Entrepreneurs, Jobs and Asia

By Spencer H. Kim

It seems everybody is talking about jobs and exports as the catalysts for getting the U.S. economy back on track. With that thought buzzing in my mind, four disparate items I read recently struck me, and gave me some insight into how we might take some concrete action to stimulate both job creation and a better focus on international business opportunities.

- The jobs data on the Small Business Administration (SBA) website show that in the last two recessions Small and Medium-sized Enterprises (SMEs; defined as less than 500 employees) led the jobs recovery, beginning to increase hiring while large companies were still shedding positions.

- Alibaba.com is a Chinese Internet service for businesses to find and sell to each other. It has 45 million registered users, typically companies between 50 and 100 employees, including 10 million overseas companies, 1.9 million of those are in the U.S. In a Forbes interview David Wei, the site’s chief executive, said the U.S. has been his most important buyer's market but only 70,000 U.S. businesses are registered as a seller. Americans, he said, are “blinded” to opportunities overseas because of the size of their domestic market.

- My annual reread of the famed Austrian economist Joseph Schumpeter, who defined entrepreneurship as the “creative destruction” of rigid, existing thinking and therefore the source of innovation and technological change in a nation.

- Fareed Zakaria, in his Dec. 14, 2009 Newsweek essay noted, “The history of great powers suggests that maintaining their position requires, most crucially, tending to the sources of their power: economic growth and technological innovation. It also means concentrating on the centers of global power, not the periphery...it is important to remember that in the coming century it will be America’s dominant position in Asia...that will be pivotal to its role as a global superpower.”

My experience, including my personal experience, is that when bad times hit it often leads to a surge of new enterprises as people who had nice corporate jobs are suddenly forced onto the street and their creative juices ignite their entrepreneurial dynamite. In the 1970s Boeing’s troubles led to the caustic black humor phrase, “Last one out of Seattle turn out the lights.” As a young engineer expecting a long career and comfortable pension with Boeing, I got a rude awakening -- and went on to an exciting and profitable business career.

I am afraid that our approach to the current recession is to try to patch up the old structure and hope the good old days somehow return, creating a kind of paralysis as everyone waits to see what will happen. Can we do more to stimulate the small businesses and entrepreneurs who will lead a jobs recovery? Many new businesspeople use the equity in their home for start-up funds. With so many with underwater mortgages, this route is closed for many budding entrepreneurs.
Current laws create a lot of disincentives and costs for hiring new people. Banks have found religion and are being super cautious. SBA loans come full of red tape. New hires mean unemployment and health insurance costs. Can we analyze things better and devise tax and other laws, as well as loan rules, so we stimulate the kind of economic activity that maximizes job creation?

On exports, we have a major teachable moment approaching. The U.S. will chair the Asia-Pacific Economic Cooperation (APEC) organization in 2011 and President Obama will host the presidents and prime ministers of APEC, who together represent 41% of the world's population, 54% of world GDP and 43% of world trade, in Honolulu in November of that year. Experts predict that most growth in consumer sales in the coming decade will be on the Asian side of the Pacific Rim. Can we get the blinders off American business, especially the SMEs and entrepreneurs, and focus them on the opportunities there -- and in Latin America, Europe and Africa -- as technology gives them ever greater direct access to markets and buyers globally? The paradigm should not be finding a cheap manufacturer for something to sell in the U.S., it should be finding a buyer for the high quality products and services we produce in the U.S.

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