

## To Develop A Cybernetics Approach to Judge Recent Initiatives towards A More Entrepreneurial Economy of Pakistan

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### Introduction

Visiting Pakistan the last 6 years I was confronted everywhere with the impacts of a poor, fast growing society with increasing unemployment. Due to its importance the top governmental level asked the educational institutes officially to enhance the entrepreneur abilities off the continuously growing number of more than 500.000 students/ year.

Being always near to students as visiting Prof, trainer in entrepreneur workshops, and speaker at international and national conferences I was frustrated about what I felt desperate, partially useless approaches -because purely academia driven or only for the upper class accessible - to address this crucial topic for a more economical and sustainable development of Pakistan.

Curious, innovation driven, Master of social sciences, MBA, Entrepreneur and CEO of innovative companies I was wondering what are the reasons for such a huge mismatch of need and approaches. Personally perceiving weekly one new business opportunity and listening to excellent ideas of young students.

### Purpose and goals of the research paper

Identifying social realities and variables, their mutual impacts and finding a way to visualize these relations by a model in such a way, that it could serve as a „thinking-tool“ for all economy stakeholders to enhance their own activities in a national more useful context and to understand requirements for developing programs to enhance entrepreneur driven society with more social impact.

This paper does willingly not intend yet to outline any detailed proposals for highly singular aspects with a limited social impact like „so called entrepreneurship training“ but to provide a model/ tool to all stakeholders of Pakistan economy for multidimensional understanding and in consequence to developing programs. A shareholder is governmental politics, VC and head of all educational institutes, parents and students themselves. But as well as providers of jobs like industrialists.

The tool / model intends to help them not only to improve their approaches but as well to identify neglected possibilities on a national level as well as on own level of each stakeholder manageable by his own means, independent of larger governmental support. As this model is not a scientific proved closed loop it meant to encourage any reader to phrase his own realities and relations to identify more options for enhancing entrepreneurial attitude or opportunities.

Finally all is about to contribute better to the national goal of helping youngsters leaving their institutes to earn their living. As the political goal of this study strives to have a national impact the focus of this study lies more on the reality of not wealthy persons which is in many aspects totally different from the opportunities and reality of the educated or upper class.

### Literature Review

At the individual level, entrepreneurship has gained momentum as a key vehicle leading to higher jobs and sustainable economic growth. However, entrepreneurs in sub-Sahara Africa face many challenges among them lack financial inclusion, the tightest laws and regulations, and the poorest infrastructure (Legas, 2015). Lack of a comprehensive entrepreneurial training and small market size also emerged as a critical challenge that entrepreneurs in the region face (Dugassa, 2012).

At the organizational level, there is substantial evidence that small enterprises face larger growth constraints and have less access to formal sources of external finance (Beck & Demircuc-Kunt, 2006). The international literature mentions that MSMEs depend heavily on internal finance due to lack of transparency (Berger & Udell, 1998), lack of trading history (Cassar, 2004), and high risk of failure (Huyghebaert & Van de Gucht, 2007), among other constraints. In Uganda, the endogeneity of access to finance varying across firms has been well documented in Ishengoma and Kapel (2008), Kasekende and Opondo (2003), and Obwona and Mugume (2001).

### 1. Methodology

Based on my 30 years of experience teaching and training as CEO this study is the outcome of an empiric research / experience of last 6 years in Pakistan educational institutes and international conferences which phrases its social result in an innovative manner by a cybernetics model. The identified and described herein called „realities“ are abstractions of complex perceptions and can not be defined scientifically by definitions.

Therefore any quantification of its input would have been absurd. The major criteria were whether an average Pakistan habitant would accept these „realities“ as a possible few.

### **1.1. Observation, Discussion with stakeholders**

In daily life every stakeholder is bound to focus on his own environment and means. My approach during the last 6 years was in every lesson, visit, training to discuss with all stakeholders like students, parents, Professors, VC, head of Schools industrialists, farmers about their wishes, hopes attempts to organize to earn money for their living. This long period allowed us to get a vast range of opinions, feelings, attitudes and to identify and condense them to plausible core realities and to understand its impacts on each other.

### **1.2. Cybernetics approach and visualization of relations**

A Cybernetic approach intends to bring all single core realities into a plausible relation explaining its impacts to each other. The visualisation of the relations on a single page allows us to „see“ in the real sense of the word the reality in a new manner and to overcome the singular views of each stakeholder by understanding the multiple, national dimensions of the task.

## **2. What is „Entrepreneurship“ Perceptions of different stakeholders**

In the Pakistan press, curriculums of Universities this headline is an established expression. However asking peoples the range of meaning, appreciation and perception as a real perspective for someone's own life is quite broad.

Actually I came to the conclusion that the entrepreneur has no real meaning for nobody. Or it is highly negative.

Below some attitudes found by questioning all types of stakeholders in the last 6 years and discussing with them during lessons, so called workshops, international conferences or face to face discussion.

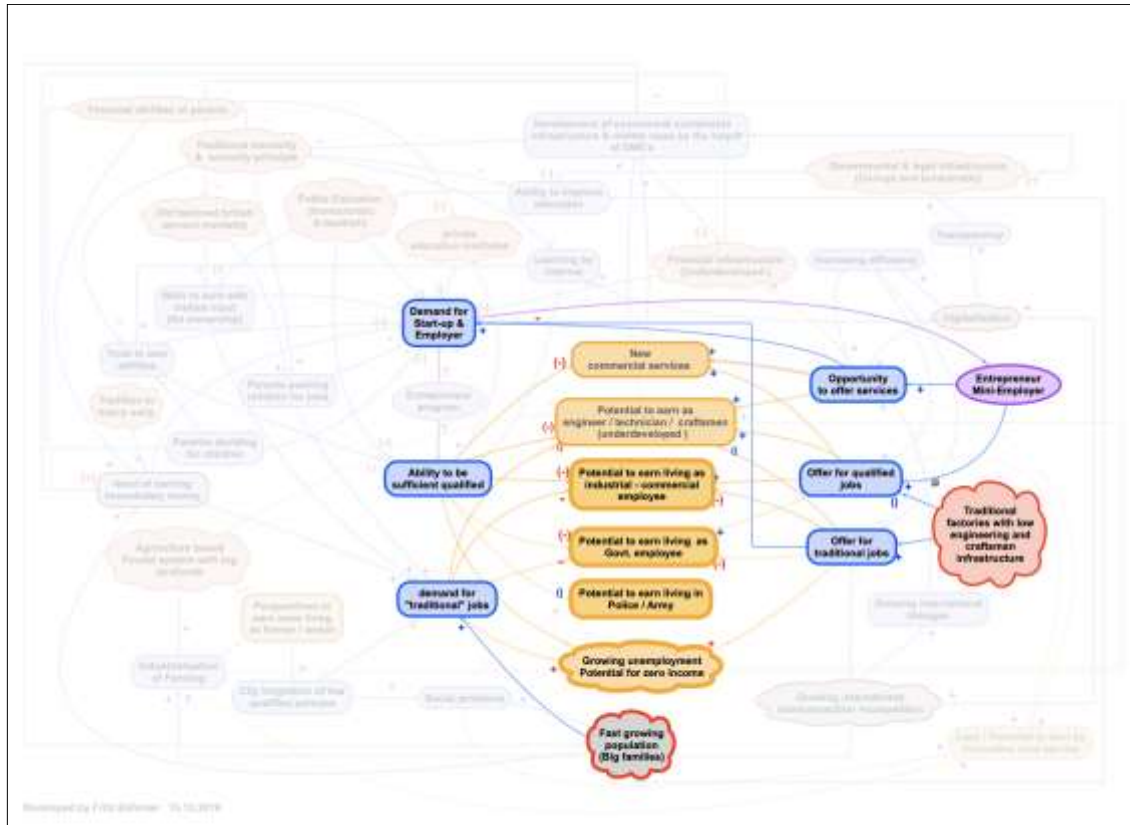
I asked kindly about their opinion, why, why not, whether they would allow, what were their fears and hopes and even provoked them if answers were to unqualified.

For the purpose of this study it was judged it sufficient to describe an entre-preneur as a person who starts a business from scratch, with limited resources but with the will to develop his idea into a sustainable business which serves his financial and emotional needs, his wish to be independent and fit to his abilities.

This is willingly a description and not a definition. It is even not correct or complete as it excludes somehow big businessmen. But it fit better with the wish and need of newly founded companies by young students leaving the educational system and which enables them to earn in own responsibility for their living.

As this research focuses on understanding the framework a sustainable economic development and as every sustainable „enterprise“ serves mandatory to a social need the special aspects of social entrepreneurship or even non profit oriented companies are not discussed here and left for further research.

### 3. The cybernetics model for the potential of entrepreneurs in Pakistan



The basic topic is to earn money for living. Looking for jobs translated into economic terms is a demand. The industrialists and companies are a supplier of work. If one focuses only on this aspect to be an entrepreneur is just an alternative to working as an employee. The potential to earn money is where the supply (offered work) absorbs the demand for work. Beside the pure volume the level of qualification is the second crucial factor. To simplify the opportunities to „execute“ work the market was described by „Army/ police“, „governmental / administrative“, „Production/ repetitive administrative work in the industry“, „Engineering and technical services“, „new commercial services“. „Research may be subsumed in the last category which is mainly related to qualified work.

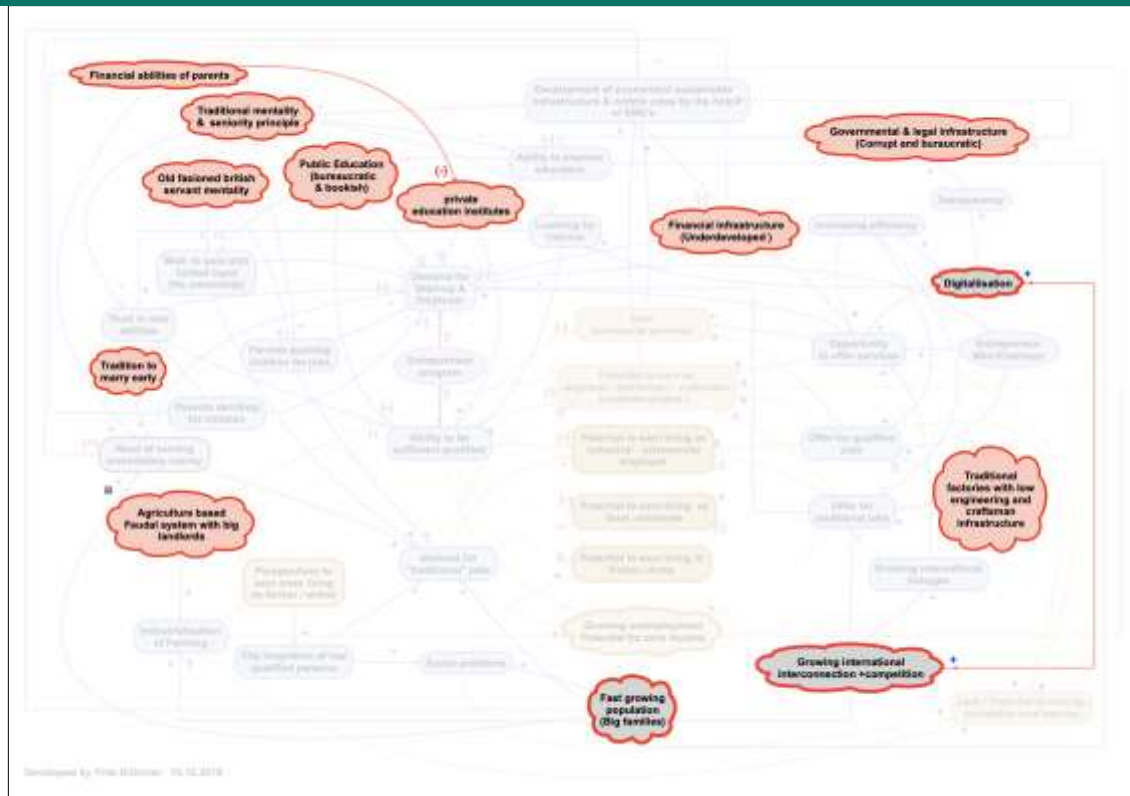
But the basic personal experience during the last 6 years discussing and questioning again and again the pupils, students from school to college to university level was, that probably not more than 10% were even perceived to be an entrepreneur as one existing option, in a sense defined above, to earn money.

In other words there is no demand to act as an entrepreneur. but still a huge demand for jobs, which are called traditional jobs when not related to the high qualified type of work but to commerce and low quality production offered by big companies and industrialists.

Intending to judge and enhance the initiatives to push entrepreneurship it is important to investigate what could be hindering people from wishing to earn their own money, what are the real opportunities and what would be the necessary abilities to be successful.

In the following part impacts on these core variables by other variables, social realities were identified and put into possible plausible relations. Obviously this is only one approach and does not make a claim to be the only one.

#### 3.1. The existing social, political and institutional framework



Wishes, expectations, opportunities for earning ones living do not arise from the „Nirwana“. They are the reaction to social realities like their own personality, abilities, family-, political- and economic environment. Discussing with all types of stakeholders like pupils, students, parents, professors, VC’s head of schools and CEO and HR manager of industry the above outlined realities were judged to build a plausible frame of impacts for the model.

The following „classification“, enumeration “ of stakeholders is a simple try to show the wide scope of attitudes and motivation to understand their decisions and actions as parents, students, teachers and politicians.

### 3.1.1.Stakeholders

#### ***Educated and wealthy people / businessmen***

intend to name it in a positive sense a successful business-man, industrialist, factory owner who is rich and highly successful like Bill Gates. If they are the owner of the industry they assume it as natural that their children will follow them or start their own business or management career.

#### ***Poor and uneducated peoples***

who may just dream of such categories emphasize the negative picture of a poor shopkeeper, waiting all day for the customer who can not afford to earn enough money for his family.

This pic is influenced by fear of risk and the fear that work will take the capacity of the sons to be available to serve them. In any case entrepreneurship is nothing at all or their daughters. Based on this attitude they plant all childhood of their kids a desire for a job.

#### ***Students of poor and uneducated parents.***

influenced by the will of father intent often to focus on immediate income by a job to be able to get married and to have free time after office hours as a reminiscence of servant mentality of the British occupation. Or to make a career in army or police to use to bully around others instead of being bullied themselves.

Girls / young ladies often intend to wish to be a doctor or teacher. Schools and hospitals are perceived as a save area for them to work.

#### ***All these stakeholders, educated or rich people,***

do not identify farmers, who actually are a huge group of Pakistan society, as entrepreneurs although farmers take really risks and need to make decisions with a large impact on their income.

In consequence even most of the sons of farmers, which talked to during 2 years at UAF do not perceive a perspective in farming. Neither as worker nor as small farmer (entrepreneur).

### ***Educational institutes***

The teachers, heads of schools ... are formed mostly all their life by a pure academia education which is based on learning. They believe entrepreneurship well something to be able to be taught. The misunderstanding that Entrepreneurship is not a skill, not an ability but an attitude. And attitudes can in the best case trained but never taught. This is totally different from procedures on how to analyze and manage problems, to use suitable tools ..., which are topics of business management education.

### ***Politicians***

As I have no real connections to politicians following statement is just an attempt to phrase in a plausible way what could be analyzed from outside the political circle

Perceiving that politicians are often at least wealthy people with their own land or business they know the opportunities to earn money. Their request down the hierarchy shows awareness of the problem. However without striking ideas and measurable goals for educational institutes to enhance the wish and abilities to earn their own money it is just a helpless emotional appeal which leaves institutes alone.

## ***3.1.2.Social reality and general framework***

### ***The father / the family***

With its patriarchal structure and strong seniority principle was identifies as the by far most dominant reality influencing factor regarding work life of young people. The importance of a father, parents was visible beginning from the wish to be like the father of young pupils to awareness and obeying the will of the father during the last years of school, the university was visible everywhere whenever asked.

Fathers, with often outdated education and knowledge, educated by fathers with servant mentality, influence the wish for jobs, type of jobs, forbid wishes of children, specially from young ladies, and learn them not to think but to obey.

Tradition and social normes

To overcome problems of a strict social separation of men and women young people are seduced to marry early before having settled work life reasonably. This situation forces me to earn money as soon as possible and does not leave room to develop skills for a higher qualification. The fact that Phd's even in educated families are done after many years of work, far beyond age being up to the mark regarding the newest knowledge and technology is a strong indication for this observation.

### ***Financial infrastructure / possibilities to get loans***

To get loans from banks is not only for young people extremely difficult. Regarding personals development only „scholarships“ as a sort of „education grant“ is common.

Only nowadays in connection with the initiatives for entrepreneurship loans are available.

## ***3.1.3.Important changing / developing realities***

### ***Digitalisation***

In an abstract way it is clear that computer and software developments will execute many tasks more efficient than men and influence the way how we communicate and in consequence how we work together. Car factories with only a few highly qualified people might give us just a glimps of what will happen with traditional jobs.

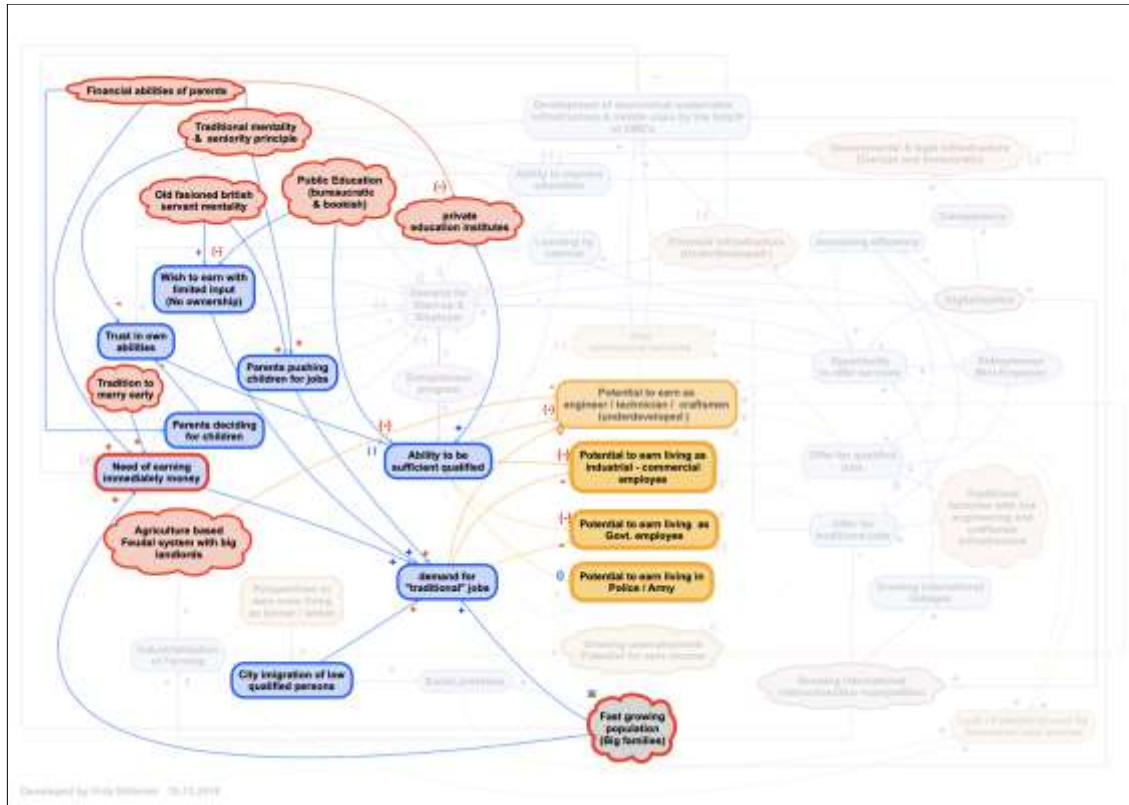
### ***The fast growth of the population***

More people require food, education, produce more more waste... and looking for opportunities to earn money. Right no the majority is still looking for jobs.

### ***Growing international competition***

Not only industrialized zones like Europe suffer from Chinese low cost production. But meanwhile as well former important products like textiles and fruits are declining due to missing quality or too high production costs compared with other Asian countries.

3.2. The demand for jobs. -the missing demand to earn his own  
Why do young people still look mainly for jobs ?



The rapid growth of population, digitalisation and strong international competition created a big pressure on the job market and led already to the growing unemployment of young people.

My findings as Adjunct. Ass. Prof at UAF, giving lessons free of costs in schools in rural areas, talking to parents during rural events were quite negative regarding interest to do something different than to look for a job.

Even as a trainer in special workshops for entrepreneurship for students of last semester during the last 3 years I found that not more than 5% to max 10% of students of upper class like in SZABIST do have a business idea.

Asked for their reasons why they do not intend to be an entrepreneur the following main reasons were identified.

- Father does not allow or has different plans for them.
- They never ever had thought about this opportunity.
- They have no money
- To be an entrepreneur is too risky
- They need to earn immediate money to support the family and to build a base for getting married.
- To want to have regular office hours to support a family or to enjoy life. (Mentioned only carefully and with a feeling of shame)

This scope of reasons which were found everywhere shows that the demand for jobs and not to be an entrepreneur are multiple and based on very strong social realities described below.

**The father / family**

As outlined earlier the idea which plants the father into the mind of children or the clear preference of father for certain types of work life is decisive. A more hidden aspect is the impact on the trust in one's own abilities and to lead instead to obey which is a key ability required of every entrepreneur.

**Old British servant mentality**

The following statement is not scientifically proved. But my observation was admitted to me to be a reality by all discussion partners through all social classes and does explain at least some behavior. It is plausible that due to missing a chance to do develop their own strength over a long period of occupation people learned to cope with authorities and to do just the job as commanded. In this regard the traditional seniority principle does keep this mentality alive.

This hypothesis of servant mentality would as well explain the wish of students to limit their timely input. However this statement is not purely negative seen it as well in the sense of fulfilling the duty to their parents and all family.

However this mentality could be judged as one social reality with a negative impact on the wish to be an entrepreneur.

**Need to marry early & financial restrictions**

Different from the tendency in industrialized countries the moral norms together with the restricted financial background of parents lead to the wish to marry early. In this constellation it is difficult to start a business from scratch with a probability to need to work some years until getting settled. (Not everybody has a striking idea which turns into money over night).

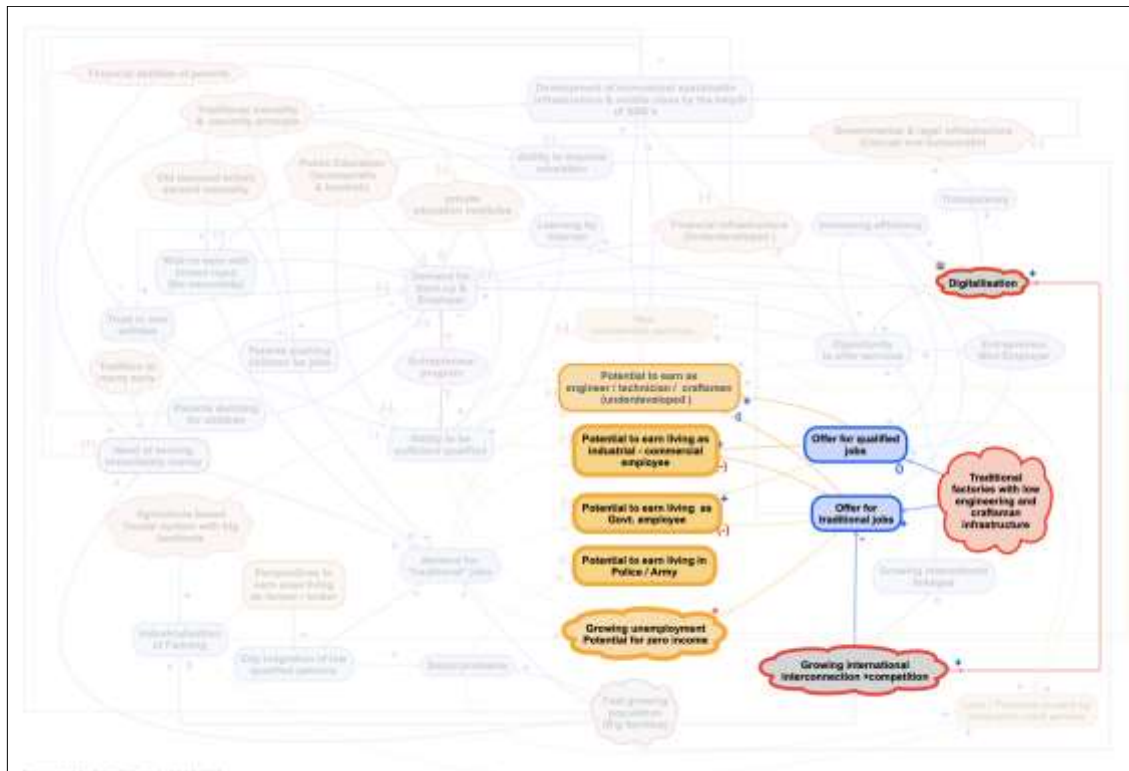
**Public education**

The majority of Pakistan people are bound to public education which does not allow really to identify and specially to enhance individual abilities or skills. Therefore young people with a pure public education are primarily bound to jobs which do not require special skills which were in the past available easily before digitalisation and less competition by other people of the fast growing generation.

**Summary**

The social reality is clearly pushing young people towards the demand for a job. Although nearly everybody knows samples for the impact of digitalisation for the future of jobs people show creative excuses why it will not so much hit himself, their children. Any approach has mandatory to consider these realities to show a reasonable social impact.

3.3. The supply of traditional jobs - Structure and perspectives



The job market for each individual is finally the total of offers which can be reached by its abilities and qualification to work in dependency.

**The type of work is classified**

in industrial/ commercial jobs, governmental jobs and jobs in Army. Jobs in Agriculture are not specially outlined but could be treated as low qualified jobs.

As typical governmental jobs are related to administration work and do not require high technical, IT based or scientific knowledge it is perceived like simple administration jobs in industry and commerce as traditional jobs. This is scientifically not correct but fulfills the purpose to distinguish typically and in majority simple jobs with low qualification and standard repetitive activities in a plausible manner from higher skilled jobs required in the dramatic changing economy. Unemployment is here classified just as a negative equivalent to a job.

**The main changing driver: Digitalisation and international competition**

In a very abstract way digitalisation makes processes more efficient, transparent, makes persons overflow or works independently from the local physical presence of persons. In reverse these jobs which remain require a much higher qualification in multiple dimensions.

**Agriculture-Industry-Trade. Missing SME infrastructure**

The impacts of digitalisation will happen much quicker than in more developed countries as Pakistan has no real infrastructure of local SME with complex and personality depending jobs. The big national operating companies with hierarchic structures and standardized procedures will profit strongly by digitalisation.

**Summary**

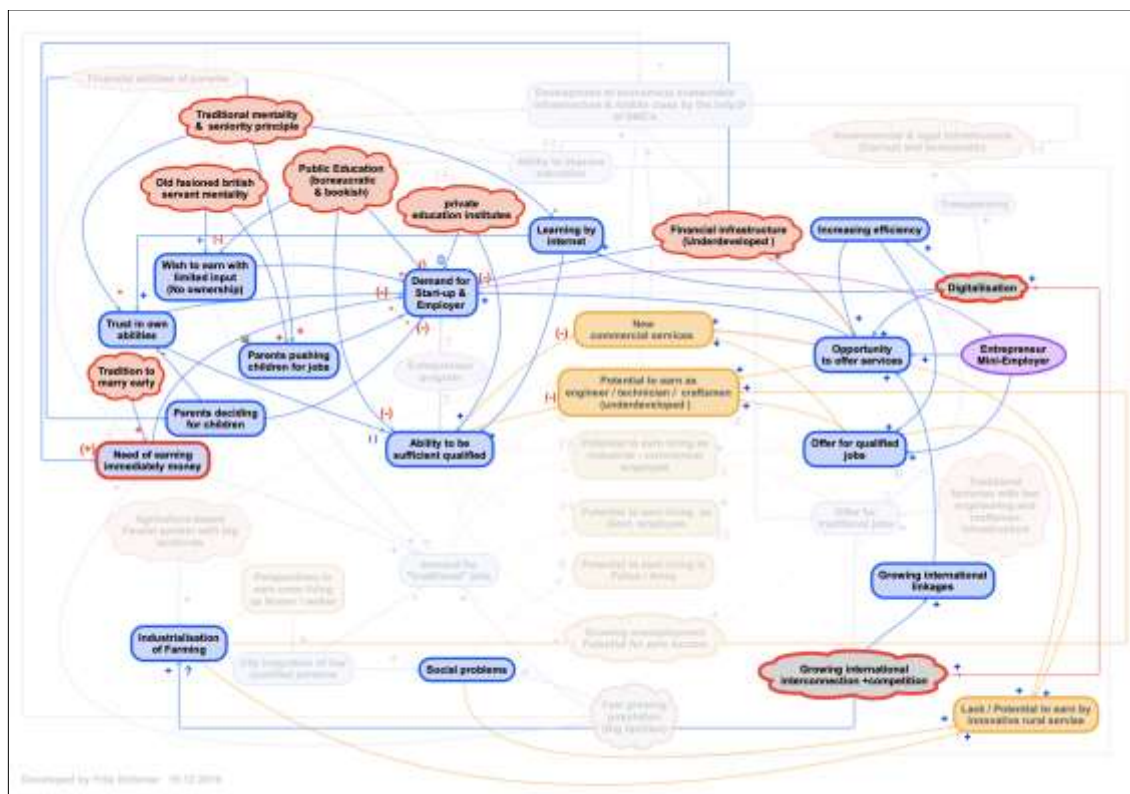
The traditional jobs will decrease dramatically whereas the local supply by a growing population, emigration to city and competition by internet based workers will increase. Perspectives for traditional jobs with low or unspecified skills will worsen exponentially.

The very small volume of an economic segment of qualified SMEs will restrict the dreams of better qualified class as the demand pressure of the growing population will always be much bigger than the supply of these types of qualified jobs.

These findings partially seem not to be very new. However as a matter of fact the standard answer of interviewed students, pupils was that they would find somehow by connections of their parents, better applications, more certificates (without any value) finally find a job. And they invent excuses that for their region, for their intended job they will finally find a job even if it will be paid badly.

The analyze identified that the assumption that young people, who have never worked, can perceive the dramatic change or can take consequences is must be investigated. The hypothesis is, that without convincing parents as the mind drivers of their children that there are not only bad financial developments of jobs but a real disappearance of jobs the change will be too slow to avoid dramatic social problems.

3.4. Getting an entrepreneur - To earn his/her own money  
Opportunities, challenges and limitations



The graphic above is again a view of demand and opportunities but now regarding the demand and supply (opportunities) for acting as an entrepreneur.

**3.4.1. The demand for earning his own money.**

It shows that nearly the same social realities which are feeding demand for traditional jobs are the hurdles to motivate and enable young people to start their own business. The crucial issue is that these realities are attitudes trained over many years which van not be changed over night easily.



***The neglected aspect of digitalisation to enhance qualification***

The only really new impact is digitalisation which would at least theoretically allow a free of cost learning independent from outdated public education and costly private school system.

But even this opportunity is controlled by parents or limited by financial restrictions. Specially young ladies were not allowed to use officially internet which is mostly mobile internet. As well most people do not have landline internet anymore and the required volume to move for learning on the internet intensively would be too expensive.

The real fear of parents that the internet is used only for movies and to break social control is an other reason for the reluctance to allow internet access mentioned by many pupils and students.

**3.4.2. Opportunities / The market for „new work life“**

The young Pakistani people are the scale of the only real for finding the right opportunities. Below i outlined only a few ideas just as simple samples to illustrate the impacts of identified social realities of the executed analyze / model.

***English - A neglected crucial hurdle***

All these opportunities in a more global and digitalized economy require good English language which is in spite of all efforts still often dramatically bad. Even managing tax forms or other legal paperwork requires good english. However not seldom I realized by the questions of students that they did not really grab the msg although I phrased the words as simple as possible. (As mentioned in the introducing chapter I am talking not about upper class educated peoples).

***„New“ commercial services***

The international business requires a huge information background. Information services are highly suitable specially for countries like Pakistan with a complex bureaucracy. Content management of websites, translations services ... are highly suitable as they do not require physical contact.

***Rural services***

The emigration is one crucial social development these days. But emigrating young people of rural areas leave still many people behind and where big companies see no interesting potential to earn money. But they have their own needs. One major criteria to describe „Rural areas “ is the difficulty of each physically. But the digitalisation is just overcoming this physical problem. Similar to Europe here is a potential for SME even if it is not to earn millions of Rupies. Starting from monitoring machinery to health services for a medical supplier or in cooperation with NGO's.

***Engineering and craftsmen services***

Pakistan is importing huge quantities of foreign machinery. In Europe or other countries exist many highly innovative small manufacturers of machinery. They are interested in ensuring a proper after sales service but can not afford or do not want to establish an after sales structure in Pakistan.

**3.4.3. Summary**

The crucial fact for a more national impact is the social realities and not the missing opportunities.



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