etc.);

- The current network of entrepreneurship centres for young people, enabling young people to search for the information needed to set up their own business or to co-operate with their peers in a productive environment.

Romania

Over the last four years course in management and business creation have been integrated in the Economic Engineering degrees. Other courses offer

engineers supplementary training in the management of SMEs, drawing up a business plan etc.

There are also a number of links between universities and enterprises. Students are given the possibility of practical experience, students and professors work together with the enterprise to solve certain industrial problems.

Poland

During the 2000/2001 academic year 19 universities will execute entrepreneurship educational classes for over 800 teachers. Teachers who already run classes associated with economics and entrepreneurship undergo ongoing training in 'simulation companies'. The courses include knowledge of the market economy, career planning and active participation on the labour market, as well as setting up and running a small company.

The evaluation of cultural variants

Belgium

Awarded in turn by the French-speaking and Flemish-speaking Chambers of Commerce, the "Talentis et Hermes" prizes are reserved for SMEs with fewer than 20 employees. They are awarded to the heads of SMEs who have been particularly dynamic. The support of private and public partners means that these events receive media coverage, which raises the public profile of the entrepreneurs nominated.

"Objectif PME" is a programme on Belgian French-speaking television (RTBF) which highlights the positive aspects of entrepreneurship for the Walloon economy. It also provides information on the aid available, advice and the intermediary structures offered by the region. The objective is to encourage the public to adopt a positive approach to the business world and a success-driven culture. Sharing the same objective, the TV broadcast entitled "C'est fabriqué près de chez vous" ("Made near you") presents businesses in the region which are innovative, provide employment and are involved in development and export.

Denmark

In 2000, the Ministry of Economic and Business Affairs started a project to improve entrepreneurship. The intention of this project is to create a culture of prestige in entrepreneurship and to encourage established businesses to support new entrepreneurs. As part of this process, the Ministry for Trade and Industry holds an annual campaign for entrepreneurship, which awards national and a number of regional prizes for the best entrepreneurs.

Spain

The Fundación Universidad Empresa (University Foundation for Business) has established a number of entrepreneurial training schemes including:

- Chamber of commerce prize for young university entrepreneurs - this is a competition to encourage dynamic young people to form multidisciplinary teams capable of drawing up business plans for the creation of new businesses. A number of business plans are selected from those submitted, after which the young people practise through a simulator, specially developed for this scheme, enabling them to compete with one another in a given environment. In their roles, the participants not only acquire experience and management qualities, but they test and assess the need and importance of business management in the real world and the impact of rigorously implementing decisions.

Greece

New initiatives launched by the Ministry of Development, under the Operational Programme "Competitiveness", include:

- promoting entrepreneurship among young people - this programme aims to develop, support and promote entrepreneurship for the young through financial backing for new, viable SMEs.

- promoting entrepreneurship among women - this programme aims to support women between the ages of 18-55 to create businesses in the manufacturing, trade, service and tourism sectors through the good use of their experience, knowledge and talents.

- promoting entrepreneurship to combat social exclusion - this programme is currently in the preparation phase. It will aim to provide entrepreneurial opportunities to the socially excluded members of the population (physically or mentally challenged people, immigrants, disadvantaged social groups, etc.).

Romania

A number of business organisations have created awards for successful and innovative entrepreneurs. Since 1993, the chambers of commerce and industry grant awards to companies. Since 1999, jointly with OSIM (State Department for Inventions and Trade Marks), a creativeness trophy is awarded at national level to the companies involved in registering inventions and protecting industrial property.

Poland

The most important and prestigious awards given to entrepreneurs are the President of the Republic of Poland Business Awards, also called the Business "Nobel". These awards are given in seven categories – Polish Companies, Small Polish Companies, Financial Institutions, Exporter, Agricultural Farms, Foreign Investments in Poland, Inventions in the fields of product or technology.

The local mass media also play an important role in promoting entrepreneurship and companies by organising various types of competitions and rankings of companies. Competitions are supported by local newspapers and are promoted by the local media.

The Władysław Grabski Award is awarded in the area of entrepreneurship promotion during the prestigious competition organised by the Polish Journalist Association for texts, radio and television programmes associated with business activities.

Last year new television programmes aimed directly at companies from the SME sector were started. One of them is *Wielki Mały Biznes (*Great Small Business), which is broadcast by Polish Television regional stations.

Cultural learning and individual learning

Belgium

The SME-Creation guidance and advisory service for future business creators is co-ordinated by the IFPME. The aim is to offer prospective entrepreneurs individual consultations to assess their motives and their projects. Tailor-made training and individual follow-up are then proposed.

Portugal

Measures include the enlargement and improvement of InfoCid, include making it available in normal cash withdrawal machines (ATMs) and providing InfoCid information through CD-ROMs, diskettes, etc. InfoCid is a web portal providing information on a wide range of matters (creation of companies, taxes, tourism, administration, etc.) involving information from approximately 50 administrative services.

Austria

YEN (Young Enterprise Network) was set up by the WIFI (Business Promotion Institute) of the Vienna Chamber Commerce and Industry. YEN is an open system, and businesses, institutions and organisations may at any time add information relevant to young entrepreneurs.

The Startup@nachfolgeboerse was set up to promote direct contacts between suppliers and searchers. The startup-Partnerbörse helps with the search for partners in the area of services or financing. People indicate that they wish to form a partnership by putting in an advertisement. Startup@rent a rentner puts managers who are now senior citizens and young entrepreneurs into contact with one another.

A more detailed look at the U.K, Scotland and Portugal.[87]

The following detail shows specifics on how the U.K and Scotland, and Portugal promote the idea of enterprise, also how they tackle aspects which would result in the idea being seen as not beneficial, following the discussion on transmission bias and in particular the direct bias, and individual learning. In particular, this section looks at those measures which provide advice or lessen burdens. Changes that have been made to regulatory mechanisms which bear on aspects of existing enterprises, or those already done in New Zealand, have not been included.

Culture makes the individual

The U.K

Following a review, the framework for Personal, Social and Health Education and Citizenship is to provide for pupils to be taught about managing personal money, saving and other aspects of financial literacy, and about the rights and responsibilities of consumers, employees and employers.

Since September 1998, schools have been able to disapply aspects of the curriculum at key stage 4 for pupils who want, or would benefit from, a wider focus on work-related learning. Pupils are offered experience of the working environment and practices and the opportunity to develop numeracy and key skills through this experience. The scheme works with 14-16 year offering them an alternative, work-related curriculum leading to vocational qualifications. The young people spend three days a week at a purpose-built Learning Centre on BG premises and the other two days on work placement training. Links have been made with both national and local employers to offer a year's work experience. A mentor at each company works with the student to develop a CV, interview skills and strengthen oral skills and team working abilities.

The Department for Education and Employment (DfEE) is currently working closely with a number of organisations, including business, the DTI and the Treasury, to develop a new agenda for school-business link activity. The DfEE is considering how best to engage more businesses, particularly SMEs, more effectively in school-business links, both at the national and local level. A priority is to help SMEs appreciate the benefits of working in partnership with schools.

Enterprise Insight was launched in May 2000. It aims to bring about a substantial increase in pro-entrepreneurial attitudes, as well as developing skills and encouraging the growth of enterprise. Enterprise Insight is being led

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[87] The European Commission 2002

by the British Chambers of Commerce, the Confederation of British Industry (CBI) and the Institute of Directors (IoD), working in partnership with a broad range of organisations, including Young Enterprise, Shell LiveWIRE and the Prince's Trust, and is supported by the DTI. Enterprise Insight will initially focus on young people and those who influence them.

Through Education Business Links, the Department for Education and Skills (DfES) is investing in initiatives such as those provided by Young Enterprise (including Junior Achievement in primary schools), Understanding Industry, The Industrial Trust and Education and Youth. Various Department-supported programmes seek to encourage innovative approaches to vocational and work-related education that also helps pupils make a successful transition to adult and working life. These include:

- 9 "Fresh Start" schools and local FE Colleges to deliver work-related learning.

- 14 Education Action Zones providing Work Related Learning strategies.

"Young Foresight" is an initiative to help 13-14 year-olds design and develop a product of the future, with the support of a trained teacher and mentor from the business community.

Scotland

Enterprise education is being incorporated within the primary school curriculum through the Schools Enterprise Programme, a joint venture partnership between the Scottish Executive and the business community. This three-year programme will offer every primary school pupil at least two entrepreneurial experiences by the end of their primary education.

The evaluation of cultural variants

The U.K

The Graduate Enterprise initiative, which develops the model of the Young Enterprise Scheme for schools, gives undergraduate and graduate students the opportunity to design and run a business. Graduate Enterprise is currently being piloted in 17 universities.

DfES, together with the DTI and the Treasury, have developed New Entrepreneur Scholarships to help potential entrepreneurs from deprived areas access business management skills, to turn their business ideas into reality and enhance the chances of that business succeeding. The Scholarships are for anyone, employed or unemployed, who is over 18 and not in full-time education. Scholars must come from a recognised "deprived area", and only new, independent businesses will be eligible.

The Science Enterprise Challenge (SEC) aims to establish world-class centres for, among other things, fostering scientific entrepreneurialism.

In July 2001, the UK published a White Paper entitled "Productivity and Enterprise - Insolvency - A Second Chance". This set out proposals for reform of insolvency law as part of plans to put in place a modern business framework with enterprise and productivity at its heart. The "Fresh Start" proposals for personal bankruptcy are based on the recognition that honest failure is an inevitable part of a dynamic market economy. The government intends to provide for the radical liberalisation of its bankruptcy regime. This will mean a fresh start for many, backed by tough measures for those bankrupts whose conduct has been irresponsible, reckless or otherwise culpable.

The UK is currently examining proposals to lift many of the burdens of company law from small companies.

In November 2000, the Prime Minister announced new standards for consultation of business on proposed legislation, including a minimum twelve-week period for consultations and a commitment to produce guidance at least twelve weeks before a new law comes into force.

The UK online for e-business' activities include marketing and PR campaigns and annual e-commerce awards aimed at SMEs who have successfully developed e-commerce strategies.

Scotland

The Scottish Executive is aware of concern among those representing Scottish entrepreneurs that the Scottish laws on personal bankruptcy, which are devolved, may have an impact on unincorporated small businesses, partnerships and sole traders. The Scottish Executive has commissioned research into the effect of business-related bankruptcies, and is considering how best to make changes to the law of personal bankruptcy.

The Future Skills Scotland Unit has been set up recently with responsibility for co-ordinating, analysing and disseminating market information and intelligence to identify future skills needs.

The Small Business Gateway recently added a further programme directed at encouraging women into enterprise and providing a source of networking and access to a range of other support programmes.

Portugal

The Incentives System for Business Revitalisation and Modernisation (Sistema de Incentivos à Revitalização e Modernização Empresarial - SIRME) was set up to stimulate entrepreneurial restructuring. This type of operation requires a firm which is, or expects to be, in a difficult economic and financial situation or a firm in an area whose active population is strongly dependent on it.

The financial involvement of the funds may be linked to the granting of tax incentives or similar, particularly exemptions from legal charges and fees,

personal and corporate income taxes. The SIRME Bureau also has a very important function in promoting links between all available investment support instruments (incentive schemes, risk capital, mutual guarantees, vocational training, etc.), in order to maximise the financial solution arrived at for each case.

The following actions were carried out within the PEDIP II Programme:

- "Dare to be an entrepreneur" - this programme, which ran from December 1999 to June 2000, involved public conferences in 32 universities all over Portugal, designed to promote awareness of the advantages of entrepreneurship.

Cultural learning and individual learning

The U.K

The University for Industry is an infrastructure of over 1 000 Learning Centres and developing learning materials that consist of 100 suites delivered via the web/CD-ROMs. These materials focus on IT, SME management skills, basic skills and sector-specific skills (e.g. in automotive engineering, retailing, multimedia and environmental technologies and services).

Scotland

The Innovators Counselling and Advisory Service for Scotland (ICASS**)**, evaluates the commercial potential of ideas at a very early stage. Those with commercially sound ideas will be given practical help and advice before being routed on to existing business support mechanisms, whereas those with ideas with little commercial potential will be advised not to proceed any further.

The Internet Mentoring Initiative, is an initiative designed to create an environment that nurtures new and emerging Internet companies. It will help Internet entrepreneurs to turn their business ideas into successful, viable enterprises, along with those traditional firms who want to make the Internet their primary means of doing business.

Portugal

The following actions are to be introduced under the "Public Partnerships and Initiatives" (Parcerias e Iniciativas Públicas - PIP) segment of the Operational Programme for the Economy (Programa Operacional da Economia - POE):

- Master's degree in entrepreneurship;

- ANJE School of Entrepreneurs - one-week seminars to be run in September each year. Participants will gain practical knowledge of how to implement entrepreneurial projects and assess their entrepreneurial capacity;

- IFEA - Instituto de Formação Empresarial Avançada (Advanced Entrepreneurial Training Institute) - high-level training given by the Institute at the TAGUSPARK Science and Technology Park (Oeiras)

  The following actions form part of the Operational Programme for the Economy ("Public Partnerships and Initiatives - PIP"):

- "GREENWHEEL" - a project on innovative, technology-based entrepreneurship, to be run in collaboration with the Instituto Superior Técnico in Lisbon;

- "MANDANEMPREENDER" - another project on innovative, technology-based entrepreneurship, to be run in collaboration with MANDANPARK at the New University of Lisbon (Caparica technology park);

- "SPAD - Partnership Solutions for Stimulating Entrepreneurship" - a project to be run in collaboration with CPIN/BIC;

- "Entrepreneurship for the Future" - a project to be run in collaboration with ACIF (Funchal Commercial and Industrial Association) in an "e-learning" environment;

- "EEE - Space, Entrepreneurship and Strategy" - a project to be run in collaboration with the University of Coimbra, the aim of which is to foster the university-business interface, exploring the complementarity of the two approaches, in order to promote the practical application of innovation in business;

- "DARE" - a project to be run in collaboration with AIMinho (Minho Industrial Association), which aims to stimulate entrepreneurship on a generic (i.e. not only technology-based) scale.

Appendix: A Review of Initiatives to Encourage Enterprise Culture in New Zealand

Claire Massey and Kate Lewis

The background

This section is a 'snapshot' of the current manifestations of such efforts, and is not a historical examination of what activity has occurred in the past, as no such history exists. Activity that is occurring today has developed not out of a focus on an 'enterprise culture' as such, but out of an increasing focus on business improvement as a strategy for achieving economic growth. Of particular concern has been the SME sector. As the specific ways in which SMEs can contribute to a country's economic and social goals have become more widely understood, there has been a growing emphasis on encouraging the owners and managers of these enterprises to take part in initiatives that can lead to an improvement of performance. At the same time there has been an increasing awareness of the possibilities that exist for government agencies to take the lead in forming and shaping the business culture that exists and the practices that are implemented by individual firms.

One of the objectives of the review was to provide some input on the relative depth and effectiveness of the programmes that relate to the enterprise culture, however, this has been difficult to achieve primarily because of the extremely limited body of evaluation knowledge of such initiatives. As individual initiatives become sufficiently embedded the greater the likelihood of formal evaluation occurring. For example, the Enterprise New Zealand Trust runs a number of programmes that can be described as contributing to the establishment of an enterprise culture in New Zealand, and recently they have completed external evaluation work on one of their programmes. [88]

The Carter Holt Harvey New Zealand Pavilion

The pavilion was based in Auckland's Viaduct Harbour during the America's Cup Regatta (November 2002 – March 2003), and was visited by more than 22,000 people. It was a fast-paced audiovisual presentation showcasing more than 80 New Zealand businesses. Eight inspiring innovation heroes talked about what motivated them, and the challenges they have faced in developing their businesses.

The Enterprise Olympics

In 2002, high school students from 15 countries participated in a 24-hour challenge designed to test their creative, team working, entrepreneurial and innovative skills. Industry New Zealand sponsored this event and mentored the teams. New Zealand won the 2002 event, and has just won the 2003

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[88] Lewis, K. (2002). *An enterprising future: Evaluating the Young Enterprise Scheme.* Wellington, New Zealand: NZ Centre for SME Research .

event as well (*http://www.enzt.co.nz/enterpriseolympics/*). The Enterprise New Zealand Trust played a key role in facilitating this event.

Bright ideas, brilliant products - The Innovation Story

This major exhibition is touring New Zealand in a huge expanding caravan until March 2004. It was developed by National Science-Technology Roadshow Trust with New Zealand Trade and Enterprise support. The Innovation Story celebrates the entrepreneurial spirit of New Zealanders as well as encouraging people with bright ideas to take them further. Visitors are surrounded by interactive displays based on the brilliant products and technologies of five companies.

The Enterprise New Zealand Trust (www.enzt.co.nz) runs a range of programmes, including:

- *Enterprise Studies Programme.* The programme was developed by the Trust and teachers in 1993 and 1994 with support from BP. Around 40 percent of New Zealand secondary schools run the programme mainly at the 4th form level. ESP takes an experiential approach to learning and involves students in the development of their own enterprising project with a focus on their local community. It bridges the gap between learning and doing and provides benefits to the students, the school, and the wider community.

- *The Young Enterprise Scheme. A* learning experience for young people, teachers and business people in which senior secondary school students form a company; become directors; develop products and services, which they market and sell. The YES is school based and teaches skills in budgeting, planning, interpersonal relations, decision making, reporting, communications; risk management and teamwork.

- *Primary Enterprise Programme.* During PrEP, students design and operate their own functioning society in school time. They work in ventures within their own economy; establish marketplaces and exchange goods and services they have produced. Two broad structures underlie PrEP, and they are established and operated by the students. The governance structure creates a workable civil society, and a market system supports the exchanges students make as producers and consumers.   Students design and produce a school-based currency and operate a banking system. Through their exchanges, they create jobs for one another. Students earn an income for their work, then make decisions between personal consumption, saving and investing school money in their ventures. Students pay taxes to support their own government.

Onehunga High Business School

New Zealand's lack of an enterprise culture drove Tony Falkenstein to gather support for the country's first business high school, which was officially opened on 13 June 2003. It is funded by a $384,000 Industry New Zealand grant and a $100,000 donation from Mr Falkenstein's company Just Water. Mr

Falkenstein, an old boy of Onehunga High, is chairman of the new school and his Red Eagle Corporation has underwritten the venture for $300,000. Mr Falkenstein said the Ministry of Education had built a facility with four lecture rooms on the high school campus and subjects being taught to about 200 students included entrepreneurship, business and leadership, accountancy - now called financial reporting and management - and economics, re-named the global economy.

The new school has taken over Onegunga's existing commerce department but Mr Falkenstein said the concept was much more than a name change. "We are opening kids' eyes to business," he said. "If they know about it now, they will be ahead of the others when they enter university or start their own business." [89]

A key observation in terms of provision of initiatives by private sector organisations was that, more often than not, these efforts were in part being funded by monies sourced from government (specifically through the Enterprise Culture and Skills Activities Fund). Two examples of this are outlined below:

The Small Business Company

New Zealand secondary school students can apply what they have learnt in the classroom to a real-world business situation. *The Venture Capital Game* is an entirely Internet based game developed and produced by The Small Business Company Limited, and funded by the Enterprise Culture and Skills Activities Fund. The aim of the game is to develop a portfolio of businesses with higher net worth than any other participating group. The target group is secondary school students studying accounting and economics.

Northland Young Entrepreneur Programme (YEP)

This two-year pilot project commenced in August 2002, and is being trialled in Northland secondary schools. It aims to increase awareness, knowledge, understanding and experience of entrepreneurship; improve employment prospects for young people on leaving school; offer young people the challenge to be job creators rather than just job seekers; and encourage self-employment as a positive career option. YEP has received anchor funding for the pilot phase from Industry New Zealand and the Northland Regional Council Community Trust as well as valuable support from Enterprise New Zealand Trust. It has received financial assistance and pledges of support from such funders as Northland Lines companies Top Energy and Northpower, accounting firm BDO Spicers and The Tindall Foundation. Northland Polytechnic will provide the YEP Training Programme whilst agencies such as Methodist Employment Generation Fund and Business

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[89] Kennedy, G. (2003, June 13). Onehunga enterprise culture gets official nod from PM. The National Business Review.

Services Northland will provide business start-up loans and mentors for YEP companies.

Ernst & Young Entrepreneur of the Year

These awards have been awarded annually for the last five years; globally the programme was launched fifteen years ago. Categories of awards include: Service & Retail, Manufacturing, Technology & Communications, and Young Entrepreneur & Master Entrepreneur. An additional element to Ernst & Young Entrepreneur of the Year award this year is the opportunity for one of the six category winners to be selected by NZTE to receive a World Class Business Internationalisation Grant to the value of $10,000.

Nescafé Big Break Competition

Whilst this is an Australasian competition it is attracting increasing interest from eligible young New Zealanders (including 3 semi-finalists from a pool of 400 in the 2002 competition). Nescafé Big Break is for any young person with a great business idea who needs a cash start to realise their dream. In 2003 there is a total of AUD$256,000 in prize money across Australia and New Zealand. There are 12 cash prizes of AUD$20,000 and 8 cash prizes of AUD$2,000 to be won.

The Enterprise Culture and Skills Activities Fund (ECSA)

The ECSA programme has been designed to positively influence community attitudes towards entrepreneurship to reduce their negative impact on business activity and success. The programme is explicitly targeted at the "Enterprise Culture enabler", by promoting more positive attitudes towards business activity and success in the community (including more growth-orientated attitudes among existing business proprietors) to provide a supportive social and cultural climate for entrepreneurs. The programme consists of two elements:

- an Enterprise Culture Skills and Activities Fund (ECSA) (administered by the Royal Society of NZ) to support small "grass roots" projects to engender and demonstrate entrepreneurial behaviour, particularly in schools; and

- a communications programme to convey positive enterprise culture messages through a variety of media channels.

New Zealand Trade and Enterprise

This organisation offers a range of services which provide information to individuals to assist them and their enterprise, including 'bizinfo', 'enterprise training' or international consultancy, market intelligence and news, or e-market advice, for exporters.

World Class New Zealanders (WCNZ)

WCNZ facilitates business-to-business and strategic contacts and learning opportunities between New Zealand and the world's best talents. It aims to address a lack of international management expertise and to build international "connectedness" amongst high-growth potential SMEs, sectors and regions. Where required it will use a wide range of existing business, public and private sector networks to link businesses with world class experts and specialised, including (but not limited to) high-achieving expatriate New Zealanders. The programme is made up of five elements:

- part-funding visits and exchanges of staff between high-growth potential New Zealand SMEs and related foreign firms, to build skills, international contacts and business relationships;

- part-funding inward and outward missions of New Zealand business groups, in fields relevant to high-growth potential firms and industries, to exchange information, learn international best practices and to develop strategic alliances with world-class experts;

- an annual awards programme to both celebrate the achievements of our high growth companies and to honour world-class expatriates who are actively contributing to the development of New Zealand;

- establishing and maintaining a network of world-class experts and specialists including high-achieving New Zealanders, in this country and abroad, who are willing and able to contribute to the development of New Zealand on a philanthropic basis; and

- provision of government and non-commercial information relevant to expatriate New Zealanders, primarily through a website.

NZTE is administering the programme itself, approving funding for the first three items listed above and providing the last two elements listed directly. The programme also provides some sponsorship funding for the he Kiwi Expatriates Association (KEA) which aims to increase the connectedness with all expatriates.

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