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Innovators have a name

Tableau Economique - Steven C.M. Wong

ONE of the great acts of disservice by economists has been the depersonalisation of economic growth and development. From the classical school, who regarded land to be the most important factor, to the neoclassical, who gave prominence to physical investment and later technology, economists have tended to prefer the inanimate over the animate.

Today, the emphasis is where it should always have been – on people. But even now, terms such as human resources and human capital are deliberately abstract, as if to be any less would be shamefully unscientific. For some reason, economists and bureaucrats are more secure if economic growth were reduced to equations, tables and boxes on a PowerPoint rather than biology and psychology.

Innovation, however, starts and ends with a living, breathing person. That person has a family, a circle of friends and a community. He or she has values and preferences, and either loves, hates or is indifferent to their country. That person has an identity and a name. The faster we can unlearn mathematical economics and try learn the names of these innovators, the better.

Malaysians already know many, such as Bill Gates and Steve Jobs in computers, Andrew Lloyd-Weber and Sting in music, and Stephen Spielberg and Peter Jackson in films. Companies like Google, Twitter and CNN are also renowned. In specialised fields, innovators may be less known but no less influential. Without Vint Cerf and Tim Berners-Lee, there might well have been no Internet and the World Wide Web.

As Malaysia strives to create a new economic model that will lead to a high rate of innovation and creativity, it is critical to understand what factors are absolutely pivotal, what are important and what are not. People, the organisations they work for, and the political, legal and social institutions which they have to deal with and involved in, clearly matter a very great deal.

Many of these factors are recognised by Malaysian policymakers. The national key result areas (KRAs) adopted for the 10th Malaysia Plan, for example, include moving up the value-chain, raising abilities, knowledge and innovation through first-class minds, fostering the quality of life and strengthening institutional and implementation capacity.

Last week, Malaysia's MSC International Advisory Panel met. Present were pioneers like Muhammad Yunus, founder of the Grameen Bank, NR Narayana Murthy of India's Infosys and IBM's Sam Palmisano. Also here were content providers such as Mahmoud Bouneb of Al Jazeera's Children's Channel, Steve Forbes of *Forbes* magazine and Brian Mefford of Connected Nation.

To my mind, however, one of the most-telling comments came from John Gage, a venture capitalist, who talked about the importance of recognising people as social beings. He is reported to have said, "When you add value to others, when you make people happy, they will add value to your business."

Now making people happy is probably a bit of a tall order. The things that make people happy can be very different and the capacities to do so are limited at best. Gage's point, however, is an important one: while people are expected to add value to products and processes, they have to be valued added as well.

Education is certainly one of the ways of adding value. But formal education is only one part of what is learned. What is observed from the behaviour of those in society at large is often as, if not more, profound than what is learned in classrooms. In any case, it is debatable whether we have done that good a job in educating our young.

Other factors prevail. People need to be properly motivated, equipped and managed to do a good job. Strong and efficient management systems need to be place. But if people are expected to be also innovative and creative, these systems have also to encourage private initiative and ownership and show tolerance for independence and individualism.

These two sets of imperatives do not, of course, necessarily sit well with each other. It is easy enough to talk about the need to "think outside the box" but when individuals start to also "act outside the box", it can seriously disrupt the status quo. The best leaders and organisations have found ways to harness the raw passions of innovators and yet maintain a semblance of order.

Apart from private space, there must also be acceptance of failure on the basis that not every attempt at innovation is successful. Countries also actively encourage an open and knowledge-rich ecosystem, information dissemination and networking and dialogue. Few things are taken off the table and there is little or no attempt to censor discussions.

Organisational hierarchies limit personal discretion and facilitate quick decision-making. Leaders and managers are placed in their positions because of competence and experience, not politics and seniority. The payoffs for performance are generous, sometimes extremely so, but these are not the drivers of behaviour. The act of excelling and self-actualisation are their own reward.

The desire to excel necessarily means that there is a low tolerance towards mediocrity and incompetence. Institutions are scrupulously fair and impartial, and great riches do not lie in store for the corrupt and immoral. These are the attributes of an innovation economy. These are what the new economic model should be about.

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