

## **FORWARD**

*The primary thesis of this work is that the mix of entrepreneurial pursuit, community needs, and creative public/private partnerships can be complementary and necessary ingredients into establishing a healthy economic reality in which the quickening pace of internet activity increasingly impact upon our very human and economic existence.*

*This book will hopefully provide a fresh look at the new economic crisis we face today. It is my contention that (mixed) entrepreneurship and economic (community) development are key factors in retooling our efforts towards healthy economic outcomes, whether at the firm, neighborhood, wider community, globally, and/or any other concerned level of economically integrated viability level of achievement.*

In this new Age of the Quickening, as outlined in this book, I introduce the concept of mixed entrepreneurship. Mixed entrepreneurship represents the new way of making entrepreneurial decisions and can serve as a vehicle to build a better way of creatively addressing the perceived conflict of micro-economic behavior in the community context of macro-economic (community) objectives.

It is hoped that this book will contribute to a better understanding of how to deal with, not only the current economic crisis, but also shed some light on the path towards a better economic reality.

## **ACKNOWLEDGEMENTS**

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*The most effective entrepreneur or enterprising entity, for our times, is the one who understands the intimate connection between his/her enterprising success and the greater good. Failures such as Enron, the crisis of 2008's giant financial infrastructure of institutional collapse, and many other examples in this new era of the "quickenings" represent how the "forest and the trees", the individual action and the resultant greater community effect, are intrinsically tied together in a simultaneous heartbeat of cause and effect, experienced in the "now" by both the economic actor as well as the rest of the community. Ecommerce, internet, web based transactions, et al, has given birth to a new economic reality. And this new economic reality, whereby individual action and the impact it has on the greater community, becomes one and the same (positive or negative) effect; and calls for a new order of public policy initiatives. We shall call it "Obamanomics".*

## **CHAPTER I**

### **INTRODUCTION**

During the last quarter of the twentieth century, right up to the beginning quarter of this twenty-first century the world is experiencing the "quickenings" effect of the new age information and knowledge based economy. Communications' technology has taken us into a whole new era of how we carry out human affairs; especially commercial transactions and activities. And, for that reason, the journey taken in this inquiry includes pursuing an intellectual excursion into the important issues and the challenges faced by the contemporary enterprising person or entity in the context of performing in this New Age Economy (NAE). The NAE is benchmarked as the era of the popular use of the computer and internet.

The distinguishing characteristic of this current economic environment (NAE) is the common availability, accessibility and use of communication enhancing type of technologies that is supporting an ever increasing and accelerating number of economic events and activities; especially financial transactions. This type of applied technology driving the economic engine of the NAE, are significant impact tools specific to information processing, knowledge acquisition (and use), and financial market closings (of transactions). These economic forces have tended to have their greatest influence on the unbounded spaceless super-information highways of the NAE resulting in a quickening pace of economic events and occurrences. It is this ***“quickenning pace of economic events”*** experience that we contend that the old school economic theories wedded in the concept that the best practices manifested in a free enterprise system includes the enterprising person (and enterprise), vis-à-vis, the entrepreneur, should pursue microeconomic goals and objectives of value creation, market penetration (financial and real), profits, etc; without necessarily exhibiting an explicit concern for the well-being of the greater community; is blatantly wrong thinking for our times. And why wrong for our times?

Preliminary to any attempt to answer this question, those critical economic issues that confront the contemporary enterprising person/entity today must be understood. And this intellectual pursuit challenges the descriptive and explanatory credibility of using conventional tools of analysis relevant to the experience of NAE economic “phenomena” and events. For example, in the context of understanding the economic “quickenning”

occurring in the NAE, we must understand the changing economic environment and challenges faced by the key role players in the economic scheme of things; that is, “the contemporary enterprising persons/entities”. In this light, we shall put forward that the organizers and users of economic resources in today’s NAE; and more specifically, the users of applied knowledge and technology (the primary two resources most relevant in this economic era of the “quickenings”) have indeed become the significant decision makers and factors in the globalization of value creation and/or financial accumulation. And, in turn, through a better understanding of the behavior of these economic actors will come a better understanding of the “quickenings” experience of the NAE.

### ***Globalization Experience of the NAE***

There is occurring an obvious increase in economic globalization; that is, the international integration of goods, technology, labour, and capital. Business concerns are implementing global strategies which link and coordinate their international activities on a worldwide basis. The name of this process is Globalization (while “globality” designates the results of this process). Five major drivers fueling these globalization forces include: (1) *Political* - there is a trend toward unification and socialization of the global community. The reduction of barriers to trade and foreign investment are hastening the opening of new markets by international enterprises; (2) *Competitive* - One of the competitive driving forces for globalization is the fact that companies are defending their home markets from foreign competitors by entering the competitors’ home markets as well; (3) *Market* - As companies globalize, they also become global customers; (4) *Cost* - Globalizing product lines help businesses to achieve economies of

scale, which reduce development, production, and inventory costs. Companies can also locate where the costs of factors of production are lower; and, (5) *Technology* - advances in computers' and communications' technologies are permitting an increased flow of ideas and information across borders. This also has enabled small firms to compete globally. This fifth force has been the key determinant in the growth of what we refer to interchangeably as: ***the market space, market space(less), and the spaceless market***; that in turn, impacts on the third force (*Market*) enumerated above, that is, “ What do we mean by the designation of , ***“market”***” in the quickening experience of the NAE?”

The internet and web based communications has opened opportunities of doing business beyond the parameters of conventional spatial market activity where place value (what is where and why) has historically determined most of enterprise management decision making. For example, typically the globality nature of contemporary enterprises have resulted in organizational designs that have included spatial market organizational structuring of enterprise systems composed of international divisions, organization by product(s), function(s) or region(s), and/or some combination of these organizational types. But in today's market place and space, good information is essential for decision-making. And enterprise activities are being designed within the parameters of the organizational form of the virtual corporation, centralized around their value creation (and transaction making) activities. We shall refer to this trend as centralized private sector planning and networking systems organized around ***enterprising goal(s) and objective(s)***.

Now, especially in an era of a spaceless economy, successful enterprise nurturing require the decision making processes and behavior of enterprise to develop a supportive and effective Centralized (around the task of value creation) Private Sector Planning Systems (CPSPS). But, given the Age of the Quickening, the effective CPSPSs network are designed to promote entrepreneurial management skills that allow an ability and propensity to understand the effects of value creating decisions and activities upon the greater community (that has been traditionally defined as external to the enterprise); effects that are critical knowledge items to potentially successful managed enterprises. This critical knowledge will be heretofore referred to as a ***mixed entrepreneurial way of thinking and decision making.***

Enterprise managers today use applied knowledge and technologies to create, design, and profit from productive activity (and in many cases use web based value chained communications' networks). From these efforts has evolved a new spaceless marketing strategy (i.e. the internet) designed and used for purposes of competing more (cost) - effectively. Even more than just the creation of effective and constructive value chains of enterprise networks, the formal or informal intrapreneurial decision makers (internal enterprise entrepreneurial way of thinking and doing) are replacing traditional firms' hierarchy form of employee/employer value relationship(s) in literally all sectors of economies around the world. This includes the new status of today's bottom to mid-level worker of today's value creation CPSPSs; that is, the ***self - employed labourer / worker*** (contracted, commissioned, without company benefits but with entrepreneurial decision making job characteristics – home based/internet businesses, service workers, and other



forms of workers without fixed salary payments). Henceforth, no longer is company employee with benefits, employed from date hired to retirement (on guaranteed pensions) the labour market standard.

***The Enterprising Sectors of the World have Dramatically Changed***

Basically put, what is going on in today's economies, industries, and firms are, for the most part, misunderstood. Misunderstood, for the most part, due to widely accepted current projections and forecasts of labour markets and business conditions dependency upon grossly outdated measurement tools; grossly outdated measurement tools, in a sense, that they are archaic to the challenges of understanding value creation in a spaceless market place and in an environment characterized by today's NAE. For example, classification of resources in the broad categories of land, labour, and capital needs to be re-evaluated (and updated). Money and liquidity flows, financial capital raised and used, and investment decisions made (especially at the firm level) are grossly miss-measured due to the changing character exhibited in the "quickenings" and accelerating nature and scope of economic events happening in this new age economy

These market characteristics of the new age economy and the "quickenings" have also created new challenges to public policy makers; especially relative to the need to reformulate public policy specific to the contemporary role and use of the "human resource" in the enterprising process of producing value. For the impact from spatial and spaceless market activities on people, their families, and their communities are increasingly not separate and isolated events; and increasingly, each economic event and

transaction have overlapping intertwined individual and greater community affects. For example, in this era of the “quickenings” there is no longer a clear line between the forest and the trees; that is the firm and its microeconomic behavior and results has become one and the same to the resultant impact on the Greater Community; that is, in many significant ways, manifest real time macroeconomic impact and results. Case in point, an internet economic event resulting in global level sales of a good nature (*possibly positive for enterprise and society*) or a global level financial transactional event that lacks any real value (*possibly negative for enterprise and society*).

The fundamental task of this work, *The Age of the Quickening*, is to make sense of people’s economic behavior and role as agents of value creation while they are participants and performing in this information rich but information burdened new age economy. In many cases, individual action and behavior translates, not into isolated buyer/seller events, but into a continuum of value added (or taken) results emanating within and outside a network. This continuum translates into, what we shall call, the *Community Effect*. Those entrepreneurs applying their knowledge and understanding of the Community Effect are practicing *Mixed Entrepreneurism*.

## **WHAT IS MIXED ENTREPRENEURISM ?**

A model of mixed entrepreneurship is introduced in this inquiry that defines the spectrum of effective enterprising decisions as characterized as a new form of rationale firm maximizing or minimizing behavior exhibited in a fast track information processing and

acquired knowledge using entrepreneurial culture. Mixed entrepreneurship simply states that the profit maximizing behavior of the firm and entrepreneur includes in the evaluation of the basic equation of Total Revenue minus Total Cost, a community effect component. This inclusion of the community effect component is not treated as an externality but as an important consideration in the decision making process. Mixed entrepreneurship assumes that explicit attempts by the rationale, optimizing enterprising person/entity includes pursuing the objective of maximizing value to the greater community in the process of how the firm uses its (private sector based) resources. In this way, the “community effect” becomes an important component emanating from the firm’s value creation decisions and activities. This model of mixed entrepreneurship goes beyond the arguments postulated by the Corporate Social Responsibility (CSR) Models. Assuming rationale firm behavior, a firm’s community concern (and community well-being) becomes an explicitly considered variable and factor in the firm’s optimization goals, in light of an era experiencing an ever increasing “quickenning pace” of enterprise transactions and decisions made. Definition and identification of the “Community Effect” for any mixed entrepreneur decision greatly depends upon time (short, intermediate, and long term horizon) and how effectively knowledge is acquired (and used).

The basic assumptions made in this inquiry with respect to the model of mixed entrepreneurship behavior is contingent upon a more relevant specification of the classical economic production function whereby output is dependent upon, a function of, and determined by the quality and quantity of applied knowledge and applied technology, given all other available resources. This more relevant specification of the classical

production function (output a function of the quantity and quality of land, labor, and capital, given the state of technology available and used) is presented in light of the ever developing new age knowledge based economy (NAE). This redefinition of the production function emanates from a better explanation of output and services as value creation steps orchestrated by the enterprising person(s), aka , the entrepreneur. And further, the classical concept of the “self-employed labour” is revisited here in the context of attempting to better understand how human resources in today’s information age contribute to the production process of creating value.

This inquiry attempts to address the need for a new economic order of thinking. Decision making patterns that define important characteristics and economic processes are unique to this new information age. Therefore, a re-evaluation of tools used and needed in entrepreneurial management (of contemporary enterprise) must be done. Why? Because human behavior manifested today, whether buying or selling; that is, whether one wears the hat of a consumer, producer, and/or even public servant; result in outcomes and decision making patterns that uniquely define important characteristics and economic processes that are unique to this new information age.

An effort in this inquiry is also made to address the issue of increasing poverty amidst plenty. Most poor communities are primarily dependent upon labour income (wages and salaries, therefore a labouristically structured community/economy) versus more economically fortunate communities receiving a healthy distribution of both labour income as well as enterprise income (interest, dividends, rent, and economic profits).

There is obviously a special need of entrepreneurial development activity in low income communities; that is viable entrepreneurial spirit must be included in all segments of our society. But this author contends that this focus must become consistent with the new concept introduced in this text; and that is, mixed entrepreneurship (that defines the optimum approach of the firm's (and enterprising person's) attempt to efficiently produce "things" cost effectively (including transaction cost); while insuring the long term viability of the enterprising entity and value chain system (organized around and in support of the value creation objectives). In the application of mixed entrepreneurship the decision making focus of the entrepreneur and enterprise is to identify optimum microeconomic points which are consistent with the overall survival and growth needs of the greater community (the macro approach). Therefore, mixed entrepreneurship puts forward the assumption as to the existence of decision point(s); that exist more readily and consistently in the Age of the Quickening; that simultaneously reflect optimizing behavior at both the firm (individual level) and society in general; versus a sometimes perceived conflict of interest divergent decision point, as classically perceived. That is, mixed entrepreneurship suggests that this behavior is rational behavior for the enterprise seeking long term economic sustainability; and not just Corporate (business) Social Responsibility (CSR) concessions. Therefore, it will be shown in this intellectual excursion that the most effective entrepreneurial way of thinking; in the context of making decisions under the unique market conditions exemplified by the *Age of the Quickening*; includes making choices that are bounded by the conceptual assumptions elementary to the model behavior of mixed entrepreneurship. A mixed entrepreneurial way of thinking makes the conceptual assumption that micro – behavior of the enterprise

(person) and macro – objectives of the greater community are, in many and significant ways, part of the same equation system of effective economic decision making; especially so, when the distinction between the forest and the trees are blurred by the quickening pace of transactions emanating out of the use of applied technology (i.e. the internet).

The ideas developed and addressed in this inquiry is multi-disciplined with an emphasis on the specific fields of inquiry defined as entrepreneurial management and economics. The hope of this author is that the reader, after digesting this inquiry, better understands the basics of mixed entrepreneurship; especially in an international contexts; and to help the reader explore and understand the new age entrepreneur's role in economic and community (neighborhood/country/global) development.

The aim of this inquiry with respect to the concept, *mixed entrepreneurship*, is to encourage the reader to understand and when appropriate, apply decision making behavioral techniques consistent with a mixed entrepreneurial way of thinking; especially specific to the development considerations of enterprise (business) and community economic development (and when appropriate, in the context of global and international issues and concerns).

As previously mentioned, mixed entrepreneurship borrows, uses; and in some cases extends; the basic principles and elements attributed to the disciplines of the principles of entrepreneurship management and economics.

The dual condition of progress and poverty is revisited in this inquiry in light of the *Age of the Quickening*; as originally addressed by the great economist of the 19<sup>th</sup> century, Henry George. This inquiry is presented in a very practical policy and program recommendation form that attempts to creatively address and relate to issues relevant to how small businesses (and low income communities) and the “self- employed” entrepreneurs can compete for global markets; introducing possibly the most creative approach to international entrepreneurial pursuit; that is, the Center for Commercial Diplomacy

### ***Towards a New Direction***

In today’s applied technology driven and knowledge using new age economy, public policy is most effective when it can meet the greater community needs; that is, the macro-economic goals and objectives; that are also consistent with the growth and sustainability of a private enterprise oriented type of economy. This includes:

- establishing and fostering creative public/private partnership efforts that incubate new business activities via private sector growth initiatives;
- establishing and fostering creative public/private partnership efforts that incubate new business activities in industries that are deemed critical to the economy’s overall growth; and increase Community Net Economic Welfare (CNEW);
- establishing and fostering creative public/private partnership efforts that incubate new business and human capital development activities designed and dedicated

to training its citizenry to a spectrum of basics and specialized mixed entrepreneurial way of thinking;

- establishing and fostering neighborhood level entrepreneurial training systems and programs (as appropriate) through creative public/private partnership efforts that incubate new business activities in low income and emerging economic growth communities, especially: communities lacking and/or needing private sector initiatives; and/or in need of private sector initiatives that encourage global business opportunities that promote the level, growth, and opportunities for the newly defined self – employed worker and/or entrepreneur of this new age economy; especially for the case of participants in the small business sector; as well as retraining of both the employed as well as the unemployed persons.

### **Envisioned Goals of Obamanomics:**

Preliminary to the any expected outcome as to be experienced by policies initiated by and emanating out of the newly elected President and his administration, this inquiry refers to the perceived “community organizing” approach of Obamanomics:

The perceived mission of the expected Obamanomic Public Policy Initiatives should include assisting in the identification and fostering of private/public partnerships that make community and private based resources more effective and efficient with respect to value creation activities and income/employment generation, by,



- (1) facilitating a conducive environment for private sector initiatives that results in minimizing systemic market imperfections and resource use inefficiencies.
- (2) provide a macroeconomic guiding tool of measurement consistent with Community Net Economic Welfare (CNEW) goals and objectives.

And lastly,

- (3) implement policy recommendations emanating from this inquiry (such as the Neighborhood Entrepreneurial training System (NETS)) with respect to human skills training which set as primary a need for the restructuring of societies' human capital development and educational priorities (and concepts) towards building entrepreneurial skills and abilities from the very inception; that is, from elementary school to refined skills' training levels; for every individual (versus the current educational system which is designed as if we live in a labouristic world (i.e., looking for a job versus creating a job type of skills training)).

Typical job skill training is currently central to human development and education system(s), but ignores the need to develop entrepreneurial skills in today's type of economy as a life long learning process in order for society to keep up with the ***“quickenning”*** pace of the ***New Age Economy***.

## **CHAPTER II**

### **THE “QUICKENING EFFECT” IN A SPACELESS ECONOMY**

Today, nearly 60 per cent of those age 12 to 17 and 80 percent of those 18 to 21 year olds use social – networking sites. According to a Forrester Research report release in June, 2007, social – networking sites represent a “growth” advertising market. Advertising expenditures are expected to reach a multi – billion dollar level of advertising revenue by 2011; and that is just for social networking sites alone with respect to the impact of the internet on our economy(ies).

A recent report provided further contributory statistical evidence of the continuing dynamic trend towards increased computer literacy and use; that is, “...as of the end of the first Quarter 2006, the use of high-speed internet in the U.S. *grew twice as fast* in the year prior to March 2006 than in the same time frame for years 2004 and 2005, respectively... and along with African Americans and new internet users, middle-income Americans accounted for much of this increase...” The report further summarizes that by the end of March 2006, 42 percent of American households had high-speed at home computers, up from 30 percent previously registered in March of year 2005! These statistical facts as well as other computer use indicators amplify the dramatic increases that are occurring in the market place with respect to their use. The increased availability and use of hi-tech communications’ enhancing type of computer products; whether home

based, in private vehicles or commerce trucks, et al; including a wide spectrum of business applications; further confirms their growing central role that they play in every day life and all aspects of the human experience.

And with this new era of fast paced information sharing computer based networks has come the increased ability to effectuate “transaction closing type of events”. In turn, this increased ability to effectuate “transaction closing type of events”; which are occurring at a forever accelerated pace; has given rise to a new economic reality. We shall refer to this new economic reality as the *Age of the Quickening*. This *Age of the Quickening* is defined by the quickening pace and rate at which people are communicating and closing economic events (real and/or financial transactions); given the accelerated movement and transmission of information gathering and processing activities. And the resultant benefits realized have included an improvement in contemporary society’s applied knowledge ability and decision making effectiveness. But, on the other hand, the Age of the Quickening has given birth to a condition in our economy worst then the age old inflationary cycle of, “...too much money chasing too few goods...”.

This Age of the Quickening is a new era of internet connectivity. Applied knowledge by the human factor to value creation events has become the most compelling and significant contributory economic resource to the production process in today’s Age of the Quickening. One defining characteristic of this Age of the Quickening includes how enterprising persons and entities use applied technology and knowledge. With the increasing ability to apply communications’ enhancing technologies popularly available

in the new age market space(less) has come an ever growing ability for better cost and time effective processing and use of information. ***This market reality has tremendously multiplied the ability of the enterprising person and entity to generate economic events beyond the linear constraints of the conventional inputs of land, labor, and capital.***

This quickening pace of information gathering, knowledge exchange, and transaction closings did not just begin during these last few years. Ushered in, during the years of the eighties and nineties, was indeed a wide application of an assortment of computer and computer related hi-tech mass communication tools. Individuals, families, institutions, and businesses in general have all been energized by the increasingly used; literally globally; hi-tech mass communication tools now popularly available. And because of this, the world, for the most part, is doing business at a ***“quickenning pace”*** (of events); and its citizenry is entering the game via the growing number of “internet” ramps of the new age super information highway. And given the earthly bound terrain of the less fortunate souls who are forever pulled over for speed violations, speeding tickets are not given out in the quickening’s “spaceless operating environment”. For, on the flip side, given the cumulative affects of transactions emanating out of the quickening’s unprecedented losses potential, the potential disutility or costs can be massive.

***The Age of the Quickenning has dramatically blurred the line separating the forest and the trees...***that is, emanating from a singular economic event can be internet and other mass communication driven microeconomic effects resulting in macroeconomic affects as to geometric potential and realized benefits (or losses). This blending of results emanating from an economic event has set new requirements on individual enterprising

behavior seeking to achieve success in economic markets. We shall attempt to explain this individual enterprising behavior by means of using the concept of mixed entrepreneurism

***Mixed entrepreneurism*** attributes one type of non- optimum result in the market place to the inefficient allocation of time and resources to productive endeavors when the optimum use and application to productive endeavors is approximately one and the same to both the individual resource use owner/decision maker as well as for the greater community. The decision to dedicate time and resources, especially at the margin, in an inefficient way, can be attributed to a miscalculation of optimum points of resource use, resource combination(s), and production for the individual enterprise and society (community) in general . This especially holds when the optimum point of resource application and use is allocated in such a way that a community satisfaction optimum also results in an optimum point higher for the individual decision maker than if the individual selected an optimum point, excluding the consideration of the total benefit and cost effects that includes the Greater Community Effect. ***Mixed entrepreneurism*** seeks to identify the highest private value by considering and contributing resources to the community's highest level of indifference. The primary constraint with respect to a mixed entrepreneurism optimum is the resource owner/user's knowledge level, especially as it relates to what defines, neighborhood, community, nation/state, and global community. ***Mixed entrepreneurism*** recognizes that an asymptotic point exists whereby increasing knowledge by the decision maker further clarifies the understanding of cost/benefits at the margin with respect the individual and marginally additive movement

towards that asymptotic optimum; a nonlinear point representing movement towards the optimum global effect (the greater community effect). And a necessary and sufficient assumption that is basic to the potential of achieving a mixed entrepreneurship optimum is the propensity exhibited by any designated New Age Economy (NAE) towards the characteristic of, “the free flow of knowledge in an open society”.

### **NAE Characterized by the Human Centric Resource Factor**

In looking back at the experience of the last two decades of the twentieth century, this quickening effect has significantly changed the characteristics of the (human) resources employed by the entrepreneur. The field of education and the study of human capital development have witnessed an ever-evolving spectrum of new skills’ requirements (and other human development challenges) unique to this new information processing culture. The popular concept of “life long learning” has become an educational standard, even just for people to keep pace with the ever changing character of economic markets (i.e. business and labour). Subsequently, with this condition (and other significant contributory factors to be discussed later) emanating from this quickening pace on the economy’s experienced outcomes; especially outcomes emanating from and impacting upon the human factor of productive effort; this has given rise to a need for us to understand the realities of **“people at work in today’s NAE environment”**. A major part of this understanding might be found in applying new approaches of economic reasoning with appropriate applications of existing wheels of thought (i.e. thinking inside and outside of the box). For example, human behavior manifested today; whether buying or selling type of human behavior exhibited; that is, whether one wears the hat of a consumer, producer, and/or even public servant; manifest decision making behavior that uniquely define important characteristics and economic results unique to this NAE ... that is, unique to

this New (information processing) Age Economy in the context of the experience happening during the Age of the Quickening. This economic reality that is unique to the NAE we shall refer to as a, **Human Centric Resource Factor** condition of resource focus on the task of creating economic value in today's knowledge based economy. Human Centric Resource Factor concept defines the application of applied knowledge and technology to value creation objectives as the most significant contributor to the level and distribution of the NAE.

### **Past Thinking, New Approaches**

This “quickenning pace” has given birth to a growing demand for an information processing and knowledge using/expending type of self employed labourer versus a physical intensive expending worker. And what is the difference between the self employed labourer and “physical intensive expending” worker?

In consideration of ideas predating the concept of mixed entrepreneurship (and our Human Centric Resource Factor analytical framework) includes early day classical economic theorists and economic philosophers who argued that production only originates with god. With the godly creation of such a natural resource, as a tree; they would contend that, “what we as humans do is give the tree use value by reshaping that tree into, for example, a wooden chair” (therefore, the chair, to wooden chair users, has a use value form (via the reformulation of the tree to a chair). For example, the theoretical foundations of many classical political economy treatises (from Adam Smith to Mills, Ricardo, Henry George, and others) were developed around a healthy dialogue about the meaning of

labour (human) resources' and their contributions to economic value. Their consensus definition of labor was, "...includes all human exertion in the production of wealth ...". In Henry George's book, Progress and Poverty, he clarifies basic terms,

"... land, labour, and capital are the three factors of production...The term land embraces, in short, all natural materials, forces, and opportunities, and therefore, nothing that is freely supplied by nature can be properly classed as capital...The term labor, in like manner, includes all human exertion, and hence human powers natural or acquired can never properly be classed as capital. ..wealth...consists of natural products that have been secured, moved, combined, separated, or in other ways modified by human exertion, so as to fit them for the gratification of human desires....though all capital is wealth, all wealth is not capital. Capital is only a part of wealth – that part, namely, which is devoted to the aid of production...."pp47/8

Classical theorists, such as this great economist of the nineteenth century, provided us with a fundamental analysis concerning the nature and scope of human (labour) energy expended in productive pursuit. And, in examining the new economic order and behavior(s) as exhibited in this new age economy; and, by applying the basic logics of George's "labour exertion" explanation of human contribution to the value creation process; it can be demonstrated that an updated relevancy to yesterday's classical labour value theory can be applied so as to facilitate an understanding of the labour market conditions characteristic of the NAE . For, in consideration of the new age, spaceless economy of today; and in the attempt to understand the processes involved in producing value in this contemporary economic environment, market results are ever increasingly



dependent upon the “*human energy expended*” with respect to the information processing and knowledge using efforts of self employed workers all the way up to the high end mixed entrepreneur:

The individual rolling out of bed and turning on the computer redefines the classical production from output as a function of inputs of land, labour and capital, to *output as a function of the centricity and focus of all inputs to the task of creating economic value by the human factors’ effective and/or ineffective application of knowledge and technology (given all other resources) to the task of creating economic value*. The organizing of resources through the development of a creative network of value linked entities brought into the production chain and strategically “queued” in this internet spaceless world; by this new entrepreneur; with the final chain of intents, commands, and agreements strategically timed and channeled to ultimately satisfy some end user with the product or service; represents this new entrepreneurial organizer of resources establishing a value chain consistent with the task of carrying out of private sector planning central to the task of creating use value by this new entrepreneurial organizer of resources...something can also be said about this new entrepreneurial organizer of resources when the task is not to maximize real economic value but exchange value (characteristic of the worst results of the Age of the Quickening...heretofore, the financial crisis of 2008).

Given all the names and categories of labour; in all of its balkanized cadres and glory; i.e., janitor, physician, truck driver, farmer, consultant, etc.; an analytical framework,

applying classical thinking, can be employed; that reduces at each margin of value creation the human efforts employed in commerce; that can be literally reduced to a generic “energy expended” applied to the task of creating value. If we define “all other things” above and beyond nature’s gifts as stored up labour/human energy (such as capital goods); then, human energy, coupled with these labour saving devices (capital) are or can be made more efficient via innovative applications of technologies and knowledge; that, will in turn, give new meaning to the concept of entrepreneur; or better yet (as we shall see) the self- employed labourer. And applying the concept of the self – employed labourer to today’s enterprising worker situation, we can better meet the challenge of defining and presenting a better understanding of the human factor role in producing value in a spaceless economy. This generic concept, human energy expended, covers the wide spectrum of human factor efforts (towards creating value); and measured at the margin, by returns on given amount of energy expended (vs. the existing classification of workers/ employees and employer (whether human or artificial entity (business, firm (and incorporated or unincorporated))). The characteristics of the self-employed labourer in the market place (and market space) has radically changed the understanding of employer and employee.

With respect to applied knowledge as an explicit factor in the production of economic value, can we develop a standard measure of “human energy expended” that includes elements of both physical and intellectual contributions? Quite obviously, wages, salaries, corporate executive bonus, and other human factor payments are indicators but quite imperfect real measures. But if we could achieve a competent empirical measure of

“human energy expended” then understanding the important cause and effect characteristics specific to the level and distribution of the New Age Economy (NAE) would be greatly understood (given that, all the conventionally acceptable probability percent levels of significance could be achieved; that is, acceptable to the extent that it adds validity to the assumption that it is an accurate measure)

Within the NAE, the aggregate of the microeconomic “human energy expended” measured would be an effective measurement tool in explaining the expected level and distribution of Community Net Economic Welfare (CNEW). That is, the aggregate “human energy expended” measured would greatly explain the expected level and distribution of Community Net Economic Welfare (CNEW). And, with the achievement of “an accurate measure” of human energy expended, then the functional income distribution measure of any specifically defined and designated (networked/ integrated) economy would exhibit a relatively high (higher than conventional measurement tools currently being used) “human energy expended” contributory value to net real economic value (output resulting from human energy expended). This human resource oriented economy, exhibited by the NAE, is a given to how technology and knowledge is applied in the productive process of creating economic value in the NAE.

Understanding the human resource oriented characteristic of the NAE; especially in light of the Age of the Quickening; indeed sheds substantial light on how today’s new age economy behaves. Therefore, the great challenge in attempting to measure “human

energy expended” in the creation of economic value, is a formidable but important analytical step to be taken.

The basic circular flow of economic resources and activities, exhibits a counter-flow of factor payments to the resource flow, in which each resource contribution is “mirror imaged” by resource payments. Yet, in reality, what is actually occurring within this new age economy’s factor markets are not simple uncomplicated exchanges of “labor for wages” but a heterogeneous complex series of transactions and agreements that make up a part of and contributory to the value chain. This complicates the simple equation of, “factor payments as correlated with factor contributions”. That is, in this knowledge (input) based economy, businesses will need to be treated as increasingly investors of knowledge, not just a “wage/salary” management of cost equation. New economy network systems and resultant institutional arrangements manifested in this new “spaceless” economy “ requires a pause in applying conventional logic and measurement tools.

In this Age of the Quickening many successful entrepreneurs characterize themselves as significant investors in intellectual capital. For example, workers today, contribute their energy, knowledge, and capacity to innovate, to create wealth beyond the simple tasks reflected in the past; such as, “banging a nail...”. Even to some extent the “spatial” based truck driver represents to the business an investment in applied and practical knowledge; as he or she delivers the product or package, then enters the deed on his mobile computer located in his or her truck; and, in the process, impacts upon the business’ entire network

system, instantaneously adjusting a wide spectrum of inventory warehousing measures and other “information” inputs that he directly or indirectly inputs (maybe, adding his or her comments and observations/ recommendations into the spaceless market traveling the super-information highway) contributing significantly to the value chain. Yes, this simple spatial based act of human energy expended by our truck driver has obviously added instantaneous significant value to the company’s (network) value chain within the network system of relevant (to the production process) spatial and/or spaceless markets. The key here is the central role knowledge, technology, innovative behavior, and transaction efficiency (exchange value) play and complement the human factor’s efficiency while in the process and moment of creating value.

Henry George, the great San Francisco based economist, who produced the fore-mentioned treatise, *Progress and Poverty*, uses the concept of the self – employed labourer so as to expand upon the logic of classical labour value theory.

Labour value theory attributes all contributions to value to the labour factor. Even the classical productive form of output determined by organizing and using labor and capital; capital was, in its rawest form initially produced by labor operating on materials of nature. Tools, machinery, and other implements represent wealth creation of labour saving nature. And when combined with an appropriate amount of labor, increases the rate of value creation ability by the labour factor.

The “new age” entrepreneur organizes, use and entrepreneurial manages a wide spectrum and levels of “new age” human factor of production”; that is currently being employed in commerce, anywhere, from low tech, high labor intensive industries or sectors, to those that are highly compensated for given amounts of “labor expended”. And the concept of the self – employed labourer captures much of the elementary characteristics and conditions specific to the worker or human factor employed in today’s Age of the Quickening.

Henry George further defined, “ ...Wealth being an abstract term, the idea of wealth, it must be remembered, involves the idea of exchangeability...” *Progress and Poverty*, p40

Henry George further explains,

“ The man who works for himself gets his wages in the things he produces, as he produces them, and exchanges this value into another form whenever he sells the produce. The man who works for another for stipulated wages in money works under a contract of exchange. He also creates his wages as he renders his labour, but he does not get them except at stated times, in stated amounts, and in a different form. In performing the labour he is advancing in exchange; when he gets his wages the exchange is completed. During the time he is earning the wages he is advancing capital to his employer, but at no time, unless wages are paid before work is done, is the employer advancing capital to him. Whether the employer who receives this produce in exchange for the wages immediately re-exchanges it, or keeps it for awhile, no more alters the

character of the transaction than does the final disposition of the product made by the ultimate receiver, who may, perhaps, be in another quarter of the globe and at the end of a series of exchanges numbering hundreds.” *Progress and Poverty*, P70

Henry George developed a generalized view of labor expended whereby the wages of a fisher can be equated to the production of wool, based upon its exchange value. Therefore, one primary role of money is (should be) to serve as a universal equivalent so as to make relative values of different kinds of economic value. And what has the impact of the quickening been on the role of money, the universal equivalent?

### **The Quickening Effect on the Circular Flow of Real and Financial Resources:**

#### **Financial Aspect of the Quickening**

The beginning era of the New Age Economy’s realized Quickening Effect has created an economic crisis of unprecedented levels. This economic condition manifested in the world economies’ opening era of the Quickening represents our introductory experience into the evolving twenty – first century reality. *An experience in which the gap between real value and value attributable to pure financial transactions has clearly become the primary factor contributory to this financial collapse.*

For example, with respect to shedding substantial light on the economic characteristics and behavior exhibited by the NAE, financial aspects and outcomes of the Quickening

has resulted in the financial crash benchmarked in the last quarter of 2008. These aspects and outcomes of the Quickening have culminated into significant unsupportive aggregate financial value; unsupported by original real economic value creation... that is, multiple transactions happening and redundant to singular economic events of real value creation. And like a stone tossed in a pond creating ripples emanating outward, this financial transaction quickening characteristic has significantly impacted upon a multiplicity of economies; for example, from individual to neighborhoods to national to global ...et al

### **Wall Street versus Main Street**

To understand the magnitude of the effect of the quickening can have on the financial side of markets, let's revisit the basic logic of the circular flow analysis of economic resources and products; that exhibits a counterbalance circular flow of financial transactions.

For any given market oriented economy you have happening resource owners receiving goods and services from enterprise organizers (and let's call this the Upper Half of the Circular Flow in which the completion of this circular flow includes the Bottom Half of the Circular Flow of resources supplied to the enterprising sector of our economy that were used to produce the "Upper Half" of the circular flow; that is, the completion of this Circular Flow includes the bottom half of resources supplied that are combined, organized, and used to create value (as represented in the Upper Half (plus or minus inventories – unsold items)).



In contrast to this real flow of product and resources, there is an opposite spin to the “Upper Half of the Circular Flow”; or more specifically, the Financial Transactions between buyer and seller of goods and services (Financial Value of Community Net Economic Welfare). Similarly, the opposite “Bottom Half of the Circular Flow” are the financial transactions between resource sellers and resource buyers.

We contend that the super information highway of “the quickening pace” of financial transactional events occurring has exceeded the counter flow of real transactions; that is, exceeded it beyond any simple explanation of some major “inflationary pressures”. Indeed, the nearly trillion dollar, first round expenditures approved by Congress earmarked to “fix” the financial crisis merely represents a very short run, emergency - crisis management and financial- budget allocation initiative. Its intent is expansionary monetary policy. Correcting and fueling financial shortages and drag on economic growth. But its affect on the economy will be much limited by the empirical financial impact of the “quickenings” on the financial side of the equation of exchange; and in taking in consideration contributory effects of “spaceless” financial market “quickenings” affect on the ever increasing gap between real versus financial flow current values, respectively.

In this NAE new forms of doing business, other than the traditional firm, are emerging; that is internet/web based business systems (organized around creating economic value, real or financial). For, as the Internet grows in ubiquity, bandwidth, function, and

robustness, a deep, rich information infrastructure is growing in the NAE that makes negotiations, knowledge sharing, and transactions infinitely easier and faster. As a result, in many industries the traditional firm is being pushed aside by more effective and competitive internet-based models of value creation. These new organizational forms are networks of suppliers, distributors, commerce providers, and customers that execute substantial business communications and transactions via the internet and other electronic media. They enable the creation and marketing of unique new value for customers in ways that dramatically reduce time, share risk, and reduce cost.

But the quickening pace of financial transactions redundant to real value creation leads us to the fundamental question as to understanding NAE,

What is money and how is money made in the NAE? The answer to this question leads to a better understanding of today's issues arising from the Age of the Quickening.

### **The Need For A New And Innovative Inquiry**

As previously discussed, productive human behavior acted out in today's Age of the Quickening, whether buying or selling; that is, whether one wears the hat of a consumer, producer, and/or even public servant; manifest decision making behavior that uniquely define important characteristics and economic results unique to this new information age.

## **The New Worker: The Self Employed Labourer**

The new coordination technologies, driven by the internet spaceless market place, are enabling us to return to a pre-industrial organizational model comprised of tiny businesses—but with one crucial difference. These small business concerns can gain access into global, networked resources that were once available only to larger companies. And these small businesses are entrepreneurial managed by today's contemporary enterprising persons. We can identify these contemporary enterprising persons, in their most elementary form, as self – employed labourers. These self – employed labourers represent a new type of entrepreneurial spirit that has fueled a new economic order of things and people. That is, a new economic order of things and people in which significant market characteristics specific to the experience of the “quickenings” include, a) spatial based “neighborhood cultures” of the respective enterprise (persons), b) internet/website spaceless global based markets; as well as, c) complex nonlinear value chains of physical and knowledge arrangements. And a better understanding of the economic problems we face today can be clarified by studying how these self employed labourers use applied technology and applied knowledge in the marketplace and market space(less). Studying those challenges and the decision making behavioral patterns of these enterprising persons give credibility to the concept of our (newly defined) mixed entrepreneur.

The entrepreneurial management behavior patterns of the enterprising person suggest that knowledge creation and knowledge sharing lie at the center of the NAE. These decision

making patterns of the contemporary enterprising person has caused the current business accounting measures; including (social) national accounting measures (i.e., the GNP accounts - which were designed with the old economy on mind) to become poor pulse checking measures as to the current and predictable health of the NAE.

The most important characteristic and utility emanating from the human factor of economic value creation is knowledge. Using the decision making model of the enterprising person centered around the goals and objectives specific to economic value creation, the Centralized Private Sector Planning System (CPSPS) value chain conceived by the successful enterprising person (the mixed entrepreneur) consists of all the activities it performs to produce, design, market, deliver, and support its economic value producing system. This value chain of the mixed entrepreneur that includes the supplier and buyer linkages collectively make up a CPSPS's value chain. And the pulse of this CPSPS is information processing and knowledge using activities. A CPSPS of a mixed entrepreneur is defined by the chain of enterprising linkages that establish channels of communications built around CPSPS model of information systems and networking mechanism. But what critically differentiates today's NAE from yesterday's economic reality is that yesterday's model of economic organization can be characterized, for the most part, to information processing and using being moved in a physical base way; and following a linear flow of the value chain created. But when unbundled from its physical carriers, the richness and the reach of the information are nonlinearly transformed. When information begins to move in a range of directions, the mixed entrepreneur can build much more intense, meaningful, and valuable relationships. The internet and its

website/email/ software complements new infrastructure where the sharing and management of knowledge within and between economic actors in this New Age of the Quickening occurs at a quickening pace. It enables the networking of human intellect, know-how, and ingenuity. And the elementary human factor in this new world of commerce is the self – employed labourer... Self – employed labourers characterized as knowledge workers .

*To see how important our ideas are compared with our more familiar tangible goods, imagine that all man-made objects other than books were about to be destroyed. Ask yourself how long it would take people to recover their current standard of living. Now compare this with a thought experiment in which our objects are preserved, but all books are destroyed and all the knowledge stored in our computers and our brains is wiped out - even fundamental ideas like the alphabet or the place system for recording numbers. In this second case we would still have useful objects such as houses, but our economic prospects would be grim.*

Paul Romer

## **CHAPTER III**

### **THE ROLE OF KNOWLEDGE AND INFORMATION**

Conceptualizing how applied knowledge plays a central role in achieving the task of creating value creates an intellectual challenge to most. For knowledge; an intangible phenomena; does not have the quality that tangible things have...you can't see, feel, touch it; let alone the difficulty of measuring its impact. And for many who identify themselves as practical thinkers, they would say, "...if you can't see, feel, touch it, it doesn't exist...excepting the godly spiritual realm and maybe, electricity (they would contend that you can definitely feel the presence of electricity and experience the electronic benefits of radar, wireless communications, et al). Yet applied knowledge, an intangible concept of "human energy expended" is indeed the most significant economic good that we produce in the New Age Economy (NAE). The creation of more economic

value in the NAE has been a result of and led by a whole new generation of “applied knowledge using” internet literate enterprising persons. And increasingly, enterprising persons and entities are tapping the value added creative energies of the human resources that are available and part of their respective CPSPSs. And for sure, today’s knowledge based economy requires everyone to have varying degrees of entrepreneurial “way of thinking” knowledge using managerial skills; that is, to varying degrees, depending upon whether the human resource is a common labourer, self – employed worker, or a high level mixed entrepreneur.

With the advent of this new age economy and the “quickening rate” of mass communications’ activities there is a need for researchers, managers, and policy makers to come to grips with the ever changing nature of value creation events fostered by the quickening pace and application of knowledge using enterprising efforts. Applied knowledge is indeed the key explanatory variable manifested in NAE activities emanating out of the “spaceless” sphere of the internet generated markets (and is a primary factor in generating the Age of the Quickening; whether the spectrum of results add marginally positive or negative value to the NAE).

What radically differentiates NAE from previous economic eras is how applied knowledge and information processing technologies dominate (economic) outcomes. For instance, when information is carried by a physical based entity; such as a piece of direct mail by a mail carrier; the information travels where the entity (mail carrier) goes and no further, unless turned over to another physical entity. The movement of this information

is constrained to follow the linear flow of this physical value chain. But once everyone is connected electronically, information can now travel by itself. The traditional link between the flow of product-related information and the flow of the product itself, between the economics of information and the economics of things, is now broken. Information; now free from a physical carrier; enters a spaceless reality with potentially multiple end receivers of this information or knowledge (“multiple persons now in the know”). And the measurement of this reality is not captured by the conventional GNP accounting system clouding the use value of any “GNP” based forecasted event. By the time accelerated economic decisions, transactions and various forms of buy/sell agreements have transpired at a “quickenning pace” we are surprised with, for example, an unforecasted outcome (i.e. the economic collapse of 2008; and arguably, on the positive outcome side, another billionaire made internet entrepreneur).

The elementary pieces that give energy to applied knowledge is information. Information, as the “connectivity” life blood in the NAE, gives new meaning to the equation of exchange and transaction occurrences... information is sort of the new age universal “facilitating” equivalent tool that provides intangible values to information senders and receivers.

The technology used and applied to information processing has had a profound impact on all businesses, not just on high-tech or information processing companies. The network (aggregated CPSPs) economy, structured around the value creating and transaction making enterprise system(s) materially separates “those in the know...and those not in



the know”. This means a lot to how policy initiatives are designed to minimize poverty, (small) business development initiatives, economic development programming, and virtually all economic and policy making efforts. But the tools that are used to determine alternative policy initiatives are, in many ways, archaic to the task of understanding the NAE. Take for example, GNP accounting system. These and other macroeconomic empirical tools lack measures that can confidently identify economic events and transactions emanating out of the geometric spin happening in the Age of the Quickening. Analytical tasks such as making assessments on an industry to industry basis become flawed because they do not “account” for the massive restructuring of nearly all industries that have created new; and in some cases, complicated; value chains of economic organization...i.e. quickening pace of electronic, e-commerce events.

By developing an analytical focus on the concept of value chain thinking and CPSPS formations; on a industry and case basis; then the fundamental economic logic of enterprise behavior in the NAE could conceivably be understood; and this benchmark understanding could serve as a starting point for exploring new measurement tools. A CPSPS's value chain consists of all the activities a value creating and transaction making system carry's out in support of the design, production, marketing, delivery, and general support to its product and service creation activities. The linkages of enterprising persons and entities that supply and buy from one another collectively make up the CPSPS's value chain. This CPSPS value chain also includes its particular configuration of competitors, suppliers, distribution channels, and customers. Conventional thinking of value chains has previously been only thought of as successive linkages of physical

activities. But with the invent of the spaceless economy, value chain linkages also include all the information that flows within a company and between a company and its suppliers, distributors, and customers; as well as to both intended and unintended recipients that make up the collective reality heretofore referred to as the *Community Effect*. *This Community Effect has been made significant due to the character of the operating environment of today's enterprising person/entity, vis-à-vis, the Age of the Quickening.*

A fundamental change is occurring in the economics of information used in the new age economy. In the NAE, the fundamental change is less about any specific new technology applied and more about the fact that a new behavior is reaching critical mass. Millions of people at home and at work are communicating electronically using universal, open standards. This explosion in connectivity is a major contributing factor to the Age of the Quickening. An information processing and using revolution that has caused a flow of economic events which are connected like a flow of water, linking the trees to the forest in a unique fashion specific to the Age of the Quickening. And contrary to any lingering thoughts of the days gone by... those days gone by of assuming adding up the production or spending results of the private sector and adding to this Government production/outlays (and other added adjustments, such as Net Exports) treating what we refer to as the Community Effect (conventionally referred to as market externalities) as an accounting "afterthought" doesn't work. Individual events transacted in the NAE result in a spectrum of sequential secondary transactions with sometime hidden but substantial macroeconomic effects that go unmeasured by conventional tools of

measurement; even when adjusting for inflationary noise and other price effects...it's the new additional activity evolving out of the pace of the "quickenings" that is substantial and is empirically unknown.

What has given life to the NAE is the decisions emanating out of the CPSPSs that give new meaning to industry classification and level of economic activity. Over the past decade, entrepreneurial oriented managers have focused on adapting their operating processes to both formal and informal (linked) relationships formulated around some productive goal(s). The more successful (mixed) entrepreneurs have created innovative CPSPS networks consistent with the fundamentals of the new age economy; a new age economy that is increasingly characterized by geometric levels of information processing and knowledge using type of events; intangible but real flow of events. This, in turn, has precipitated changes in the structure of entire industries and especially in the ways enterprising persons and entities compete.

In this Age of the Quickening, the new rules of competition has rendered obsolete such traditional sources of competitive advantage as, physical, location based, sales forces; physical based (and conceived) product assembly activity; and other traditional business practices. For example, differentiation of product, whether real or artificial, can be an effective marketing tool with the right, relevant, and retrieval efficient information system...using the spaceless market. And the end result can be a multiplicity of redundant transaction occurrences identified with a singular real productive, value creating event. Again the ugly and/or lovely head of the Age of the Quickening

risers...especially if the overriding presence of enterprising persons and entities manifest behavior is inconsistent with the principles of mixed entrepreneurship then ugly it can become...and visiting again the financial collapse of 2008 can become a systemic characteristic of an unfettered new age economy multiplier effect(s).

## **OUTPUT AS A FUNCTION OF APPLIED KNOWLEDGE AND TECHNOLOGY**

An understanding of the concept and value chain design of CPSPs' enterprising networks can help enlighten us as to the importance of information flows. And with a better understanding of how information flows translate into applied knowledge used by the various CPSPs in their making, cumulatively, decisions as to cumulative financial transactions and real value creation results. This would help us to then get a better handle on the empirical significance (magnitude) of singular and related events impacting on the current and future status of the NAE. This beginning point assumes that we take as a valid hypothesis that applied knowledge (a resource result of human energy expended) represents the new age economy's enterprise persons and entities' most important input contributor to their productive ends. We are saying here that the super-information highway of internet/websites et al has resulted in the main assets of most value creation and transaction making entities to be not necessarily (tangible) physical, but (intangible) intellectual. And, given the shortcomings of GNP accounting used to put our finger on the pulse of the macro-economy; are enterprising persons and entities today effectively measuring on their balance sheet knowledge and other intellectual capital assets;

especially non mixed entrepreneurial oriented enterprising persons and entities efforts and results?

### ***CHARACTERISTICS OF KNOWLEDGE AS***

### **A PRIMARY CONTRIBUTOR TO THE PROCESS OF CREATING VALUE**

Unlike the traditional factors of production (land, labor, and capital) knowledge is a resource emanating out of the human mind. Creating and sharing knowledge are intangible activities that can neither be supervised nor forced out of people. And enterprising persons and entities who are struggling to make the transition from a physical-based to a knowledge-based value creation system; whereby value creation depends increasingly on ideas and innovations; sharing information and knowledge throughout its CPSPS is an essential entrepreneurial management skill and strategic task. But, as mentioned above, the difficulty in this is, unlike the traditional factors of production, knowledge is a resource originating in the human mind. And traditional management science has an arsenal of tools to compel workers to use and share their knowledge by controlling behavior and compelling people to comply with management dictates; management tools that include economic incentives and rewards, monitoring and performance measuring, and manipulating organizational structures (hire/fire) to set lines of authority. And, indeed, these conventional tools still have a role to play, but they don't have a significantly enough impact as to encourage CPSPS wide exchange of ideas; which, in turn, could frustrate the promotion of innovative enterprising behavior throughout the CPSPS's informal and formal network. Therefore, to encourage the

evolution of efficient entrepreneurial management in this new age economy, there needs to be developed within the cultures of CPSPS networks a Total Quality Management (TQM) style that effectively engages people in the decisions that affect them; explains the thinking underlying decisions once they have been taken; and set clear expectations about the ever evolving new rules of the game around the primary objective of the CPSPS's attempt at value creation. The probability of this happening is contingent upon recognizing within each CPSPS network, the value of a mixed entrepreneurial way of thinking...materially recognizing the contributing self – employed bottom end worker to the highest level of mixed entrepreneurial talent. The TQM approach that says each member of the CPSPS network is a customer and supplier to other colleague members provides a foundation to recognize, reward, and encourage entrepreneurial way of thinking “aspects” of every contributor to the CPSPS network (an essential behavioral characteristic to be encouraged in all people working in this new age economy in general). Entrepreneurial management style requires the ability to inspire, above and beyond the ability to supervise. The concept of the individual self – employed worker as being characteristic of the changing role of humans at work in the NAE has dramatically changed our understanding of how the individual today typically works within a value creating organization. This concept of the self employed worker, right up to the concept of the mixed entrepreneur is consistent with observations that can be made of the NAE; characterized in some cases by electronically connected freelanced contracted members of CPSPS networks. We see it in the emergence of virtual companies, in the rise of outsourcing and telecommuting, and in the proliferation of freelance and temporary contracted workers. Even within large organizations, we see it in the increasing

importance of ad hoc project teams, in the rise of "intrapreneurs," and in the formation of independent business units.

This new human resource market condition being experienced in the era of the NAE is radically changing the way work is traditional conceived. CPSPS networks have led to a new kind of economic organization centered around the human resource CPSPS members and centered around the information processing tasks. CPSPS can be alternatively defined as self-managed individuals (to varying degrees of intrapreneurial flexibilities) that strategically come together, connected by the Internet, to engage in a common value creation task(s). And not too unlike Henry George's "self employed labourer", new coordination technologies of powerful personal computers and broad electronic networks enable enterprising behavior to return to the preindustrial model of tiny autonomous businesses conducting transactions with one another in the market space (versus the market place) in support of the overall CPSPS (i.e. home based businesses/workers). The one crucial difference is that electronic networks allow small companies to tap into the global reservoirs of information, expertise, and financing that used to be available only to large companies....i.e. the trucker on a delivery route equipped with a computer is electronically connected to the overall CPSPS network, maybe globally connected at that.

The CPSPS "new organizational models" imply strategically tied together human resources primarily operating as self employed human components; strategically tied in such a way, just as, *"... we see a flock of birds in formation... we assume the bird in front is the leader, somehow determining the organization of all the other birds. In*

*fact, biologists tell us, the bird in front is no more important than any other. Each is simply flying by a set of rules, and they are all essential to the pattern they are forming...".* This pattern is determined by the design, organization, and use of the CPSPS around the goals and objectives of value creation.



## **CHAPTER IV**

# **THE FUNDAMENTALS OF ENTREPRENEURISM & THE CONCEPT OF MIXED ENTREPRENEURISM**

### **INTRODUCTION**

In putting forward the traditional definition of entrepreneur, the concept of entrepreneur is referenced as: a person who owns or starts an organization, such as a business. But here we differentiate between the concepts of entrepreneur, entrepreneurship, and business owner. The business owner is a person who is not necessarily involved in the enterprise's business operations. The business owner might have characteristics of entrepreneurship. That is, entrepreneurship, defined as, a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced with respect to cultivating organization, enterprise or business development.

Given the uniqueness of any one individual "human resource/person" two very distinct "hats" or differentiated roles can be clearly deciphered; that is private citizen versus entrepreneur and/or business owner. Taken as a human resource, the role of the individual as an economic actor in the market place carrying out decisions in the context of creating value and making transactions in support of one or more business

development goal and objective are the economic and business role “hat”; manifesting itself and carried out in the marketplace and market space(less). When the individual(s) creates a business, what is being created is an artificial person, recognized under the law as an artificial person that confronts laws and regulations specific to the type of business and industry it is classified in. And in turn, the business takes on a separate personality, reputation, and even community standing; separate from the individual owner’s private citizen status. The three conventionally recognized business entity “vehicle” forms designed to carry out business development objectives include, proprietorship, partnership, and corporation. The one person ownership form of “proprietorship” does create some differentiation issues, especially legal issues, and separation of the individual from the economic agent of the individual; that is the business, the artificial person; is clouded (merits of proprietorship can be debated, especially when the issue includes that of the organization of (micro) small businesses and business startups). On the other extreme end is the complicated network of informal and formal chain linkages of entities and individuals that are systemically part of one or more CPSPSs.

Thus, the business entity is the entrepreneur’s vehicle designed to carry out a business plan. The entrepreneur, characterized as a special human resource, contributes to the business “decision making brain power”. Again, the business owner can also be the entrepreneur, practicing entrepreneurship; but not necessarily so. And whether or not the business owner is involved in the business operations, the business needs a healthy degree of entrepreneurial management. And further, given the market conditions evolving out of the Age of the Quickening, the business entity requires not only entrepreneurial

management inputs but also have all the fundamental characteristics of entrepreneurship embedded in the decision making style of the entrepreneur, including mixed entrepreneurship.

## **THE FUNDAMENTALS OF ENTREPRENEURISM**

The entrepreneur is a human resource but is differentiated from other types of human resources; especially differentiated from the common worker or laborer; by the role it plays in the process of creating value. This differentiation of roles can be expounded upon by identifying, The Five Functions any entrepreneur must perform:

### **Role One: ORGANIZER OF PRODUCTION**

In this role the entrepreneur represents the driving force in the production process and takes the initiative in combining the necessary resources allocated and dedicated to the production objectives of a good or service. The strategic objective emanating out of the entrepreneur's efforts with respect to using, organizing and combining, and managing resources available and dedicated to the business' productive goals is efficiency. The simple equation measure of efficiency is output amount produced for given applications of resource (inputs) used.

## **Role Two: NONROUTINE BUSINESS POLICY DECISIONS**

In the entrepreneur's attempt to combine, organize, and use resources to create economic value, the key words are effective and efficient resource selection and use. Therefore, making basic as well as non/routine business-policy decisions that set the course of a business enterprise represents the special task and concern of the entrepreneur (which further differentiates him/her from the typical hired worker).

The application of the concept opportunity cost to each and every entrepreneurial decision made lies at the very heart of the term, "an entrepreneurial way of thinking".

And what do we mean by "an entrepreneurial way of thinking"? The successful entrepreneur managing business entities (aka entrepreneurial management) needs to have and cultivate the following qualities; heretofore, referred to as" an Entrepreneurial Way of Thinking",

- (1) be an effective thinker "create and criticize".
- (2) be self-motivated,
- (3) practice the art and science of decision making. (opportunity cost shopping")
- (4) think in terms of what you have in real resources and network chaining relationships in support of strategic business goals and objectives to get things done; and not all the time, "I need more money" and,

- (5) put an effort in planning, thinking about the bigger picture and not just the daily routine decisions to be made

### **Role Three: INNOVATOR**

Central to the behavior of the entrepreneur includes carrying out the tasks of effectively introducing new productive techniques, new products, or even new forms of business organization. Characteristic of the entrepreneur being “innovative” during the new era of the NAE, whereby the NAE’s dominate characteristic includes a knowledge based economy amenity, becomes contingent upon how effectively and efficiently technology and knowledge is applied in carrying out the productive activity of creating economic value. That is, how effectively and efficiently applied technology and knowledge (explicit inputs/resources) are incorporated into the enterprise mode of operations.

### **Role Four: RISK BEARER**

The entrepreneur in a capitalistic type of economic system has no guarantee of profits.

*“...the primary type of risk taking is the entrepreneurial risk of organizing production for creating an end product or service that might not sell at a price at or above breakeven... the critical point here is the difference attributable to two clearly classified types of human resources in the production process...hired labourers get paid whether or not product/service is sold and they bear no risk of production...they contribute/contract their labour to the production process...”*

Complication of this line between risk bearer and hired labour has been ameliorated by the presence of the new age emergence of the “self employed worker” as well as the wide spectrum of entrepreneurial and intrapreneurial behavior manifested throughout and within the contemporary form of economic organization (such as the CPSPS) in which elements of entrepreneurial character is found across the entire spectrum of the business organization. Whether the human resource is bearing some or all of the risk is also reflective of compensation received; a contractual issue. Actual entrepreneurial behavior within the enterprise can occur but be lost in the identification of roles when financial transactions and payment settlements are negotiated and made.

**Role Five: MIXED ENTREPRENEURISM**

The entrepreneur who has an understanding (and uses that understanding effectively) of the relationship/connect between micro-behavior/individual action and macro/community objectives is incorporating in his/her decision making practices the conceptual element(s) of mixed entrepreneurship.

## **THE CONCEPT OF MIXED ENTREPRENEURISM**

### **Restatement Of Purpose Of Inquiry**

This inquiry includes an intellectual excursion into important issues pertaining to the economic and managerial micro and collective behavior of the contemporary enterprising person in the context of performing in the macro, new age, super-information highway economic environment. The challenge is to contribute to an improved understanding of economic issues faced by us today; a challenge that requires more than describing and explaining relevant “phenomena” using conventional tools of analysis.

The contemporary enterprising person who seeks business development opportunities in the NAE represents a new actor in the role of value creator. This newness is attributable to the need for the entrepreneur today to apply the concept of mixed entrepreneurship talents to their decision making behavior in the market place and market space(less).

Businesses entities today are being driven on the super-information highway of today’s world and business decisions are dynamically being made within this internet/web based culture. The traditional view of the entrepreneur organizing, combining and using land, labour, and capital (traditionally stated, “with a given state of technology”) supposedly structured in such a way so as to (maximize) profits, market position, and/or some other strategic business optimizing objective needs also to be revisited and possibly reformulated. Yet, no new economic theory has come to the forefront that provides

relevant explanatory tools dedicated to understanding the mechanics of today's new age economy. Even the various models of microeconomic behavior of the firm (and entrepreneur) need to be revisited as a tool of analysis.

The concept of mixed entrepreneurism attempts to make this "revisit". And this revisit is done in the light of the reality today that a new type of entrepreneurial spirit and entrepreneurial way of thinking has (and needs to) evolve. This new type of entrepreneurial energy is evolving because the market(s) they face now can and do include anywhere from a spatial based neighborhood culture up to (and in many instances, including) an internet/website spaceless global market.

## **FOUNDATIONS OF MIXED ENTREPRENEURISM**

Mixed entrepreneurism addresses the need for a new mind-set for thinking about economic relationships amongst individuals, business owners and stockholders, entrepreneurs, managers, the workforce in general, including the community/public good. The operating character of the NAE that puts a premium on commercially usable knowledge, especially applicable in the market space(less) rewards successful knowledge using economic actors with economic benefits that carry essentially weightless mobility factors. For example, in the new age economy where applied technology and knowledge are key explanatory variables in achieving business success, "...putting the right information in the plant replaces making, distributing, and applying tons of chemicals..." And in reference to our Global economy, time and distance relevant to (spatial) points is



shrinking as an insurmountable (i.e. “too costly” ) task. Mixed entrepreneurship becomes a more important concept of entrepreneurial management when the trees are so assessable across the plane that the “forest and trees” are intimately tied to direct cost/benefit realities to virtually “everybody”.

Now, the new age entrepreneur must perform enterprise (production system or value creating entity) management decisions beyond the consideration of explicit and obvious revenue/cost issues but also take explicit consideration with respect to the effects of decisions that, in the past might have been external market effects, but now have a direct effect on the value creating entity’s bottom line as well as its future viability. The new age entrepreneur must consider the intangible presence of (but real experience of) functioning on a smaller planet (made small by the technical and innovative experienced realities of traveling the new age super – information highway). Although locations of production, consumption, and distribution centers can still shed much light on how and why people, places, and things are organized as they are; but no longer does such classical concepts as “rent gradient” in which transport cost(s) dominate hold a position of explanatory powers in today’s world of the NAE. Such analysis indeed continue to lend logic and understanding to narrowly defined issues, such as geographically based local economy peculiarities.

In nearly every large city in the USA there is a Chinatown. The Caribbean population in New York City is nearly as large as the population based in the Caribbean itself. Yet these spatial population centers are intimately tied as communities; including networks of

micro and small business types; by the instantaneous decisions that are made by the new entrepreneurs making a market and culture experience of these areas of common cultural/ethnic grounds. And given that a significant critical mass of internet users worldwide is occurring; including enterprising sectors (of all magnitude; that is, from the small business sector to global corporate); literally millions of daily transactions are closed and a tremendous volume of information is shared with millions of decisions collectively made via the spaceless internet based vehicle of communications.

But with this spaceless economy character comes new issues, such as, an active market of job seekers and employers “driving into and parking” in this “spaceless” internet, web based economic community, bringing new meaning to the case of the discouraged worker (hypothesis) and labour market activity in general; especially when lack of computer based knowledge can affect “abilities to participate (find parking spaces)”. That is, market efficiencies is now dictated by (computer based) technology application (choice) and knowledge specific to this “new age” labour and product markets. Even on the monetary side, something short of illegal “money laundering” there exists today a whole spectrum of new age financial products and transactions that result in instant “liquidity” and web based money movement. The recently retired Federal Reserve Board chairman suggested that things have not radically changed enough to make existing economist tools irrelevant to the task. But the traditional definitions of “money supply” ( $M_1$ ,  $M_2$ , ...,  $M_n$ ) used today lacks the ability to give weight to the liquidity preference curve registered in the changing financial internet culture and market(s) (No wonder he suggested that one of his goals in retirement was to study the internet!).

This newly defined entrepreneur that we consistently refer to, the organizer and manager of a spectrum of available resources (tied together by specialized knowledge and technology) that are available for selection, allocation, and use under the environmental umbrella of today's twenty-first century new age spaceless economy; that is, this contemporary enterprising person; represents a new actor in the role of value creators; a new type of entrepreneurial spirit whose market is both a spatial based neighborhood culture as well as an internet/website spaceless global market view of things.

Today's twenty – first century new age spaceless economy provides us with unique challenges. As referenced above, no where in the literature of the day has there been addressed, who we are as individuals, neighbors, communities, countries, as well as global neighbors; especially in the context of what we face today in managing (and being managed) resources organized to carry out the consumption, production, and distribution processes in the context of a new age economy. And the economic issues emanating out of an ever increasing spaceless economy fueled by an ever increasing transactions based system are complicated by our inability to establish effective use value tools of empirical analysis. We lack effective empirical tools that can clarify in a cause and effect way how knowledge and technology as the primary tools in the decision making realms of our economy impact and are used by NAE's actors (such as, consumers and producers).

The historical disconnect manifested in today's market oriented economies made by those lacking mixed entrepreneurship knowledge is the disconnect between "micro-- motives and macro-behavior registered in the market place and market space(less):

“ deals with, ...systems of behavior where a person reacting, responding, and adapting to his surroundings fail to perceive, or doesn't care, how his actions combine with the actions of others to produce unanticipated results...”

A generic example of this perceived disconnect includes the following,

*Expressway traffic is flowing toward the city during morning rush hour. Suddenly, brake lights flash, cars slow down, traffic creeps. An accident has occurred in one of the outbound lanes. Why is it the city bound traffic jams up? Drivers have reduced their speed to get a glimpse of the accident on the other side of the divider. Eventually, the large numbers of commuters spend an extra ten minutes driving, for a ten second look. It costs each driver ten minutes to get his look. But he pays ten seconds for his own look and nine minutes, fifty seconds for the curiosity of the drivers ahead of him.*

The concept of mixed entrepreneurship contends that the modern enterprise and entrepreneur must value in one's profit maximizing behavioral equation the cost/benefits of value added contributions by the firm to the macro/ community's well-being (not necessarily done just as a social commitment, but...as an explicit investment behavior variable into the profit maximization decision making for the individual enterprising entity). Effective and efficient entrepreneurial management, at the firm "micro – level" requires the conceptual inclusion of mixed entrepreneurship into the decision making process, not just implicitly but "explicitly".

## **THE CONVENTIONAL ECONOMIC VIEWPOINT**

In the context of entrepreneurial management, the entrepreneur has to address the changing dynamics in two markets, the resource market and the product market. Both markets have been dramatically redefined by the growing market space(less).

There are basically two conventionally accepted kinds of theory that depict the firm's external relationships. One is the theory about how markets function, and the other is the theory about how markets fail to perform optimally. The latter, market failure theory, emphasizes positive and negative externalities.

The firm's motivation, as presented by the modern orthodox microeconomic viewpoint, is that its intent is to maximize short-run profits or to maximize the value of stockholders' wealth, which is generally taken to be the discounted sum of the stream of future profits. This short run profit maximization "theory of the firm" is complicated by a number of "externality theory" variants but the basic assumption continues to hold (Positive (and negative) externalities, are 'events which confer an appreciable benefit (inflict an appreciable damage) on some person(s) who were not fully consenting parties in reaching the decision which led directly or indirectly to the original economic event of the firm in question; this would include the community affected).

The late Milton Friedman had been the most prominent defender of the classical creed regarding business's role in society. He contended that the corporation has no responsibility beyond serving the interests of its stockholders. Its only responsibility is 'to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. Moreover, he argued that corporations that take on other responsibilities are pursuing public purposes, and their executives in effect become public employees, without having been selected through a political process. *Friedman's viewpoint might have had some validity in a pre- Age of the Quickening.*

Preliminary doctrinaire to the concept of Corporate Social Responsibility (CSR) was Adam Smith's normative notion of human motivation, "Man...ought to regard himself...as a citizen of the world, ...and to the interest of this great community, he ought at all times to be willing that his own little interest should be sacrificed".

The doctrine of CSR represents a modern version of Adam Smith's classical statement. Although individual writers differ on specific points, there is wide agreement around the central features of what is most commonly called the doctrine (or creed) of corporate social responsibility. CSR is by nature voluntary, i.e. it is self-regulation or self-control in the social interest. This means that enterprises choose it without the compulsion of laws, contracts, governmental intervention or active community pressure. And to behave in a socially responsible way, firms' decision-making processes must reflect broad societal concerns. For example, 'corporations need to analyze the social consequences of their

decisions before they make them and take steps to minimize the social costs of these decisions when appropriate. CSR, thus, requires an extra degree of discipline on the part of businesses, the discipline of figuring out what it takes to align the firm's efforts with the common good in the long term. In sum, corporations that behave in accordance with the CSR doctrine are harmonizing their behavior with the rest of society.

The dramatic changes in social values beginning in the 1960s led to significant new public demands on businesses to be socially responsible. These continuing efforts and changing values are part of what defines the 'new age' we live in. Consequences of corporate actions, especially negative externalities (pollution, corporate crime, monopolistic type of pricing, etc.) on the greater community are recognized and materially realized far sooner than times previous to the NAE and the Age of the Quickening.

Such economic results as Enron and the 2008 financial collapse reflect a spectrum of poor decision making at the highest level of corporate decision making; and the lack of a mixed entrepreneurial culture. Beyond the conventional thinking of corporate social responsibility (CSR theories) considerations mixed entrepreneurship clarifies the need for a new economic theory relevant to the NAE that treats the firm's external relationships as explicit contributory factors to the firm's economic development and viability. For what might have been originally perceived as an externality can become quite quickly both a negative externality on the greater community and simultaneously, a major firm cost. Such major firm costs and negative externalities could have quite possibly been avoided

if an entrepreneurial way of thinking included mixed entrepreneurial considerations in the firm's explicit decision making processes.

Mixed entrepreneurship suggests that the extent the firm possesses organizational capabilities consistent with a mixed entrepreneurial way of thinking, the firm's decision makers are then assumed to be subject to such influences as to making rational decisions that include considerations to the greater community affect on the firms profitability and long term viability as well as building a productive business model that increasingly uses applied technologies and innovations that effectively uses and efficiently processes information that increases innovative behavior. This, in turn, would increase the quality and quantity of applied knowledge used and available to the firm in support of their decision making responsibilities.

There is no question that influences and organizational behavioral characteristics manifested in the corporate ethical climate as well as corporate training and development programs on the merits of good corporate citizenship can impact favorably on "the bigger picture". But these efforts won't necessarily result in optimum conditions for the enterprise and society in general. In contrast, mixed entrepreneurship puts a premium on the firms ability to build a decision making culture that better identifies firm and community "oneness" with respect to externality costs and benefits consequential to the firm's decision making versus some "ethical orientation" analysis of the firm's decision maker's character.



### **Corporate Social Responsibility (CSR) Behavior Model**

A general specification of a model of the firm's Social Responsibility Behavior can be defined as,

$$SRB=f(EO, P, CAP, MK, SOC, SPEC)$$

where the first three independent variables are the firm's internal characteristics, its ethical orientation (EO), patience (P) and organizational capability (CAP). The second three independent variables represent the firm's external situation, its market incentives (MK), societal influences (SOC) and special factors (SPEC). The theory is a positive or descriptive one in that it is designed to explain the degree of a firm's socially responsible behavior (SRB) in a specific sphere of activity. Conventional theory suggests that the firm's ethical orientation and patience are particularly powerful determinants of its behavior.

This theory represents at least a start in developing a theory of the firm's external relationships in the sense that it is a theory about how harmonious the relationship of the firm is with particular individuals and groups external to the firm.

One interpretation of the CSR model includes the idea that self-interest can evolve into an enlightened perspective in which it identifies itself, to some extent at least, with the interests of others. And once this enlargement has taken place, it can never treat others as mere means.... And if 'enlightenment' goes this far, it has become ethical. It has gone

beyond the idea that ‘what’s good for me is good for the community’ and has accepted at least some part of the idea that ‘what’s good for the community is good for me’; or that my economic relationships cannot be healthy unless they are part of a healthy community. The essence here is that for a given external situation, the firm’s internal behavioral characteristics, especially its ethical orientation and patience, are the key to understanding its social responsibility.

### **Essence of the Model**

The dependent variable of the model is the extent to which the firm behaves in a socially responsible way with respect to a particular sphere of activity. The firm’s socially responsible behaviour (SRB) is defined along a horizontal spectrum in which ideal SRB is on the far right and sabotage is on the far left. In sabotage, the firm’s intention is to harm persons outside the firm to gain at their expense.

The purpose of the model is to explain where on the SRB spectrum a firm will locate. The degree of a firm’s SRB indicates much that is important about the firm’s external relationships.

There are two classes of independent variables. The first relates to behavioral characteristics of the firm; the second relates to the external situation confronting the firm. The firm’s SRB is its response to the external situation, a response reflecting its internal character. Decision making about the firm’s SRB is assumed to be made by a coalition of people involved with the firm, most notably top management. What is important are three of the firm’s internal characteristics: (1) ethical orientation, (2)

patience, and (3) organizational capability. The first two are emphasized in John F. Tomer 's analysis in the article, *Social Responsibility in the Human Firm: Towards a New Theory of the Firm's External Relationships*,

*First, ethical orientation is defined along a spectrum that has three prominent points along it. On the far left is a point representing opportunism; the middle point represents non-opportunistic self-interest; and the far right point represents high ethical principle. Opportunism...is present when in the effort to realize individual gains in transactions individuals are willing to be sly, crafty and dishonest. Non-opportunistic self-interest is present when individuals' ethical principles do not allow them to be dishonest or otherwise opportunistic, but there is no concern for others beyond what self-interest dictates. High ethical principle is present when individuals have a sense of high purpose involving the desire to find win-win solutions in their relations with others and experiencing others not simply as means but as ends.*

*Second, patience is also defined along a spectrum. On the far left is the short-term orientation, and on the far right is the long-term orientation involving a high degree of patience. Patience, thus, refers to the ability and willingness of an individual to make short-term sacrifices for the possibility of long-term gain. It corresponds roughly to the rate of discount, a variable often used by economists to denote the rate of return used in finding the present value of future returns.*

Tomer suggests that conventional wisdom would suggest that in the absence of the variables, ethical orientation (EO) and patience (P), a firm behaving with a high level of corporate social responsibility simply does not make sense—at least not from the standpoint of conventional economic theory. There are many facets of a firm's external relationships that involve some element of social responsibility. If we assume that the firm is solely motivated by self-interest, conventional economic viewpoint would

discount these relationships. Because of this, economic theory of the firm's external relationships has not been satisfactory. CSR has attempted to remedy this deficiency by integrating the concept of social responsibility with economic theory. Its summary findings include that the lack of social responsibility exhibited by, for example, US corporations and the lack of governmental policies to encourage socially responsible behavior appear to be damaging US international competitiveness. And US companies do not feel a special obligation to serve national goals. Short-term profitability comes ahead of national interests. *These outcomes suggest a lack of implementing the fifth function and role of the entrepreneurial spirit; that is, mixed entrepreneurship.*

Mixed entrepreneurship goes beyond the theoretical constraints of conventional economic theory that has for too long been dominated by an overly narrow conception of self-interest and has not appreciated that individuals and organizations are of society and, accordingly, must align their interests with the common interest to reach optimum conclusions. The *Age of the Quickening* requires this new type of thinking and reasoning.

## **APPENDIX TO CAPTER IV:**

### **Microeconomic Model of Mixed Entrepreneurism Behavior**

**The symbolic representation of variables used in this Model are defined as follows:**

1.      $EE$      =     Real Per Capita Employee Firm's Income; or  
Enterprise Efficiency Measure
  
2.      $MEI_i$  =     Gap Value of the Firm's Actual Growth Rate in time  
period  $i$  versus its Expected Growth Rate in time period  $i$ ; or the  
Firm's application of Mixed Entrepreneurism Index

$MEI_i$  represents proxy variable for Mixed Entrepreneurism Efficiency Measure; that is, a proxy variable for measuring the firm's ability to achieve planned growth rates in consideration of the Community effect factors. The objective is to minimize the gap or achieve a  $MEI_i$  minimum. This would suggest that the firm is becoming more efficient in understanding and incorporating the impact of the Greater Community effects into the enterprise's planned (and realized) development factors.

3.      $MEM$  =     Composite Macroeconomic Performance Measure

$MEM$  represents a weighted index measure of the economic performance of the Enterprises perceived or Designated Greater Community.

4.  $AT_{-1}$  = Expenditure measure on Enterprises New Technology Purchases and Upkeep. A proxy variable for the Quality and Quantity measure of Firm's Applied Technology, lagged at least one period
5.  $TNP$  = Gap Value of Firm's Total Revenue (TR) less Total Cost (TC) attributed to Spatial Market Performance
6.  $TNP'$  = Gap Value of Firm's Total Revenue (TR) less Total Cost (TC) attributed to Market Space(less) Performance
7.  $EV_{-1}$  = Quality and Quantity measure of Applied Knowledge, lagged one period.

This is a proxy variable for information processing and use efficiency.

8.  $SMI$  = Firm's Local Market Share Indicator; or a measure of the Firm's Spatial Market Size
9.  $GMI$  = Firm's Global (and/or External to SMI) Market Activity Indicator; or a measure of the extent of the Firms Global/External Market Penetration.

This variable represents the size of the Firm's market space(less).

## **The Simultaneous Summary Model Specification (SSMS)**

**The hypothesized relationship and Model specifications are:**

### **Spatial Market Performance:**

1. 
$$\text{TNP} = f(\text{EV}_{-1}, \text{AT}_{-1}, \text{SMI})$$

### **Market Space(less) Performance:**

2. 
$$\text{TNP}' = f(\text{EV}_{-1}, \text{AT}_{-1}, \text{GMI})$$

### **Mixed Entrepreneurism Performance:**

3. 
$$\text{MEI}_i = f(\text{EV}_{-1}, \text{MEM}, \text{GMI})$$

### **Enterprise Human Factor Efficiency Performance:**

4. 
$$\text{EE} = f(\text{MEM}, \text{EV}_{-1}, \text{MEI}_i)$$

In the above deductive Model, there are four endogenous variables (EE, MEI, TNP, and TNP') and five exogenous variables (EV<sub>-1</sub>, AT-1, SMI, GMI, and MEM)

## **Mathematical Specification of the SSMS Characteristics:**

### **EQUATION I**

#### **Specification:**

$$(1) \quad \text{TNP} = \alpha_{01} + \beta_{11} \text{EV}_{-1} + \beta_{12} \text{AT}_{-1} + \beta_{13} \text{SMI}$$

where,

The marginal impact coefficient of the firm's performance with respect to its designated spatial market; that is  $d\text{TNP} / d\text{SMI} = \beta_{13}$

### **EQUATION II**

#### **Specification:**

$$(2) \quad \text{TNP}' = \alpha_{02} + \beta_{21} \text{EV}_{-1} + \beta_{22} \text{AT}_{-1} + \beta_{23} \text{GMI}$$

The marginal impact coefficient of the firm's performance with respect to its market space(less); that is  $d\text{TNP}' / d\text{SMI} = \beta_{23}$

### **EQUATION III**

#### **Specification:**

$$(3) \quad \text{MEI} = \alpha_{30} + \beta_{31} \text{EV}_{-1} + \beta_{32} \text{MEM} + \beta_{33} \text{GMI}$$

### **EQUATION IV**

#### **Specification:**



$$(4) \quad EE = \alpha_{40} + \beta_{41} EV_{-1} + \beta_{42} MEM + \beta_{43} MEI$$

Hypotheses Drawn:

- (1) If  $\beta_{13} > \beta_{23}$  then enterprise has a neighborhood/spatial orientation
- (2) If  $\beta_{23} > \beta_{13}$  then enterprise has a spaceless/Global orientation
- (3) If  $\beta_{32} > 0$  then mixed entrepreneurial behavior is significant

*Can you remember as a youth some children with lemon stands or paper routes; or always selling something to their contemporaries? They were learning the early lessons that income is not always tied to payment for “selling their time” to someone else; but could be tied to creative approaches to the market place.*

## **CHAPTER V**

### **The Self Employed Labourer Characteristic of the NAE**

There is this TV commercial broadcast advertising wireless phones. The young lady actress in this commercial received what appeared to be a “complimentary” phone call from her boss. As she was being lauded by her employer for her superior work, she half jokingly said, “...well it looks like there’s going to be a new sheriff in town...”. Then she immediately panics when the phone goes dead on the other end...panicking because she thought that she may have been to forward with an indirect mention that she should be promoted to “sheriff”.

The commercial was funny but interesting. A women who was obviously selling her labour as an employee, interpreted improvement in her economic and job circumstances to be rewarded by getting a job whose responsibility would be to oversee workers like her; and make sure her employer gets value for dollar by monitoring their efforts (clearly a labouristic approach versus entrepreneurial approach to the market place).

In the popular book, *Rich Dad, Poor Dad*, the author suggests that traditionally, low income people go into the market trying to “find a job (get hired)...very little energy is

expended in “creating a job”. He further suggests that our whole education system is dedicated to preparing us to have a career, have a “job”.

The Age of the Quickening has created new challenges as to how people can earn a decent living. The conventional approach to job seeking and employment opportunity shopping (job creation for self and/or others) has been dramatically adjusted by the information processing and using characteristics of this contemporary knowledge based economy of the NAE experience. Entrepreneurial skills are now preferred characteristics of most workers, whether one is looking for a job or attempting to develop enterprise.

In "The Post-Capitalist Executive," a Harvard Business Review article, Peter F. Drucker emphasized the call for a new mind-set for thinking about the relationship between individuals and organizations. Drucker, who began writing about the knowledge worker more than 30 years ago has been consistently provocative and insightful about the transformation of industrial economies into knowledge economies. Drucker suggests that the key to building achieving organizations today is “self-awareness”, the difficult and demanding discipline of thinking about who you are and what you do best. While self-awareness has always been important, Drucker notes, in the knowledge economy it is essential for survival.

Not long ago, most people were either farmers, factory workers, tradesmen, or domestic servants; it was easy to know what others did at work. This is no longer true. As knowledge work has become more specialized, the burden has shifted to individuals not

only to define what their own contribution to the organization will be, but also to take responsibility for telling others around them what their priorities are. "When you don't communicate," Drucker writes, "you don't get to do the things you are good at."

Many conventional labour market approaches used by job seekers have been made archaic by the "pay for performance culture" quickly evolving in the NAE, in which the self – employed labourer has gained market credibility. Many poor communities today are lagging behind in this new age economy because of its labouristic structured sub-economy submerged in a (mixed) capitalistic overall economy in which the terms of trade between the labouristic community and the greater community is a trade-off between price received for labour income with general prices of things in the economy that translate into enterprise income to other more fortunate individuals and communities (that receive a healthy amount of enterprise income beyond the fixity price most receive for their labor expended in the market place). The point made here is that low income communities receive 90% or more of their "aggregate community income" in the form of wages and salaries (typical of the low income African American urban communities). And with the emergence of the self employed labourer and the knowledge worker low income communities are going to fall further behind unless an entrepreneurial way of thinking and doing is taught and promoted in those low –income sub-economies (see Appendix A - *author has included a mini-abstract of the program, Neighborhood Entrepreneurial Training System (NETS) that has been implemented in limited scales, globally. It creatively addresses the issues of entrepreneurship and economic development in traditionally low income communities*).

## Chapter VI

### TOWARDS A NEW DIRECTION

The current President – elect, Barack Obama, has an impressive resume of professional achievements and education. Yet he lists his professional cadre as “Community Organizer”. This insightful pronouncement of the President – elect as to, “Who I am” as a professional and leader is consistent with the primary elements of mixed entrepreneurship.

The fundamental generality of the policy concept of “Obamanomics” is the idea that “community” should be a major concern and consideration for the enterprising sector of our economy. With this in mind, we shift our focus from the discussion on the theory and end this *Economic Inquiry on the Age of the Quickening* on a very practical note with respect to the idea of, *Towards a New Direction*.

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#### **The Center for Commercial Diplomacy**

Briefly outlined here is a “thinking outside the box” idea to be hopefully further developed by the New Obama Administration, entitled, **The Center for Commercial Diplomacy**. This proposal, if successfully implemented, can put America in the leadership with respect to using a mixed entrepreneurship way of thinking as a tool to address neighborhood, community, and global human conflict. In the spirit of the cliché, Make Love, Not War, the Center’s defining cliché will be, Make Commerce, Not War. The basics of this Center would include the following:

### ***Commercial Diplomacy Mission:***

–Bring together two or more neighborhoods, communities, and/or nations together in consultative dialogue for purposes of identifying socio-economic collaborative efforts with potential synogenic and win/win results.

–Identify creative public/private/educational partnerships conducive to participating entities' neighborhood, community, and/or national goals and objectives.

### ***Program Primary Goal***

#### *Goal I*

- Facilitate the enhancement of participating communities' capabilities for the creation of and participation in global wealth,

#### *Goal II*

- Provide a dynamic forum for constructive socio-economic networking,

#### *Goal III*

- Establish worldwide Public / Private Sector Partnerships under the concept, “Think Globally, Act Locally, and,

#### *•Goal IV*

- Assist in the development of strategies that eliminate the dual condition of Progress and Poverty.

### ***Center's Primary Activity:***

The main planned activity of the Proposed Center will include periodically held international conferences in which participating communities *will collaborate with*

participating communities. The conference content will include structured consultative dialogue for purposes of *identifying mutual developmental and program interests*.

### **Tertiary Philosophical Principals of Conferences**

- 1) the task of identifying constructive public/private partnerships,
- 2) the task of identifying entrepreneurial based solutions, and,
- 3) economic development initiatives that specifically address the issues of poverty and income inequality.

### **Final Note**

Mental power is the motor of progress. And the mental power which is devoted to the extension of knowledge, the improvement of methods, and the betterment of social conditions reflects the self – interest and community interest trek of the mixed entrepreneur. Commerce and community progress can be the global chant of the human spirit...Yes We Can...

## APPENDIX A: THE NETS

*During the early 70's I was one of a number of voices in the academic circles of economists who forwarded the notion that entrepreneurship is not just an inherited behavioral trait but also has important teachable elements in which one could, through study and application of an "entrepreneurial way of thinking", improve one's chances in commercial pursuit(s).*

*During the decades of the 70s and 80s, I attempted to merge theory with practical application of this thinking by implementing an experimental program in Wilmington (Delaware), West Chester (Pennsylvania), and New York (proposal form) entitled, the Neighborhood Entrepreneurial Training System (NETS). The application of this teaching philosophy has also been successfully incubated in a number of emerging and developing communities, including globally.*

The labour market characteristics of the new age economy and the Age of the Quickening have created new challenges to public policy makers; especially relative to the need to reformulate public policy specific to the contemporary role and use of "people" in the enterprising segments of our economy. No longer are company employees with benefits, employed from date hired to retirement (on guaranteed pensions).

The following program addresses the skills development needs for those who have not been participants in the global wealth opportunities afforded by the NAE.



## **NEIGHBORHOOD ENTREPRENEURIAL TRAINING SYSTEM**

The proposal abstract, Neighborhood Entrepreneurship Training System (NETS), attempts to put forward a generic (to be endogenized by participants) innovative program that addresses the age old duality issue, Progress and Poverty.

**Proposal Abstract – Concept Document:**

# **THE NETS**

## **NEIGHBORHOOD ENTREPRENEURIAL TRAINING SYSTEM**

**Visualized Mission of NETS –**

**WE ARE:**

- **The most innovative to date designed system that incorporates Entrepreneurial/Business Training and Free Enterprise Initiatives for Economically Challenged Communities/Neighborhoods**

**WE PROVIDE**

- **A Systematic Entrepreneurial/Private Enterprise Approach to Human Resource Development**

**WE SERVE**

- **Underdeveloped Commercial Locations**
- **Low-Income Communities**
- **Youth Who are Our Future**
- **The Small Business Community and Potential Entrepreneurs/Business Person**

*and a program with a world view...*

## **THE PROGRAM**

Through the application of a comprehensive business incubation and wealth creation system we are proposing a dynamic community entrepreneurial self initiative system that

simultaneously addresses the micro/individual development initiatives as a value added contributor to macro/community development success. The mission of the NETS is to provide a program and structure that assists the individual create, acquire, grow, and maintain wealth by means of utilizing principles of entrepreneurship and community development. The NETS program is designed to teach and train the participant that entrepreneurship and community development are not mutually exclusive events. Therefore, the mission of the NETS is to provide an enabling environment for a) incubating successful business ventures, b) building monetary and wealth accumulation vehicles for the individual, the family/group as well as the community and its long term healthy economic viability, and c) build a system of NETS in our world characterized as a “Global Village”; and taken as a given that we must evolve and operate on a super information highway of internet marketing/*ecommerce* communications/relations.

## **NETS’ TEACHING AND TRAINING FOUNDATIONS**

***Entrepreneurial Management Seminar and Workshop*** involves making use of the understanding of the ***art of decision making***, and applying this understanding to the issues related to an ***entrepreneurial way of thinking***. And the unique NETS approach to this seminar and workshop offering includes the primary teaching objective of providing tools of analysis that closes the gap in the participants mind and action, between decision making that are profit based micro-behavior events versus macro-community development objectives (that is, the underlining basic principles explicitly designed in the program content incorporates the need for the successful entrepreneur and manager to include in his/her valuation(s) equation of profitable decision making behavior explicit

elements of community economics). Throughout all phases of the NETS program(s) practical tools of business operation are taught within the realm of logic that an effective and profitable way to carrying out business decisions include an assessment of the cost /benefit externalities to the community's greater health and development. The basics of conventional principles and elements attributed to the disciplines of economics, business finance, marketing and marketing research, principles of management, as well as applying and using the skills, applications, and techniques, related to subject matter(s) of effective thinking (i.e. Principles of Logic and Reasoning); and applying these principles to effectively and efficiently operating the short, intermediate, and long term viability of an entity also represent primary foundations to NETS training curriculum.

The following two NETS human resource development training components are designed to teach the participants how to successfully set-up and run a business:

**I. THE YOUTH COMPONENT**

- A. Business Ownership I**
- B. Entrepreneurial Practicum I**

**II. THE ADULT COMPONENT**

- A. Business Ownership II**
- B. Entrepreneurial Practicum II**

**I. THE YOUTH COMPONENT**

**Duration: TBD**

**Frequency: Tailored to Each Business Teams' Requirements**

The objective of the NETS youth component is to expose, primarily disadvantaged but motivated youth to (economic) life alternatives that might be currently lacking through the study of, the process of setting up, and participation in a demonstration business.

**BUSINESS OWNERSHIP I** is designed to teach youth the skills of “**Business Ownership**”.

**ENTREPRENEURIAL PRACTICUM I** represents an exciting but practical “hands on” experience in the setting up and operation of a business. Through a carefully designed intake process, each team of five to ten youth will be put together from eligible candidates. Each participant will have the opportunity to buy shares in a jointly owned entrepreneurial activity designed during his/her participation in the **Entrepreneurial Practicum I**. *The youth participant will receive a small grant prior to the completion of the classroom component for sources of funds to participate in the joint venture.*

All youth participants will automatically become members of the Entrepreneurial Development Club (EDC); which will have international chapters. EDC will meet regularly in which activities are planned and implemented throughout the year that foster the characteristics of:

(a) Shared Business Control; (b) An Understanding of Entrepreneurship and Community Development; and (c) Personal Career Development.

## **II. THE ADULT COMPONENT**

**Duration:** TBD

**Frequency:** Business Development Activity Tailored to Business Group’s Objectives and Needs.

Through a carefully designed intake process, groups of five or more individuals will be selected to participate in Business Ownership II and Entrepreneurial Practicum II. The primary objective of the adult component is to get the individual actively involved in an

entrepreneurial/business mode. A secondary objective is the establishment of an ongoing enterprise, jointly owned and controlled by Business Group participants.

#### **A. BUSINESS OWNERSHIP II**

**This course will be offered in a seminar format, in the following six seminar sessions:**

- 1. SESSION I – The Five Functions Any Entrepreneur Must Perform**
- 2. SESSION II – The Basics of Business Ownership**
  - Accountability, Marketability, and Salesmanship.**
- 3. SESSION III – The Real World of Business**

**Video-tapes and live discussions with successful business persons and entrepreneurs.**

- 4. SESSION IV – *A spatial/nonspatial approach to business ownership***
- 5. Centralized Private Sector Planning (CPSP) – HOW DOES IT WORK?**
- 6. SESSION V – Dynamic Business Plan Development**
- 7. SESSION IV – CPSP Development Strategies and Applications**

#### **B. ENTREPRENEURIAL PRACTICUM II**

After completion of Business Ownership II, the participants will have an opportunity in conjunction with an Entrepreneurial Practicum (EP) leader, trained in CPSP techniques to:

- Refine and implement business plan that includes a CPSP component
- Make successful initial contact solicitation and/or product sales
- Successfully apply for Business Development grants(\$) and/or loans(\$)

### **III. MTA TO EXISTING SMALL BUSINESSES AND POTENTIAL ENTREPRENEURS**

The NETS will offer a series of seminars, workshops, and private sessions to groups and individuals already set up in an entrepreneurial/business mode. Any firm/organization/individual registered with the NETS will receive the NETS monthly newsletter. The newsletter will include information on the time and location of NETS scheduled activities (ongoing MTA is also available).

## **PHASE II OF NETS' PROGRAMMING**

### **IV. Fundamentals of Business Nurturing: The Basic Issues**

“Access to financial capital” is a primary problem that originates at various stages in the life cycle of small businesses and entrepreneurs. The task of enterprising management is to identify and obtain sources of funds; and then, spend or purchase effectively and efficiently with the “universal equivalent” or generalized value available; vis-a-vis, liquidity/money/financial mobility, *effectively* (allocation efficiency). But the fundamental challenge faced by the entrepreneur and/or the evolving “artificial person” (i.e., the business entity) is the action task of acquiring the use of the needed enterprise nourishment (injection of financial capital); while, in turn, the policy makers’ fundamental challenge (that is, those with interest in the subject matter) is to make access more effectively and appropriately available, for the benefit of new and emerging enterprise (small businesses); especially in the context of the new age *Super Information Highway*. Whether in the form of *greenbacks or electronic permission to investment/spend*, it should be available in a way so as to minimize transaction cost in the process of

turning this “*universal equivalent*” into useful commodities/things earmarked to the small firms’ enterprising objectives of enterprise viability, profitability, and growth.

Whether this process of acquiring (equity) financial capital has the strategic spending purposes of acquiring raw materials, human resources available to the firm, or any other tangible/intangible transfer of value that increases the growth, development, or profitability of the enterprise; as it attempts to grow from startup towards more stable and growing, viable entity levels; the important question to be answered is, *has the market been supportive to small business nurturing (at the critical points and phases of development) with respect to its growth potential?*

The two following components of the NETS program represent the most creative and innovative approaches to wedding the real flow development (Dynamic Business Plan Development and Guidance) with the financial flow needs of the enterprise and entrepreneur:

- **THE BUSINESS INCUBATION COMPONENT**

**Designed in consideration of each community’s characteristics and participating CPSPs**

- **THE MONETARY FACILITATOR COMPONENT**

**These two components become uniquely designed components based upon the NETS participants’ defined community and circular flow of real value creation (including the CPSPs involved) amenities.**

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