

# Entrepreneurship

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## Abstract

*Already firmly established in common English usage by the late 19<sup>th</sup> century, the entrepreneur has since developed into a transnational linguistic neologism over the course of the 20<sup>th</sup> century. Yet the adding of “attractive” supplementary attributes to its meaning has led to an overloading of the semantic field and a threat of loss of its specific economic connotation, almost raising the impression that some well-meaning educational planner will soon degenerate to the idea of describing any kind of cognitive action as entrepreneurial. The entrepreneur and his entourage seem to have become the Gods of modern political ideology, verbally burying the Schumpeterian machine of innovation as the centre of capitalist economics. When the labour society threatens to run out of work, entrepreneurship will hardly be in a position to halt rampant unemployment in a globally uncertain world. Likewise, entrepreneurship education should not promise more than it can deliver.*

## Introduction

Whilst elite 18<sup>th</sup> society was very much Francophile – even down to its imitating of French syntax in German sentences (as, for example, in the works of Martin Wieland) – modern linguistic self-colonisation follows an Anglo-American path. All the more peculiar then the career of the word *entrepreneur*: a loanword from French into English from where it continued its journey into modern-day German. Nowadays, rhetorical use of the term *entrepreneurship* often sees it flown as a flag-word of neoliberalism, although it cannot, of course, be defined solely as such.

At the turn of the 18<sup>th</sup> and 19<sup>th</sup> centuries, the German philanthropist and undogmatic language purist, Joachim-Heinrich von Campe (1746-1818), suggested replacing the words *entreprenant*, *entrepreniren*, *Entreprise*, which were already circulating in Germany – and clearly came from neighbouring France – with the German terms *unternehmend*, *unternehmen* or *übernehmen* and *die Unternehmung* or *das Unternehmen*. The *entrepreneur* was still the “*Unternehmer; auch ein Uebernehmer, z.B. derjenige, der gewisse Lieferungen übernimmt*” (Campe, 1808:283), or in English, the “*undertaker, also a receiver, e.g. a person who takes certain deliveries in hand*”<sup>1</sup>, a usage which still bears a certain kinship to the French *entre ses mains* (take in hand). The reputation and standing of the *entrepreneur* by no means suffers either from the use of its common German translation (*Unternehmer*), particularly when one considers that – in my opinion – the best introduction to the historical and functional aspects of the different functions of the entrepreneur comes from no less a quill than that of Austria’s Joseph Schumpeter (1883-1950), a third generation representative of the Austrian School of Economic Thought (cf. Schumpeter, 1996 [1928]). It was the French economist Jean-Baptiste Say (1767-1832) who, in his politico-economic treatises, separated the most important agent of production, the entrepreneur, from the proprietor – with far-reaching consequences. The late 19<sup>th</sup> century English-speaking economists then adopted this “new word” with its “new meaning”, which better reflected the concept of *libre entreprise* (free enterprise) than their own “undertaker” (as still used by the British philosopher and political economist, John Stuart Mill (1806-1873), and with its unfortunate secondary meaning of funeral director). As the French economist and historian of economic thought, Charles Gide, noted in his 1883 work *Principes d’économie politique*, the French word ‘entrepreneur’, literally ‘undertaker’ (the person at the head of a enterprise), was now in common English usage (cf. Veditz,

1904:484). Over the course of the 20<sup>th</sup> century, it would seem that the *entrepreneur* has developed into a transnational linguistic neologism in elaborated politico-economic debate.

### **New Definitions?**

The adding of attractive supplementary attributes – such as the realisation of innovation, the promotion of growth, the increase of employment rates and the improvement of competitive position – to the meaning of the term *entrepreneurial* leads somewhat to an overloading of the semantic field and a threat of loss of its specific economic connotation.

The following definition offered by the European Commission (Commission of the European Communities, 2005:18) is, for example, overly pointed:

*“Entrepreneurship refers to an individual’s ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day-to-day life at home and in society, employees in being aware of the context of their work and being able to seize opportunities, and is a foundation for more specific skills and knowledge needed by entrepreneurs establishing social or commercial activity.”*

This definition of *entrepreneurial* competence serves primarily as a psychological lever, whose artful manipulation gradually incorporates all human activity into arbitrary categories. It almost awakens the impression that some well-meaning educational planner will soon degenerate to the idea of describing any kind of active, cognitive action as *entrepreneurial* (with Johann Gottlieb Fichte’s analysis of subjectivity traded as the discovery of a subcontractor). Characteristics that are worth striving for, require further explanation and even contradict each other are simply thrown together here with gay abandon, making it a welcome relief to leave this description of *entrepreneurial* initiative as key competence for lifelong learning (Commission of the European Communities, 2005) and return to the Schumpeter’s definition. According to Schumpeter, the defining characteristic of *entrepreneurship* is an ability to enforce new opportunities in the economic sector, firmed up in the following tasks: “1. *The development and bringing to market of new products or new quality in existing products*, 2. *The introduction of new production methods*, 3. *The creation of new organisations in industry (e.g. monopolisation)*, 4. *The opening of new markets*, 5. *The development of new supply sources.*”<sup>2</sup> (Schumpeter, 1996 [1928]:168). Since Schumpeter, the analysis and reconstruction of the economic term *entrepreneur* as been the subject of extensive differentiation, above all in relation to management functions. We now talk about *intrapreneurs*, a neologism which first appeared in *The American Dictionary of the English Language* in 1992 and abbreviates the original expression *intra-corporate entrepreneurship*. The term refers to someone who works within an existing enterprise to remove restrictive limitations on creativity and who can take financial risks to realize profitable ideas. One final point on this subject: the latest “invented word”, *glocalpreneur* (Hilb, 1998:82), is already around the corner.

The world economic situation has changed, the economic importance of the concept of the nation has weakened, transnational corporations around the globe focus on strategic planning and profit maximisation, while politics, technology and even market pressure and innovative forms of organisation all now interact. These are precisely the reasons why the personalisation of *entrepreneurship* presented to us in the flood of psychologising, yet scarcely enlightening, literature is so difficult to comprehend. Stereotype images of leading figures in business, politics and administration are created to stand up against the onslaught of paralysis from routine and institutional sclerosis, to push innovation and embody the characteristics attributed to success. The allocation of attributes which really only actually prove their worth *ex eventu*, probably corresponds to the general tendency to overestimate the “great man” who, despite having long since been written off by organisational scientists, is currently enjoying an unexpected rebirth in the new economic

contexts. Expectations of a quick and dirty pill against rampant unemployment from such a therapist would be blind to reality. More important it would seem then is the establishment of a so-called “enterprise zone”, like that developed with varying success in the United Kingdom over the past twenty years as the result of a growth-oriented regional policy particularly for small business development. Similarly, fast and unbureaucratic set-up possibilities are of far greater importance to potential founders of small companies than a psychological profile. Incidentally, little is ever heard of those *entrepreneurs* operating in the grey market.

### **Risk and Uncertainty**

Whether motivated by profit, creative urge or an appetite for creative destruction, the risk of creating the new remains, of course, food for thought for wandering curiosity. The category of risk and uncertainty has absorbed the attention of profit analysts since the time of Richard Cantillon (1680-1734). It is to the ideas of the English philosopher John Locke (1632-1704) that Cantillon owes his construct of the *entrepreneur* as one who reaches a relatively independent position in society, linked apparently with the ability to anticipate future constellations. Cantillon also proposes a strange division of efforts based on historical national mentalities: the French develop theories, while the English devote themselves to the practical. However, the American economist Frank H. Knight (1885-1972) remains the one to read when it comes to risk, uncertainty and profit. The difference between insurable risk and uninsurable uncertainty, which challenges the judgement of the *entrepreneur*, cannot be calculated scientifically (Knight, 1951). This assessment led to S.M. Kanbur’s paradoxical claim that the activity of the *entrepreneur* is a phenomenon that economists might emphasise, yet one they least understand (Kanbur, 1979:767). There is another side to the image of the *entrepreneur*, particularly when one recalls that a mere calculation of corporate profit and *spirit of enterprise* break with the construct of the capitalist ethos described by Max Weber in his writings on the sociology of religion.

The *entrepreneur* and his entourage – the *Ich-AG* (or one person company) is a particularly appropriate stooge here – seem to have become the Gods of modern political ideology and the leading protagonists on the New Economy stage, verbally burying the Schumpeterian machine of innovation as the centre of capitalist economics. The search (perhaps using psychometric methods) for empirical evidence of the secret power behind the distinct, relevant decisions and activities is futile, opening up a new field for mythology researchers.

If *entrepreneurship* is stimulated by the transfer of public sector funded research into the hands of private investors – a key requirement as far as the *Bank of England* is concerned – then scientific policy can no longer hide the extent to which it is toeing the private sector line.

### **Entrepreneurship in Education?**

A popular example often cited as the path for *entrepreneurship* in Central European universities, yet one which does not take account of the different contexts involved, are the prominent research universities in the USA. MIT’s success story, for example, is documented in a 1997 report: MIT graduates founded over 4,000 companies, employed 1.1 million people and generated worldwide turnover of US\$ 2.3 billion (Vest, 2005:203). Despite these impressive results, achieved through the mediacy of the growing *Entrepreneurship Center* at the *Sloan School of Management*, Vest quotes the above-mentioned report and warns of rising conflicts of interest and the possible loss of important aspects of university education. One could also pose the sceptical question of whether the new emphasis on *entrepreneurship* and electronic commerce actually does transform society or if it is merely a modern-day version of the early 17<sup>th</sup> century tulip mania in Holland. It is to be hoped that the industrial education model introduced in the second half of the 18<sup>th</sup> century

by Provost Kinderman to schools in Bohemia, is not about to repeat itself at university level. In this model, acquisition of knowledge played second fiddle to the advancement of industry: a fatal sentence for the so-called knowledge-based society in the long term.

When the labour society threatens to run out of work – as Hannah Arendt predicted some decades ago – *entrepreneurship* will hardly be in a position to halt rampant unemployment in a globally uncertain world. Likewise, *entrepreneurship education* should not promise more than it can deliver. The answer to these and many more questions lies in the future.

## Notes

1. Translation from the German by Horst Pfeiffle and Angela Dickinson.
2. Translation from the German by Horst Pfeiffle and Angela Dickinson.

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## Recommendations for Further Reading

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