



Why Kiwis are  
inventive  
but not  
entrepreneurial

## Conversion and Yield

The evidence – contrary to popular belief – points to New Zealand having an **inventive** but not an **entrepreneurial** culture.

We prefer the adventure and discovery of **initiation** (where capital is invested) over the detail and discipline of **implementation** (where profit is harvested).

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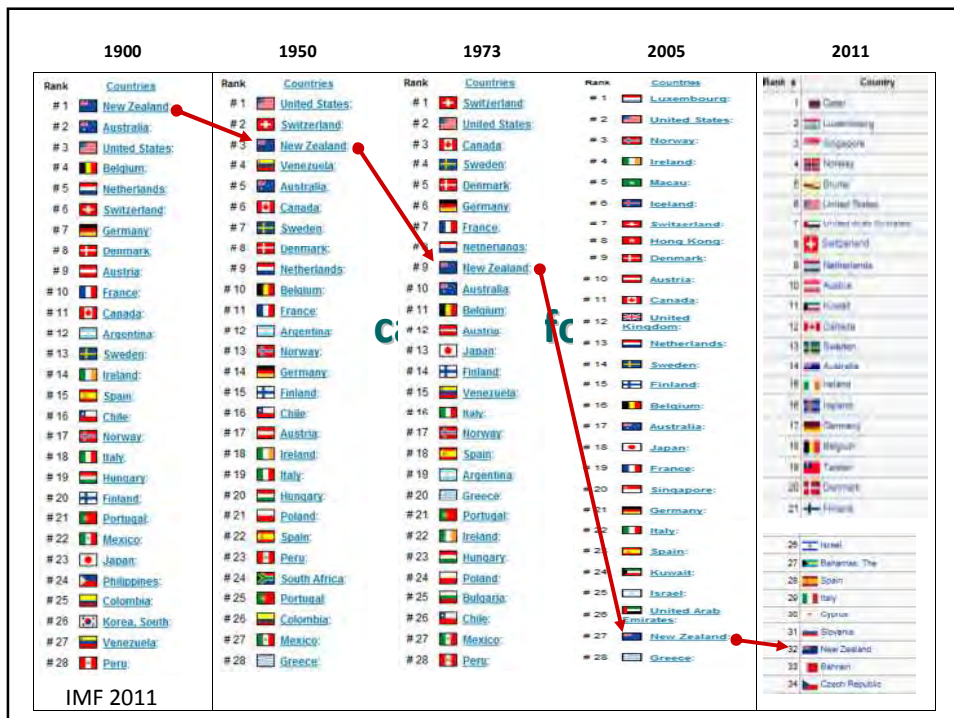
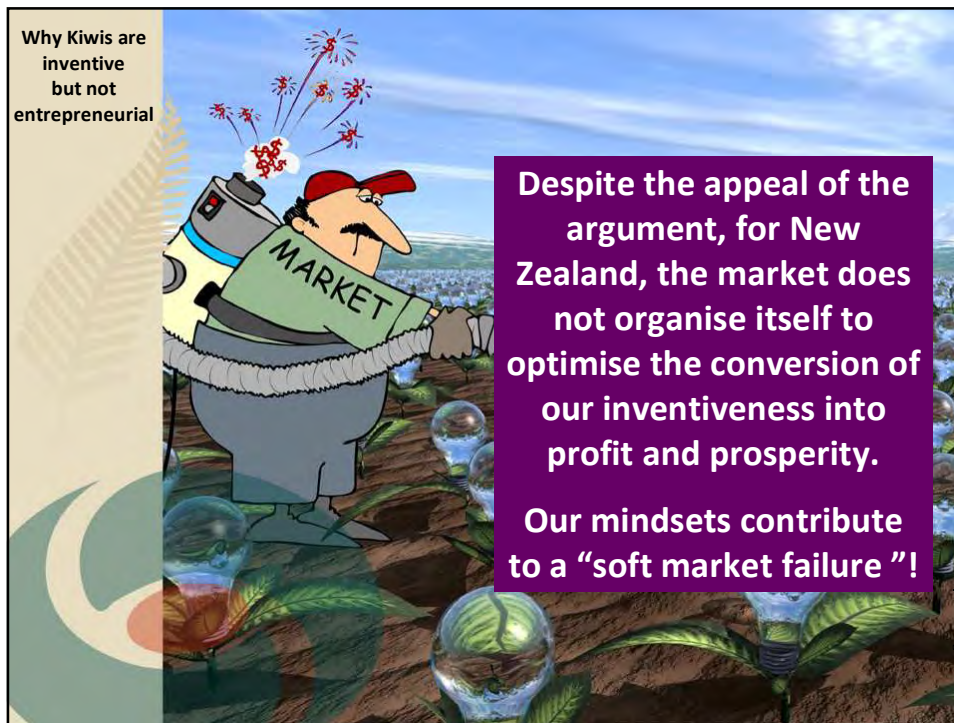
## “Our myths comfort but imprison us”

Sir Paul Callaghan – Wool to Weta

New Zealand does not have an entrepreneurial orientation and so the market cannot be relied upon to convert inventiveness into maximum profit and prosperity.

Even given ideal institutional arrangements and policy settings.

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All while the OECD describes our policy settings as “close to best practice” and McCann describes our “institutional arrangements” as near text book. His work on economic geography provides a partial explanation ... but

... we are missing something and it's something very important!

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## Evidence base

Analysis and synthesis of research from:

- *Forté* research into national culture, innovation & business in the NZ context;
- Significant body of peer reviewed academic literature;\*
- MED & NZTE, NZ Institute & GIAB;
- Otago, Massey, Lincoln & Waikato Universities;
- Harvard and Stanford Universities;
- And many others .....

Then tested extensively across New Zealand public and private sectors and academia.

\* Four studies have specifically included New Zealand

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## The innovation process

The literature describes:

- **INITIATION & IMPLEMENTATION** stages.
- Different resources, skills, cognition & behaviours and even “eco-systems” are needed to optimise each of the stages.  
(eg Shane 1992; Jaumotte & Pain 2005; Pisano & Teece 2007)
- No automatic progression from Initiation to Implementation stage, ie more invention does not directly correlate with more economic development.

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## The innovation process

### *The Industrial Revolution as an example:*

Most of the inventions occurred in France while the implementation and value appropriation occurred in the UK because of “*culture and attitudes*” and capital markets underpinned by the “*scientific spirit pervading the national culture*”.

Freeman (2002:199)

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## The Innovation Process

Innovation is a function of the interplay  
between many factors within a complex system.

But first & foremost – it is a psychological &  
social process ...

... it involves the thinking and behaviour of  
individuals & groups of people...

... and how those individuals and groups  
think and behave varies from nation to  
nation in predictable ways according to  
their national culture.

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That is - firm and national  
competitiveness and  
prosperity are a function  
of the population's  
individual and collective  
cognition and behaviour.

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## We hunger for BIG BANG solutions!

We desperately seek the one right answer so we know which lever to push - pull...

...but what if the problem was 4.5 million mini-levers?

What if every transaction leaked just 1 or 2% of its potential value?



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**Kiwi mindset provides the  
precursor to**

***“... a surprising amount of  
value unwittingly slipping  
through our fingers”***

Gareth Chaplin while Chief Economist NZTE.

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# National culture... our “Software of the Mind”

[or “Shared basic assumptions”]



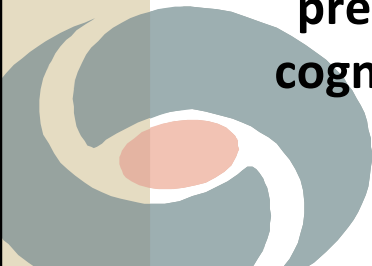
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## National Culture

**Learned set of shared  
mental models.**

**Results in common and  
predictable patterns of  
cognition and behaviour.**



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## National culture Influences cognition and behaviour by:

- Moderating what signals are considered of interest and importance. That is, by filtering information flows ...
- ... how those signals are interpreted and how they are responded to...
- ... and directing thinking and behaviour to areas of least cognitive dissonance.

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## The role and power of mental models

*“Mental models are deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting. Very often, we are not consciously aware of our mental models or the effects they have on our behaviour.”*

(Senge P 2006, *The Fifth Discipline*)

Cause us to err to the familiar to see what we have always seen, the same problems and solutions, the same needs, the same opportunities – the same causality.

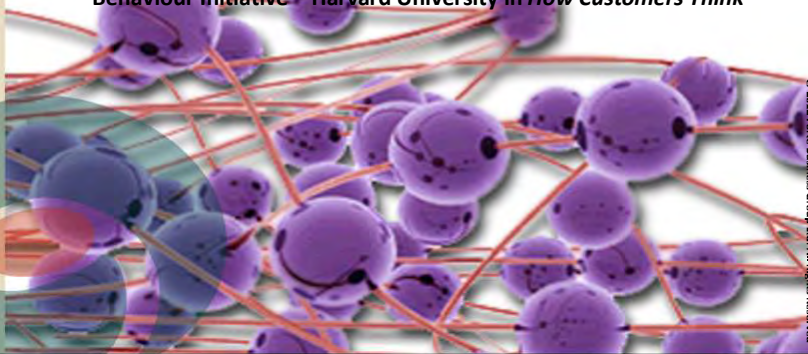
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## The role and power of mental models ... Culture is not trivial

*"The culture a person grows up in **strongly**  
influences his or her brain wirings, or **neural**  
**pathways**, in the early years of life."*

Zaltman G (2003) – Professor of Marketing & Fellow Mind, Brain,  
Behaviour Initiative – Harvard University in *How Customers Think*



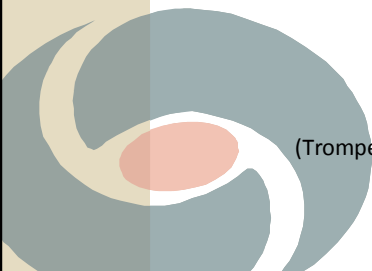
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## The role and power of mental models ... Culture is not trivial

More influence on how we think  
than  
**Age**  
**Race**  
**Gender**  
**Religion**  
**Education**  
**Occupation**

(Trompenaars & Hampden-Turner (1998) in *Riding the  
Waves of Culture*)



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## Critical caveat

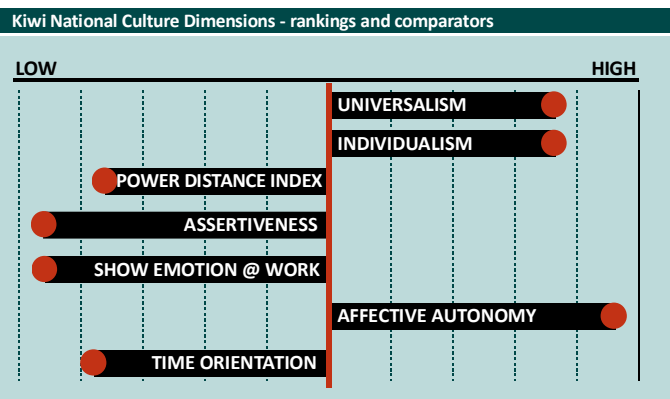
This does not diminish in any way the importance of factors like institutional arrangements and economic geography. It does provide powerful insight as to how Kiwis interpret and respond to (and often exacerbate) those factors in our own peculiar way.

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## Measuring national culture

Some dimensions that impact innovation, engagement & economic performance



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## The lesson from KAL801

KAL lost aircraft in  
1977, 1979, 1982, 1987,  
2 in 1989, 1994, 1997  
& 4 more in 1998 & 99

The crashes  
were attributed to  
**NATIONAL  
CULTURE**  
[Power distance]

Photo courtesy US Department of Defence



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On average, Kiwis strength is in  
initiating things rather than  
“finishing”.

We must therefore learn to play  
to our strengths!

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## Today's problems come from yesterday's solutions.

Solutions from days gone by remain  
deeply embedded in our mental  
models. Our mental models  
equipped us superbly as a pioneering  
nation ... they are much less  
appropriate for the 21<sup>st</sup> century!

*Our legacy is deeply  
embedded in how we think  
and behave.*

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- Immigration *"... a relatively narrow and un-stratified slice of British culture.."* (Matthew Palmer, New Zealand Constitutional Culture, *New Zealand Universities Law Review*, Vol 22, pp565 – 597.
- Poorly educated, in-service, deferential ... but practical and hard working. (Phillips, J. (1987) 'A Man's Country? The Image of the Pakeha Male – a history.) Understood how to *"Get by"* rather than *"get ahead"*.
- Incomplete national business model.
- Commodity trading means we believe that there are multiple sources of equivalent products and therefore we can only influence costs – the market and supply/demand will determine prices.
- Ministry of Works, safety nets etc.

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## Culture can trip us up

Of course management and  
communication theory,  
strategy & practice are  
already aligned with national  
culture...

... just not with ours.

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## In New Zealand, national culture ...

... is associated with low  
aspirations and a clear  
preference for the excitement  
and adventure of doing new  
things versus the detail and  
disciplines of implementation.

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## In New Zealand ...

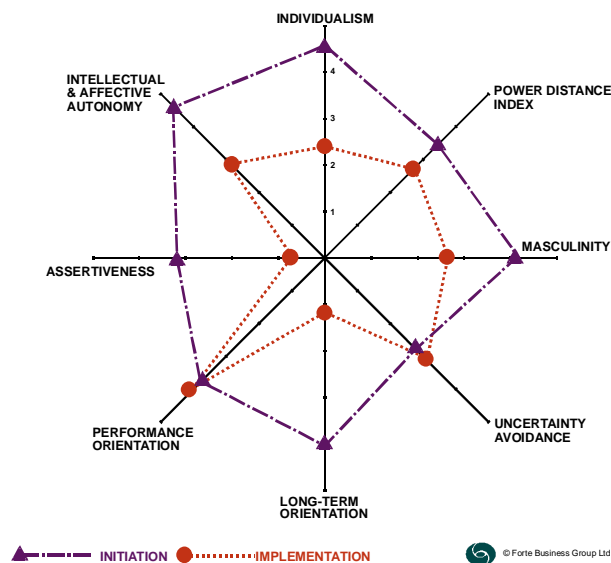
... it is not that we cannot achieve the detail and discipline of implementation and consequent profit and prosperity yield ...

... it is that we unwittingly choose not to – or technically – believe we have done enough at a lower threshold than would be considered enough by many of our peers.

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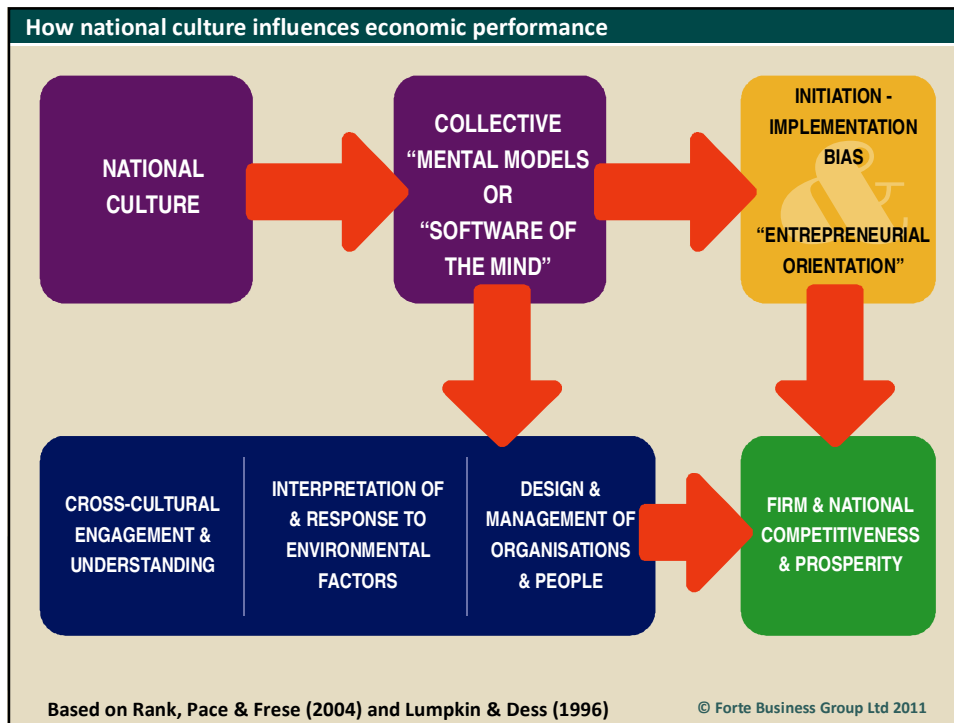
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## “Kiwi” national culture - fit for initiation and implementation



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## Two examples of implications for policy and strategy


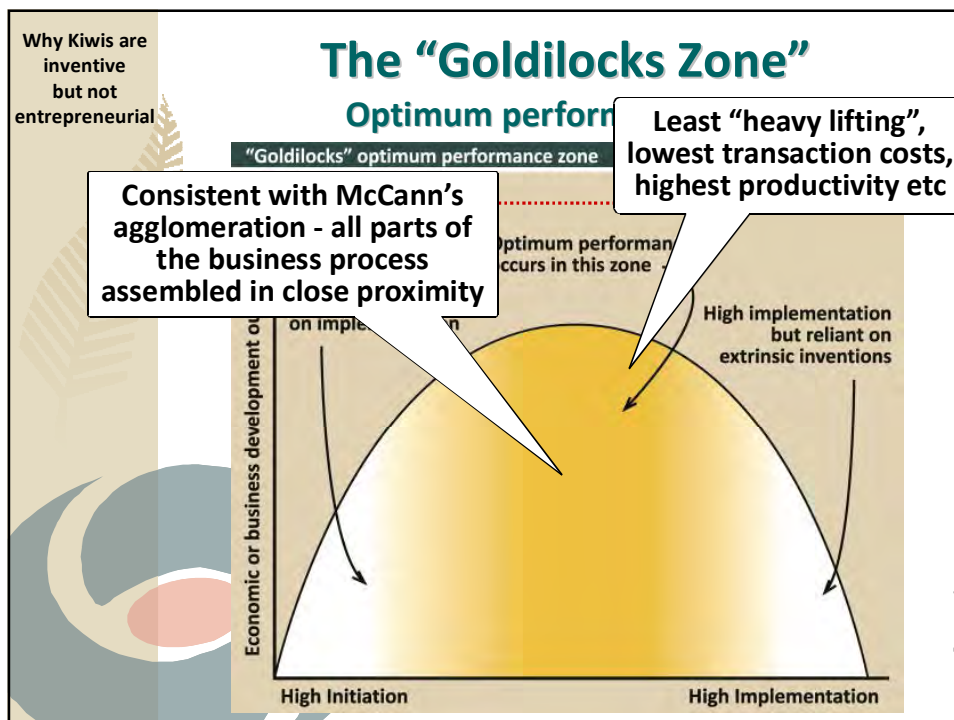
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## Optimum Performance Zone

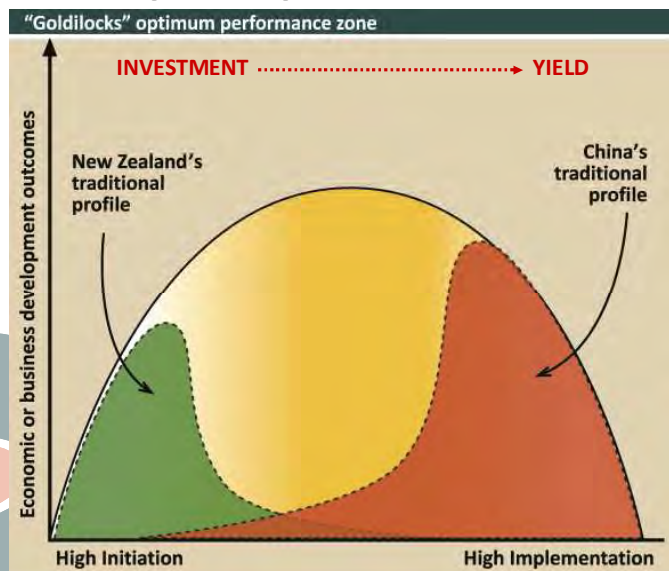
“Entrepreneurial Orientation”.  
“The Goldilocks zone” – a hypothesis.

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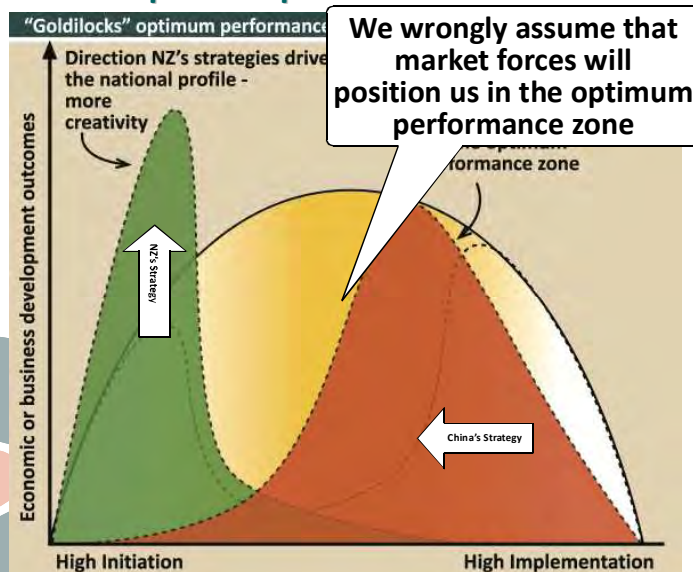
## The “Goldilocks Zone” Optimum performance zone



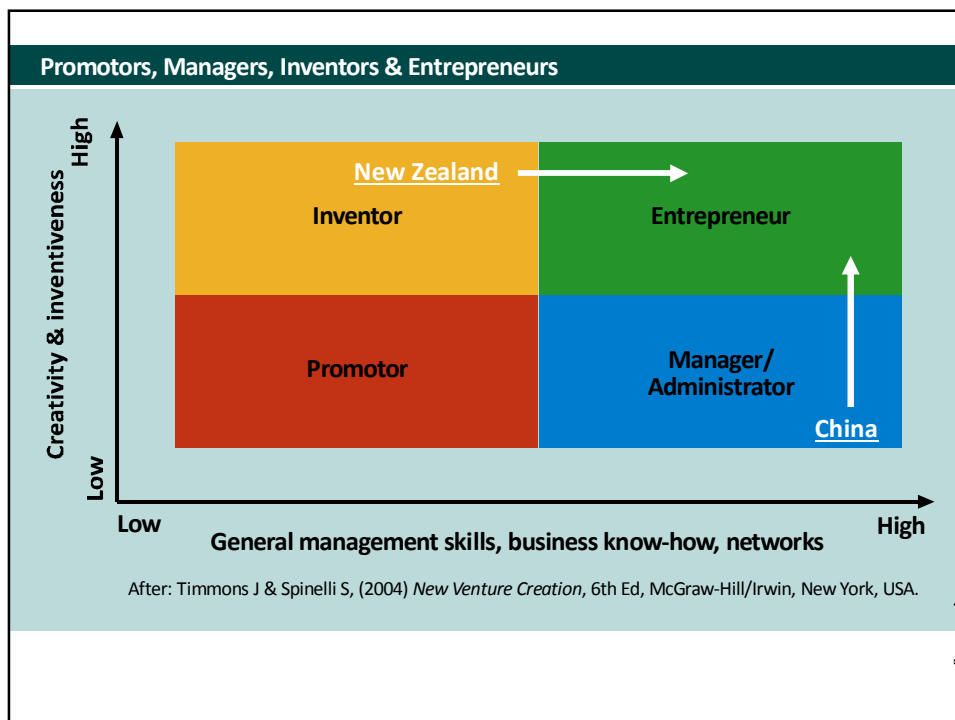
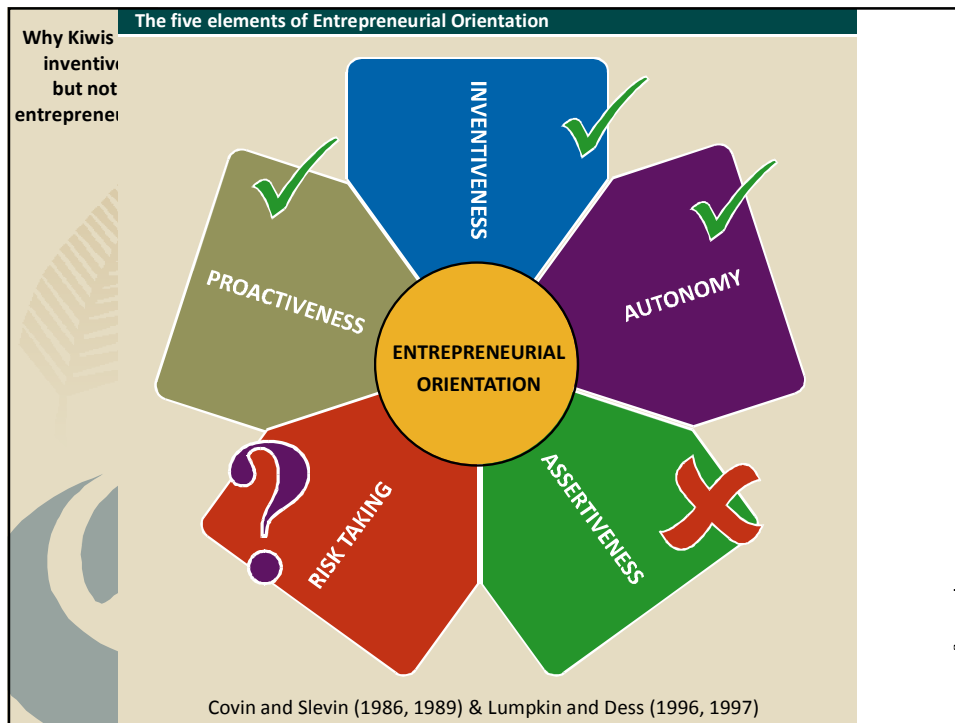
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## The “Goldilocks Zone” Optimum performance zone



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## Entrepreneurial orientation Implications

$$ED = f(\text{Population's EO})$$

$$ED \neq f(\text{Individuals' EO})$$

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## Entrepreneurial orientation Implications

**If this hypothesis is valid then a major shift in policies and investments aimed at moving NZ towards the Goldilocks Zone is essential.**

**This is more than just doing what we do now only better – it represents disruptive innovation in our cognition and behaviour.**

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## Satisficing “Thresholds of enough”

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## Satisficing as competition for attention

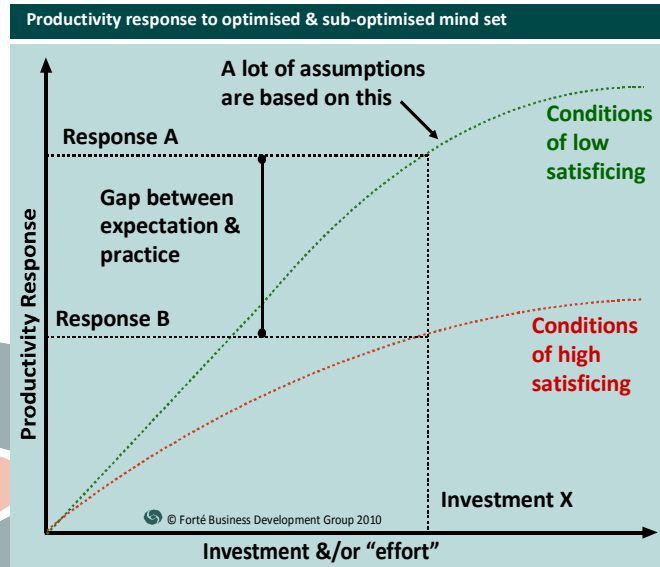
Any given activity (that is – how we direct our effort) is in competition with alternatives. For example - in our case - major competitors are:

- The next new adventure and discovery.
- Readily accessible/cheap recreation/ social activities.
- Our own DIY capabilities.

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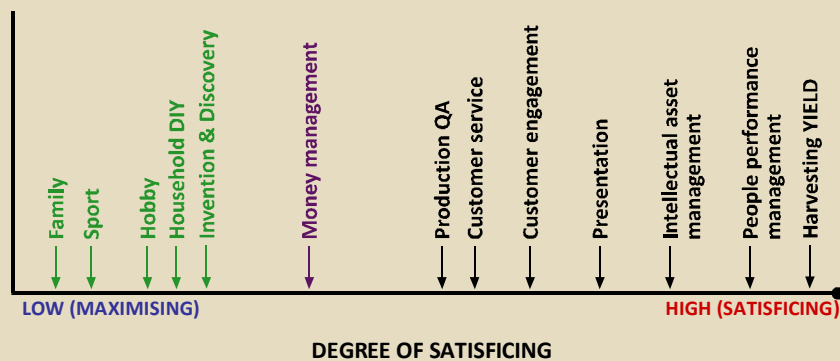
## Understanding the impact of Satisficing



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### Satisficing continuum by activity for New Zealand population - typical example

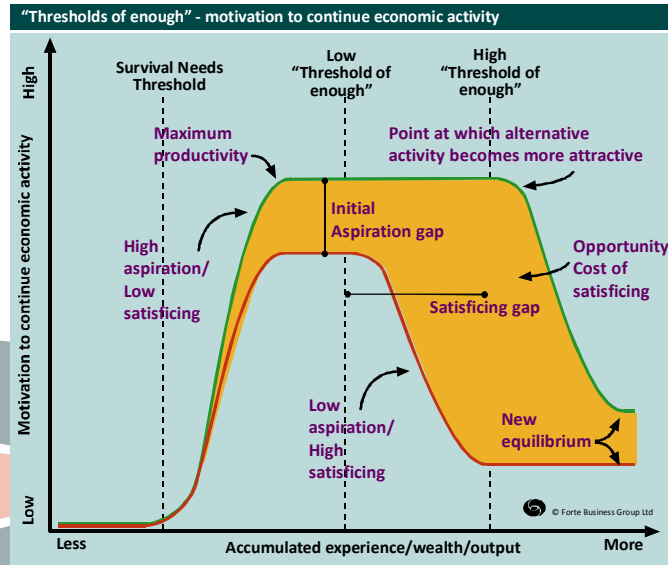


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## Motivation to accumulate



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## Low thresholds of enough Implications

Satisficing plays out thousands of times every day and has a **PROFOUND** impact on our economic development ...

Furniture factory

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## Satisficing Implications

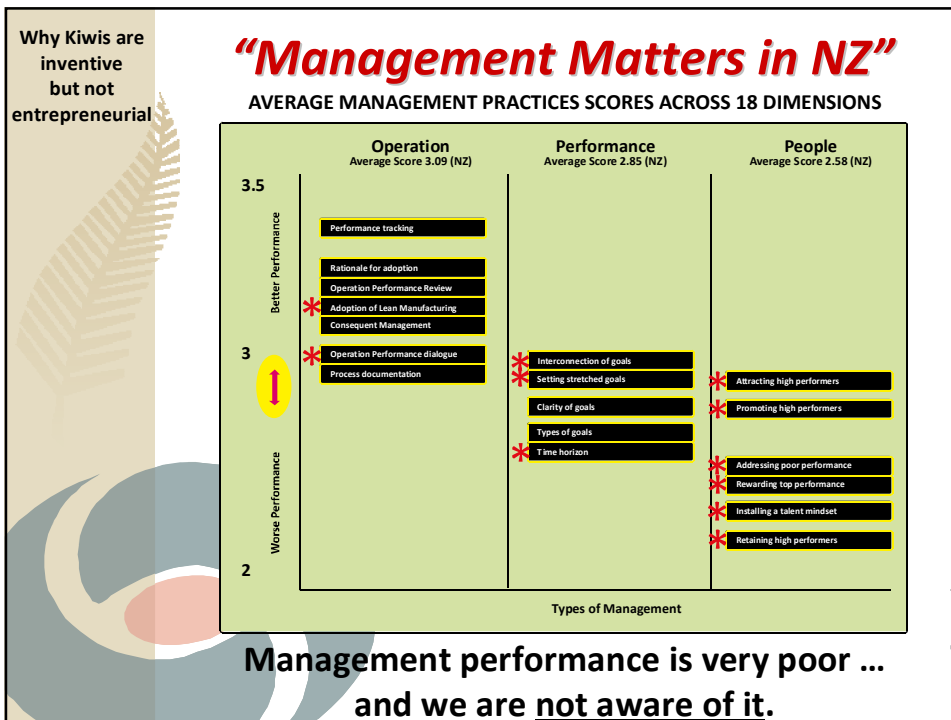
**Understanding the nature of  
satisficing in the New Zealand  
context and determining how to  
lift key “thresholds of enough”  
are of central importance.**

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**Applying a national  
culture – cognition  
and behaviour lens.  
Two examples**

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## Unrecognised cognition & behaviour Implications

Why we think the author's recommendations will produce disappointing results.

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## Natural comfort zones

**We migrate to where the required cognition and behaviour aligns with our national culture.**

**Conversely, we are more motivated by thinking and behaviour that does not create cognitive dissonance with our national culture and resident mindsets.**

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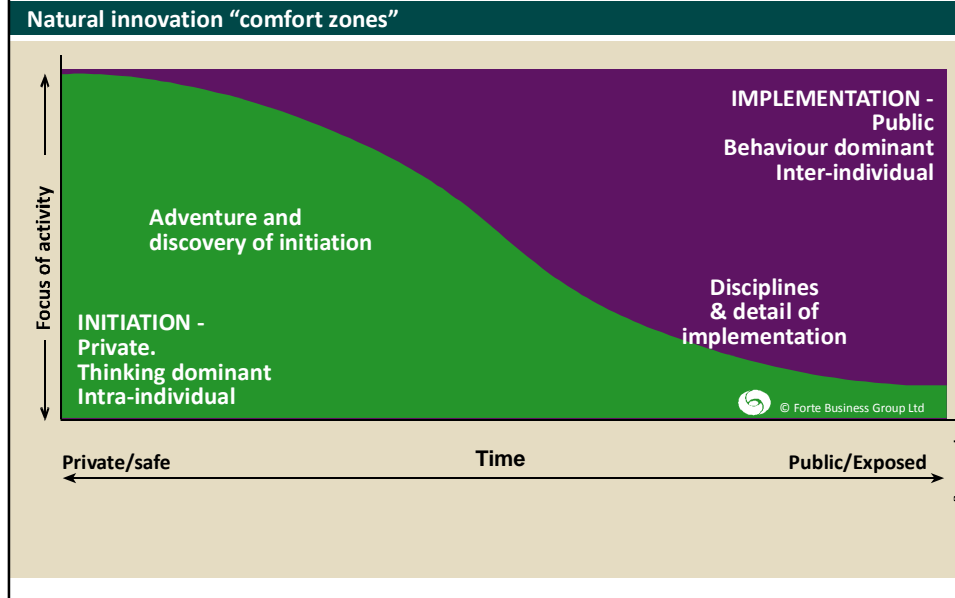
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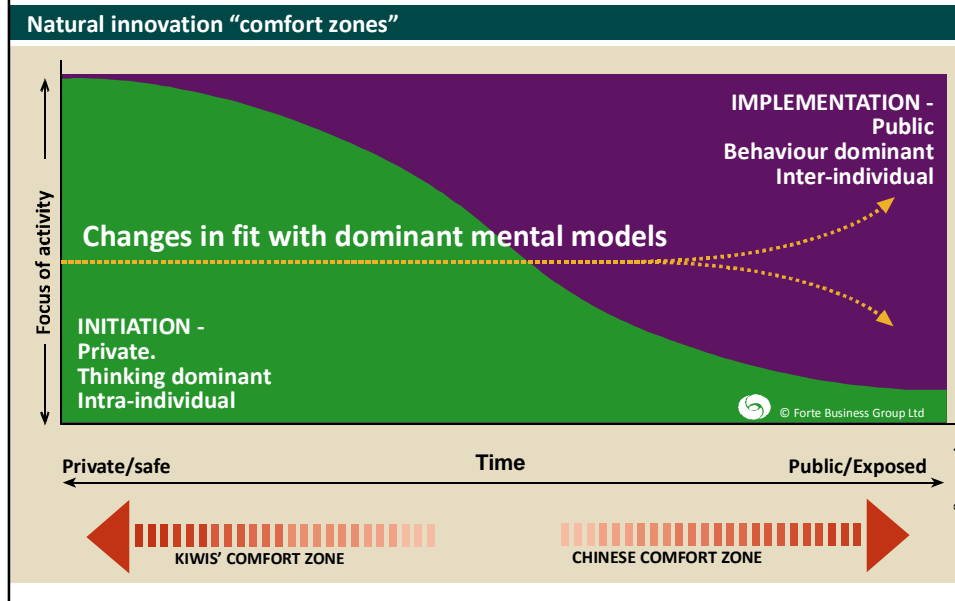
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# The pathology of serial initiation



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## Natural comfort zones

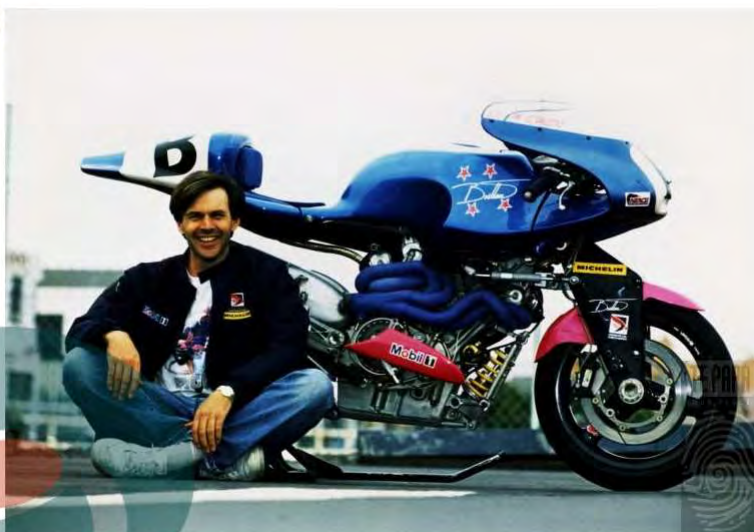
“That’s a perfect representation of  
what I do”

World leader IRL scientist

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## What “serial initiation” looks like



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## LESSON

**We are not prisoners of our culture. Our natural inclination towards initiation rather than implementation can be turned to our advantage provided our strategies and policies take full account of that inclination.**

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## My Plea

**Develop an inquiry stream examining the impact of our mental models – however they arise – on New Zealand's economic development and performance.**



