MARKET ORIGIN OF MODERN ECONOMIC SYSTEMS INSTITUTIONAL TRANSFORMATIONS

Proceedings
of the II-st International Scientific and Practical Conference of Young Economists, Scientists and Students (IC YESS 2013)
April 18-20, 2013

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Actions to meet a dynamic economy

Introduction

“Across almost all business, the operating environment has become radically more dynamic, unpredictable, and turbulent”, Bogsnes [2009, p. 3] states. He continues [2009, p. 3]:

“At the same time, life inside organizations has also changed dramatically. The massive difference between market value and book value in companies might be the most tangible proof that something has happened. The value of human capital, innovation, creativity, and people's desire to contribute and make a difference is often the only value that exists, and it can walk out the door any day”.

By this Bogsnes articulate that enterprises must address global changes, and the need to create tools, methods and action not just to meet financial changes, but also human and natural resources.

In the Scandinavian countries, dynamic economy is a growing concept. The government in Norway have focused on dynamic economy by defining what the term actually means and by inviting people in the field to seminars and consultations. This work is an ongoing development. In other countries like USA, UK and South Korea, the governments have worked systematically with dynamic economy during the last 50 years. Even though theories on dynamic economy have existed for a long period of time, many of the same questions keep popping up in practise. Questions like:

· How can enterprises be more sustainable?
· How can we contribute to a sustainable systemic change?
· How can we find people who are willing to lead through change?
· How can we create better tools and methods to adapt to a dynamic economy?

One question from the book Natural Capitalism, by Hawken, Lovins. A. and Lovins. L.H. [1999, p. 9], takes the issue one step further by asking: “What would our economy look like if it fully valued all forms of capital, including human and natural capital?”

My hypothesis is that in general people, institutions and enterprises talk about visions, goals and systems, but do not focus enough on developing tools, methods and actions in the field of dynamic economy. There are some good examples on enterprises that address these challenges in an innovative way.

My goal is to inspire governments, entrepreneurs and economists to facilitate the development of tools and methods that can solve the ongoing questions.

Methods

In November 2012 I went on a research trip to Australia to participate in Social Innovation Exchange. During this trip I wanted to explore how people work with dynamic economy in countries outside Scandinavia. I interviewed different people that participated at Social
Innovation Exchange. They were entrepreneurs from Ireland, Australia, Singapore, a research associate from Oregon, USA, a chief executive from England, master students from Bangladesh and Australia, and a head of learning at a business school from Australia. These are people who have worked in the field during the last 10 years.

I asked them the following questions:
1. What kind of challenges do you have in your country?
2. How do you address dynamic economy?
3. What tools and methods do you use?
4. What results do you get?
5. How does your organization collaborate with the government and business in general?
6. Can you name an enterprise that adapts to dynamic economy in a sustainable way?

I categorized the answers in two sections. The first section was answers connected to visions and believes, and the second were answers connected to actions and actual stories.

Results
I found that 4 of 10 had answers connected to actions and actual stories. 3 of 10 could name tools and methods they had implemented personally. In their answers, there is a strong indication that when it comes to action, enterprises tend to use the same tools and methods they have been using previously.

The chief executive had developed tools together with the national government, which they have implemented and are using as facilitation for change. They have created ecosystems that support social enterprises, and help them to make long term plans.

Several of the entrepreneurs had thoughts and ideas on what changes they wanted to create, but would use methods and tools people had tried before that was successful. They mentioned tools like short-term investments in developing countries and financial benefits for producers who focus on fair trade.

Methods they valued as important were research and experimenting with entrepreneurial models.

The head of learning wanted to know more about what kind of tools and methods people were experimenting with in other countries.

All of them talked about governments as key facilitators that should use investment as an important tool. They also believed that the experience a government had with dynamic economy would highly influence how they deal with the issue, and therefore their actions would be different depending on the country.

They gave good examples of enterprises like Lonely Planet, The Thought Collective and Kiva. They were referred to as innovative, challenging and with a huge impact both nationally and internationally. The common belief was that these enterprises had managed to adapt to dynamic economy in an inspiring way.

Discussion
When 4 of 10 of the people I interviewed could give answers connected to action and actual stories, but fewer could name tools they had implemented personally, this shows that the majority verify my thesis. Since the respondents have different nationalities, there can be national varieties that differ from my results. This could be studied by asking more people from the same country.

This research is important to acknowledge since working in a dynamic economy requires the ability to develop and act. The results can be an indication as to why enterprises don’t manage to adapt to a dynamic economy. Or as Bogsnes states so accurately in Beyond budgeting [2009, p. 4]:

“The more uncertainty and turbulence and the more urgent need there is to break with the past and go for radical change, the stronger the fear of letting go and leaving what is perceived as
a safe and calm harbour in stormy weather, namely those familiar and well-tested management practices, including the good old budget”.

Conclusion

Working in a dynamic economy requires the ability to develop new tools and methods, and act upon them. The majority may tend to use the same tools they have used before, but hope for a different result. The government can be a key facilitator for developing new tools and methods, depending on their experience and strategy. There is a need for more empirical work, particularly on experimentation, to develop new tools and methods for enterprises to test. There are enterprises that are continuously developing new tools and methods and therefore can inspire others.

Literature: