

INTRODUCTION

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Even though recent troubles have disrupted the world's economic scenario, they do not seem to have affected the renewed interest towards entrepreneurship and/or the entrepreneurial function which has emerged in the last decades. This sentiment has been stimulated primarily by the Information and Communication Technologies (ICT) revolution and the emergence of a 'new entrepreneurial economy'.¹ This cluster of innovations assumed the character of a General Purpose Technology (GPT) and as such its effects were felt first in the activities directly connected with its production and implementation, giving rise to the dot.com entrepreneurial boom; later the wave of innovations progressively spread over the global economy, stimulating productivity and the creation of new firms. But when the undertow backwash came, it left behind a lot of victims, its effects made dramatically worse by the incumbent recession.²

Therefore once more innovation seems to have played a fundamental role in determining entrepreneurship. But if this relationship actually exists, how strong is it? And, conversely, is there a link between the expansion and/or the renewal of the entrepreneurial class and economic growth? Is it possible to figure out some generalization about the reciprocal behaviour?

Recent investigations by specialized institutions have shown how difficult it is to grasp these associations, particularly with regard to the complex and manifold impact exerted by the social, cultural and political context on the implementation of entrepreneurial capacities and entrepreneurial opportunities.³ Certainly the task has not been facilitated by the contributions coming from theory. If the entrepreneur constitutes 'one of the most intriguing' characters acting in the economic game, economics has so far failed to offer a sound and convincing analysis of its basic features as well as of its role in economic development.⁴ Reasons may be at least twofold: one pertains to its conceptually most elusive character and analytical vagueness⁵ – made up of virtues and capabilities changing over time, therefore extremely dynamic and volatile – which can hardly be portrayed through the traditional (analytical and quantitative) tools of the 'dis-

mal science, or forced into a general model which can prove valid beyond time and space. The other is that in an ideal type market economy, without uncertainty, asymmetric information, factor-market imperfections and externalities, such as the one considered by mainstream economics, entrepreneurial initiatives are not only unnecessary but not even hypothesized.

However, to be more precise, if we regard the evolution of the concept of entrepreneur, as well as the allocation of the entrepreneurial function, what seems to emerge is quite a dichotomy in the history of economic thought between the British (and later the American) approach – which can be modelled along the line of what in epistemology is usually called the analytical school – and the Continental one. Such a dichotomy would emphasize, on the one side, the Anglo-Saxon, the centrality of the firm and, on the other, the Old Continental, the role of the entrepreneur. Different epistemological backgrounds are likely to explain the diverging conceptualizations that lie behind the two traditions of research.⁶ In classical economics – from Smith to Marx – the entrepreneur is hardly mentioned if mentioned at all. Production and the investment of capital were regarded as types of automatic process, which involved no critical decision-making, no risky judgement or imagination of any kind. In this tradition ‘capitalist’ was the only term which seemed to appeal to the student. On the Continent, instead, a long-standing tradition going back to late medieval and early Renaissance Italy, as well as to Minorite economics and late Scholastic thought, singled out risk and uncertainty (*periculum*) as the fundamental element which legitimated merchant (business) profits.⁷ Besides, it was a French contemporary of Smith, Richard Cantillon, who introduced the term entrepreneur for one who could take advantage of the unrealized profit opportunities created by discrepancies between demand and supply, which means those who ‘are willing to buy at a certain price and sell to an uncertain price.’⁸ If later on John Stuart Mill popularized the term entrepreneur among British economists (1848), he failed to break the Smith-Ricardo tradition of the entrepreneur as simply a ‘multifaceted capitalist.’⁹ Yet towards the end of the century some interesting openings came from Alfred Marshall who hypothesized that ‘it seems best sometimes to reckon Organization a part as a distinct agent of production.’ It was that factor which allowed the business undertaker successfully to face risks and to win competition.¹⁰ However Marshall’s concern was addressed primarily towards small and medium firms, in particular the ones acting in the wholesale and retail trade. These activities have been labelled by Mark Casson as the ‘low level of entrepreneurship’ which although equally important should not be confused with the ‘high level’ which would become the main concern of the theorists of the twentieth century.¹¹

In any case, theoretical attitude would not change much, but for a few major exceptions, in the next century. First of all, on the Continental side social scien-

tists/economists like Max Weber and Werner Sombart produced major efforts to offer typologies and/or taxonomies of all the characters acting in the economy, including entrepreneurs. Nor should the contribution of the American institutionalism be dismissed, particularly of Thorstein Veblen. Both the German and the American schools had quite an influence on theories elaborated later on by Frank Knight and Joseph Schumpeter. In Knight's *Risk, Uncertainty and Profit* (1921), where echoes coming from the Renaissance tradition as well as from the nineteenth-century German tradition surface, the distinction between risk and uncertainty is fully analysed. Risks are those uncertainties of economic life whose objective probability can be evaluated and calculated; therefore they can be shifted via insurance to the shoulders of others. Such risks become part of the production cost. But there are uncertainties which cannot be evaluated and measured because they involve totally new and unknown situations. In this perspective the role of the entrepreneur becomes crucial and cannot be ignored as it usually is in the mainstream. However it is the contribution of Schumpeter (1934, 1939) which is still regarded as the classic statement of entrepreneurship.¹² As the entrepreneur is the one who innovates in the economy by carrying out new combinations – new products, new processes of production, new forms of organization, the discovery of new export markets as well as of new sources of raw materials – he is the prime mover in economic development: therefore a dynamic actor and a disequilibrating force which precipitates structural changes in the economy.

For quite a long time Knight's and Schumpeter's influence remained limited. But the presence of them both can be felt in an outstanding representative of the (Keynesian) orthodoxy, Nicholas Kaldor. In the concluding remarks of his 1954 fundamental contribution he pays an explicit tribute to the Schumpeterian concept of entrepreneur and implicitly to Knight, as he singles out the attitudes to speculation and risk together with the innovative spirit as the basic, disequilibrating factor which brings economic growth.¹³ But, generally speaking, within neo-classic modelling entrepreneurship was long deemed a useless false glitter. Here the entrepreneurial factor could be considered at most as a residual. In such an elusive element the growth accounting theory confined all that could not be explained through its classic analytical tool, however important it could be. It is in such a way that theory reckons with productivity. For instance in his analysis of the sources of economic growth of the United States, Edward Denison is eager to recognize the contribution given by technical progress, human capital formation, resources reallocation, institutional change and so on. Nevertheless he explicitly dismisses the role of entrepreneurship because automatically counted in the inputs growth.¹⁴

Conversely all through the century institutionalism kept on exerting its influence on a minor but nevertheless not negligible stream of thought. As a

consequence growing attention to the firm as an organized institution began to be paid:¹⁵ whereas 'the concept of entrepreneurship played a formative role in the emergence of business history as a distinct academic field',¹⁶ the dynamics of that institution was to become a major field of research within business history, which, in its 'organizational synthesis' variant (as Lou Galambos in 1970 happily labelled Chandler's approach),¹⁷ was bound to have a profound impact on the theory of the firm itself. This in turn revitalized the question who is the ultimate repository of the entrepreneurial function, already raised by Schumpeter's late works:¹⁸ the individual entrepreneur, the firm, the dynasties, the managers, either private or public (for instance Alfred Sloan or Enrico Mattei). Hence the relevant questions are: do we have to distinguish between a capitalist entrepreneurship and a non-capitalist one?¹⁹ Or, between innovative and replicative entrepreneurs or, further, between productive and unproductive ones? How different institutions and/or cultural influences impact on determining entrepreneurship? Some of the essays in this collection will try to answer these questions.

On the other hand the emergence of a new entrepreneurial economy and the suggestions coming from history and sociology – together with the current economic turmoil – have recently cast serious doubts on the perfect functioning of the invisible hand in large sectors of the economic orthodoxy. As nowadays former generalization and rigid assumptions are getting progressively weaker, entrepreneurship is likely to become more and more part of economics. Think, for instance, of what has been recently suggested by Paul Romer:

Economic growth occurs whenever people take resources and rearrange them in ways that are more valuable. A useful metaphor for production in an economy comes from the kitchen ... Human history teaches us ... that economic growth springs from better recipes, not just from more cooking.²⁰

Or, again, think of the title which headed one of the contributions presented in the special supplement devoted to entrepreneurship by the *Economist* on 12 March 2009: 'Is Entrepreneurship becoming Mainstream?'

If heterogeneity of cases and behaviours has so far prevented us from having a convincing statistical model as well as a formal theory of entrepreneurship, history can provide 'the most fertile field for the germination and gathering of ideas for policy'.²¹ The contributions gathered in this book try to improve our knowledge on entrepreneurship in that way.

The book is organized in three parts: I: Entrepreneurial Typologies; II: The Business Leaders; III: Culture or Institutions? Thirty years ago the *Business History Review* published an essay by Franco Amatori under the title 'Entrepreneurial Typologies in the History of Industrial Italy'.²² That paper underlined the differences between state-oriented entrepreneurship identified with the city of Genoa and the contrasting market-oriented entrepreneurship more commonly

associated with the city of Milan. Actually three typologies were outlined: the 'private' entrepreneur, the 'supported' entrepreneur and the 'public' entrepreneur. The work by Professor Amatori that opens this book ('Determinants and Typologies of Entrepreneurship in the History of Industrial Italy') focuses on the macro-determinants of Italian entrepreneurship which the author singles out in three elements: how Italy's economic environment evolved (with its weaknesses as well as its strengths) from the moment of the nation's political unification; the actions and the role played by the state; and stimulants from the international economy which reflected on the dynamism of Italy's domestic market. Able to call upon the wealth of data to be found in the unpublished *Biographical Dictionary of Italian Entrepreneurs* (with its 600 entries of entrepreneurs who operated in Italy from Unification in the middle of the nineteenth century up to the beginning of the twenty-first century) together with a number of more recent secondary sources, this time the typologies are articulated in more detail and cover a longer time span. Amatori incorporates some new aspects, giving a more comprehensive snapshot of the conquests – as well as the limits – of Italian capitalism.

The other work in the first part is presented by Ioanna Sapfo Pepelasis ('Entrepreneurial Typologies in a Young Nation State: Evidence from the Founding Charters of Greek Société Anonymes, 1830–1909'). This paper examines entrepreneurs(hip) in Greece between National Independence in 1830 and 1909, the year of the 'peaceful revolution' of the bourgeoisie. The formation of new companies is perceived as an outcome of entrepreneurial initiatives. The analysis here is based on an exciting new database constructed from the 251 founding charters of the total group of 303 joint-stock company type Société Anonyme start-ups established in this period. This database offers information on the identities and actions of company founders. It also gives a unique opportunity to conceptualize the general contours of entrepreneurs(hip) in the macroscopic context of Greece, a latecomer economy/young nation state. This essay argues that the mercantile diaspora, modern nation-building and the legacies of the past were the most important determinants of entrepreneurship in the nascent 'corporate sector'. It also proposes that entrepreneurship was multifaceted; it did not fit within one single theoretical typology. Moreover, the analysis here makes the case that incorporation unleashed new entrepreneurial forces that fostered new economic activities and spaces while also developing synergies with the sphere of tradition in business. Finally, this paper unveils the rich mosaic of founders of Société Anonymes. In examining the body of company founders we could perhaps speculate the following: had Westerners been the (sole) direct physical carriers of foreign technologies and capital the synergies between tradition and modernity would have been less pronounced.

The second part of this book is devoted to leadership. It opens with a contribution by Pier Angelo Toninelli and Michelangelo Vasta ('Italian Entrepreneurship: Conjectures and Evidence from a Historical Perspective'). This

paper is the first product of an ongoing research into the determinants and the role of entrepreneurship in Italian economic development. Its primary aim is the creation of a data-set of Italian entrepreneurs for the period encompassed between Unification and the end of the twentieth century. The main source of the research is a collection of 390 entrepreneurial biographies, prepared for the ongoing *Biographical Dictionary of Italian Entrepreneurs*. The first part of the paper presents a descriptive analysis of the main peculiarities of the country's entrepreneurship on the basis of a few standard variables traditionally used in economic analysis. The second one refines the descriptive approach through a methodology – Multiple Correspondence Analysis and Cluster Analysis – usual by now in standard statistics, yet not very familiar to scholars in economic and/or business history. This has allowed the authors to single out a few entrepreneurial typologies from the history of Italian capitalism which partly confirm the 'traditional' features already emphasized by historiography; such as the prominence of northern entrepreneurs, the strong relations both with entrepreneurs' own and their partners' families, the almost total absence of female entrepreneurs and an essentially middle-class rooted entrepreneurship. However a few novel interesting aspects emerge, the most surprising being the high level of formal education of the sample: a majority (60 per cent) has a medium/high degree and almost one-third a university degree.

In the second part there are two contributions about the Spanish case that are also based on biographical dictionaries: 'Entrepreneurship: A Comparative Approach', by Gabriel Tortella, Gloria Quiroga and Ignacio Moral, and 'Dynasties and Associations in Entrepreneurship: An Approach through the Catalan Case', by Paloma Fernández-Pérez and Núria Puig. According to Tortella et al., entrepreneurial studies are proliferating and a question which is cropping up often is: what moves entrepreneurs? Is it just a matter of genes or are there more general factors (social, psychological) which move people to become entrepreneurs; and not only this: what makes entrepreneurs successful? What makes some behave in a certain way and others differently? Using a sample of English and Spanish entrepreneurs, the paper of Tortella et al. tests the role of education in the formation of the entrepreneurial spirit to conclude that education is a key variable.²³ In their turn, Fernández-Pérez and Puig try to shed light on the role played by dynasties in the creation of social capital and the accumulation and transfer of entrepreneurship in Catalonia, the region that led the Spanish industrialization process. In their paper, Fernández-Pérez and Puig present advanced results of a research in progress about large family firms in Catalonia.

The third part of this book debates the role played by culture and institutions in the promotion of entrepreneurship. In 'Entrepreneurial Culture or Institutions? A Twentieth-Century Resolution', James Foreman-Peck and Peng Zhou test the strength and persistence of cultural influences on entrepreneurship

over the best part of a century. Comparison of self-employment propensities of United States immigrant groups in 1910 and 2000 suggests a number of stable customary stimuli, deduced from national origins. In accordance with the 'cultural critique', the English were less prone to entrepreneurship than other United States immigrant groups, once controls for other influences are included. The Dutch consistently exhibited about average levels of entrepreneurial activity, not as precocious as might be expected if the predominant Protestant religion encouraged entrepreneurship. Conversely Weber's identification of nineteenth-century Catholic culture as inimical to economic development is not borne out in the twentieth century by the sustained entrepreneurship of Cubans and Italians in the United States. The strongest entrepreneurial cultures were exhibited by those originating from the Middle East, Greece and Turkey, though some historical interpretation is necessary to establish who these people were. The inference from these patterns is that entrepreneurial culture must be of minor significance for economic development compared with institutional influences.

Following this is 'Entrepreneurship and Cultural Values in Latin America, 1850–2000: From Modernization, National Values and Dependency Theories towards a Business History Perspective', written by Carlos Dávila. Focusing on the historical determinants of entrepreneurship in Latin America, and in particular the influence of cultural factors, this paper analyses the eventful path of the literature dealing with the role of values (from 'traditional' to 'modern') and its relationships to entrepreneurship in Latin America between 1850 and 2000, and examines the potential that the growing business historiography on this region of the world offers to advance its understanding. For this purpose, the paper draws selectively on surveys of the field and explores the challenges and opportunities confronting future research into the historical explanation of entrepreneurship in this area; in particular, the potential for conducting studies of entrepreneurial typologies is delineated. With this in mind, key features and patterns of Latin American entrepreneurship based upon business history research output are also identified. Within Latin America's broad scope and diversity (the region consists of 21 countries), this paper encompasses Mexico and seven South American nations (Argentina, Brazil, Chile, Colombia, Peru, Venezuela and Uruguay), with particular emphasis on Colombia. The contents of this paper could prove useful to policymakers fostering entrepreneurship in Latin America, as well as to business schools engaged in valuable discussion about the extent to which culture – and in particular values – is a key issue in today's concerns to foster entrepreneurship.

The last contribution to this book is 'Education and Entrepreneurship in Twentieth-Century Spain: An Overview', where José L. García-Ruiz offers statistical information on the evolution of the level of education among Spanish entrepreneurs between 1964 and 2004 through the data provided by the offi-

cial survey on the working population (the Encuesta de Población Activa, EPA). The EPA data show an important improvement in the education of the Spanish entrepreneurs, in a trend that resembles that for the whole Spanish population. The structural transformation of the Spanish economy was accompanied by a clear improvement in the education levels. But, contrary to some popular beliefs, García-Ruiz has found that the more ambitious entrepreneurs, those that create jobs and are not merely self-employed, have always enjoyed an educational level well above the average for the whole working population. If the training of Spanish entrepreneurs as a whole has been deficient it is due to the late implementation of business studies. The conclusion is clear: education improves the quality of entrepreneurship rather than entrepreneurship itself.

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