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## **Science, Markets, Politics and the Place of Anthropology in the Discursive Field of Entrepreneurship.**

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## **Science, Markets, Politics and the Place of Anthropology in the Discursive Field of Entrepreneurship**

### *Abstract*

The argument of this article is that a universal, transcultural entrepreneurship concept should not reduce the term to the popular notion of legal business creation. Therefore, the paper first explores why talking about entrepreneurship has become so popular in recent years and which role anthropology as a discipline could or should play in the politics of the contemporary entrepreneurship discourse. Secondly, the problems of entrepreneurship as a multi-disciplinary field of research are presented and different disciplinary approaches to entrepreneurship are discussed. Finally, it is suggested that agency-driven innovation in relation to local surroundings should be the theoretical core of an anthropological entrepreneurship concept.

*Keywords:* entrepreneurship, small scale economy, anthropology, discourse analysis, history of social sciences, innovation

### *Introduction*

Social anthropologists have always understood economic activity as intimately related to all other aspects of human existence (and vice-versa). Specific types of social organizations, ecological conditions or cultural beliefs are at the heart of every economic system. This observation is a general result of qualitative research at the micro-social level of economic agencies, such as, for instance, the entrepreneur.

Nevertheless, most research on entrepreneurship, mainly conducted by psychologists, sociologists and economists, defines entrepreneurship as enterprise creation and/or success. This unreflective self-evident definition presents several problems as we are going to show throughout our contribution.<sup>1</sup> Most importantly, from an anthropologically, supposedly non-ethnocentric point of view, the classification of social institutions in terms of their own society is not valid transculturally. Our contribution therefore suggests an anthropological entrepreneurship concept that does

not reduce the term to the popular notion of legal business creation. We argue that the economic, social and cultural transformation at a community level fostered by these actors more accurately justifies classifying them as entrepreneurs. The transcultural study of creativity and resilience in the local responses to structural dependency on forces outside the community may be the anthropological contribution to entrepreneurship theory and practice.

### *The political economy of entrepreneurship*

In recent years the term *entrepreneur* has experienced growing popularity. Today we can find discourses on entrepreneurship in party election programs, on billboard advertisements or in the titles of scientific symposiums. The Forbes magazine recently put it this way: “Entrepreneurship is one of the hottest topics in economic development today, and cities, states, regions, and countries all over the world are trying to build entrepreneurship ecosystems or start-up communities.” (Forbes Journal 7<sup>th</sup> of July 2014).

In the scientific field, the emergence of entrepreneurship as a field of research has its foundations in classic economic theory. The economist Joseph Alois Schumpeter (1883-1950) is generally seen as the founding father of entrepreneurship theory. As every field of knowledge requires academic authorities from the past to legitimize the distinctiveness and significance of research in the present, the work of Schumpeter is today heavily quoted, reinterpreted and claimed (see for instance Backhaus 2003; Becker et. al 2011; Cantner et. al 2005; Carayannis and Ziemnowicz 2007). Biographies of the ‘Prophet of Innovation’ (this is McCraw’s term) are shooting up like mushrooms (see Swedberg 1992; McCraw 2007; Schäfer 2008). Three of the four big scientific publishers have specific journals on entrepreneurship listed on the exclusive ‘Social Science Citation Index®’.<sup>2</sup> The rise of scientific activity related to entrepreneurship over the last ten years may also be shown using quantitative indicators. For instance, looking at the total number of published articles per year in the field of social sciences with titles containing the words *entrepreneur*, *entrepreneurial* or *entrepreneurship* indexed by the search engine *Scopus* (scopus.com) provides evidence of the recent boom. While before the year 2003 the number does not exceed 200 works, from 2010 until today this number is continuously six times larger (more than 1,200 articles per year).

In the field of politics, entrepreneurship has been put on the agenda of state parties and international organizations as a key element for public policies. The World Economic Forum for instance, encourages the idea of entrepreneurship as one of the main issues for ‘improving the state of the world’. The UN Educational, Scientific and Cultural Organization is promoting various programs for education in entrepreneurship. The European Union urges member states to foment ‘entrepreneurial culture’ in their respective public education systems (DGPYME 2006: 9) and the recent harmonizing of the European Higher Education System’s attempts to increase levels of competitiveness and practical training could also be interpreted in this direction. In Spain, for instance, in 2013, a so-called law for entrepreneurship was adopted (BOE 28/9/2013). Fomenting entrepreneurship is therefore one of the most popular political discourses of our time, together with other universal agendas such as gender equality or sustainable development.

In the field of business, entrepreneurship is both used as a positive self-description and an exploitable resource. Corporations finance university chairs in entrepreneurship, multinationals give prizes to young entrepreneurs, and banking groups are relaxing the loan criteria for entrepreneurs on behalf of governments.<sup>3</sup> Entrepreneurship in this context often means public-private collaboration in education or on the labor market. In addition, consultancy on entrepreneurship is a specific market. There is a huge amount of literature and courses on self-marketing and self-employment in times of economic crisis. The following quotes of some recent headlines of the magazine *Entrepreneur* can give a short impression of the product that is sold in this business: ‘How to become a millionaire by age 30’; ‘Ready for greatness?’; or ‘How to stay sane during a crowd-funding campaign’.

Having demonstrated the strong and simultaneous resonance of entrepreneurship in contemporary public discourses in the fields of politics, science and business, let us now look at the reasons for the discursive force of that concept. Entrepreneurship stands for a set of wider, more general moral imperatives of modernity, such as innovation, creativity, autonomy, diligence, self-responsibility or individuality. These values are mainly positively charged, hence the reputation of different institutions can benefit once they are associated with them. At the heart of these values lie the enlightened individual

and state-guaranteed personal liberties and rights. The concept of *entrepreneurship* translates these virtues into an explicit agent and specific action, such as the foundation of a new business by a citizen.

The cultural foundation of the elevation to a moral duty of competitive and diligent behavior has been described by Max Weber as the spirit of capitalism (Weber 1905: 39-40). Furthermore, all the following sociological descriptions of the modern individual throughout the 20<sup>th</sup> century from Anthony Giddens to Ulrich Beck, from Pierre Bourdieu to Niklas Luhmann, can be seen as a description of the ideal-typical entrepreneur. The entrepreneur is the purest version of a self-reflexive (Giddens), individualized (Beck), functionalist (Luhmann), and competitive (Bourdieu) agency (see a more detailed discussion of those analogies in Pfeilstetter 2011). All sorts of socio-cultural constraints, from kinship, to class, to gender, are simultaneously part of the entrepreneurs' rational analysis of opportunities for success and are therefore overcome by entrepreneurial behavior. Contrary to the individuals' expectations in traditional societies, the project of the entrepreneur lies in the future and his relation to space is transitory. The infinite demand for change is the logic that best describes the social conditions that enable entrepreneurship. Drawing on Levi-Strauss's classic distinction between cold (Western) and hot (non-Western) societies, it might be said that the entrepreneurs' perception of time is modern-historical and in conflict with beliefs in traditional, mythological or extra-personal forces that determine the success of our human intentions.

The entrepreneur stands exclusively for those people that can take advantage of modernity. Ordinary people's resistance to, and cooptation into, unfavorable global market relations is from this point of view *anti-entrepreneurship*. In the same way as risks are semantically redefined as opportunities by the very idea of entrepreneurship, large scale social structure (economy) is explained in terms of small scale social agency (entrepreneurship).

Summing up, it may be said that the idea of entrepreneurship is deeply rooted in Western ideas of enlightenment, market-economy and individualism. The popularity of the term is a direct expression of the growing hegemony of these values in the globalized world. From this point of view, describing social reality in terms of

entrepreneurship is an ethnocentric prejudice. Nevertheless, there are different scientific attempts to universalize entrepreneurship as a field of research. Unlike anthropology, other disciplines are not always concerned with transcultural comparison, and they reduce complexity by excluding this question from their subject. The next section discusses these different ways of measuring entrepreneurship in social sciences.

### *Entrepreneurship as a multi-disciplinary field of research*

Different disciplines work on entrepreneurship. Nevertheless, most research is conducted by psychologists, sociologists and economists (Frese and Gielnik 2014: 412). For some disciplines, such as finance, accounting, business, law or economics, entrepreneurship may be seen as an area of particular interest at the very heart of their scientific subject. In this case the concept does not go beyond the stage of the common understanding of the term. Entrepreneurship is here often seen as the exploitation of business opportunities (see the heavily quoted paper of Shane and Venkataraman 2000). Even if the complexity of the definitions is elevated, the focus for economists is exclusively on production and profit, whereas innovation and social change are only by-products and not the principal problem of their research. See for instance Lazear's definition of entrepreneurship as "the process of assembling necessary factors of production consisting of human, physical, and information resources and doing so in an efficient manner." (2005: 649). At a methodological level this is then translated into the measuring of size, speed, properties, outcomes, and so on of successful legal enterprise creation. For Lazear's case the theoretical challenge of a "process of assembling resources" is reduced on the technical level to "someone who responds affirmatively to the question "I am among those who initially established the business." (Lazear 2005: 651). This taxonomic view focuses on and classifies the different stages of business creation, (for instance initial idea, business plan, successful start-up creation), and therefore tends to have a descriptive rather than interpretative character.

On the other hand, as individuals are at the core of the idea of entrepreneurship, the psychology of entrepreneurship is concerned with the personalities of entrepreneurs and their mental abilities (see the recent overview of the psychology of entrepreneurship from Frese and Gielnik 2014). Psychologists measure grades of personal optimism, motivation, autonomy, innovativeness, risk taking, competitiveness and passion in order

to see their effects on business creation and performance. The weight of this correlation can then be compared: for instance, how do levels of stress tolerance relate to a proactive personality? Psychological ‘meta-analytic’ findings may be as follows: The predisposition to take risks in the growth-oriented entrepreneur’s personality is higher than that of income-oriented entrepreneurs (Frese and Gielnik 2014: 415). Obviously, this agency-centered approach lacks a further appreciation of the social conditions that make entrepreneurship possible. This is especially the case when the conceptualization of the entrepreneur is constructed around rational-choice models which reduce entrepreneurship to the question of why some individuals *choose* to become entrepreneurs (as for instance Lazear 2005: 650) and not what entrepreneurship *is*.

Therefore, the sociological viewpoint complements these approaches by emphasizing the “context-dependent, social and economic process” of entrepreneurship (Thornton 1999: 20). In this line, Thornton distinguishes agency versus system-centered analysis in that field:

The entrepreneurship literature can be classified into two schools: one taking the supply-side perspective and the other, the demand-side perspective. The supply-side school focuses on the availability of suitable individuals to occupy entrepreneurial roles; the demand-side, on the number and nature of the entrepreneurial roles that need to be filled. [...] The supply-side school examines entrepreneurship by focusing on the individual characteristics of entrepreneurs, specifying potential mechanisms for agency and change, whereas the demand-side emphasizes the push and pull of context. (Thornton 1999: 20-21)

The interest for the ‘entrepreneurial environment’ is also the explanation of why sociological enquiries sometimes go beyond the methodological restrictions that the idea of (legal) business creation encompasses. Nevertheless it is significant that Thornton in his review of the sociology of entrepreneurship draws on a wider definition (the creation of new organizations) but immediately afterwards and throughout the paper continues to deal primarily with enterprises and firms (1999: 20).

In brief, the focus of the first group, as the discipline’s name already suggests, the business-administration itself, its performance and creation and questions of accounting and finance. The second group (psychology) tries to understand the entrepreneurial personality. Finally, sociology focuses on the social context in which new organizations

are emerging. For anthropology, all of these approaches may be relevant to some extent. Nevertheless, any one of these viewpoints, standing alone, reduces entrepreneurship to one of its various dimensions.

Alternative research to these generalist approaches is eroding the purely economic character of entrepreneurship by combining it with concepts from other social domains. This is done by investigating specific groups (e.g. women's entrepreneurship; Hanson 2009), specific activities or branches (e.g. high-tech entrepreneurship; Braguinsky et. al 2012) or organizations (e.g. state entrepreneurship; Freeman 1982). The expertise of anthropology in this setting is typically so-called ethnic entrepreneurship (in this sense not explicitly but implicitly Aldrich and Waldinger 1990). Paradoxically, by admitting the distinctive character of entrepreneurship in non-Western societies or the entrepreneurial performance of 'minorities' in industrialized countries, the development of a transcultural concept of entrepreneurship is not encouraged.

When we review some of the main arguments of this paper so far, we can appreciate the multiple problems for a holistic-anthropological entrepreneurship concept. In the first place, the term is absorbed by political, economic and scientific interests. It seems difficult to think of an academic counter-narrative that can exist in the shadows of such strong cooperative communication. Secondly, the term is deeply rooted in Western ideology and the sacralization of individualism. This may be the epistemological reason for discarding it as an anthropological variable. Third, the field of research labeled as entrepreneurship studies is widely dominated and influenced by particular disciplines and axioms. We have discussed the limitation of each one of them, including the idea of ethnic entrepreneurship.

#### *Towards an anthropological entrepreneurship concept*

Part of the anthropological community thinks that the discipline should engage with current political and discursive fields. Entrepreneurship is definitively such a field. While anthropologists do not need to comment or work on everything, as entrepreneurship in principle relates to the theoretical problem of small-scale economies, it can be argued that it is an appropriate field for anthropologists to contribute to. If so, the ideological bias of the term needs to be addressed as a part of the



discipline's contribution. The first section tried to give some brief ideas how this might be achieved.

Furthermore, anthropology should contribute to the promotion of a concept that does not reduce the term to the popular notion of legal business creation. From a non-ethnocentric point of view, the classification of social institutions in terms of their own society is not valid transculturally. Nevertheless, an anthropological counter-narrative that only draws on the idea of ethnic entrepreneurship or entrepreneurship in the peripheries of world society might be equally limiting. The same could be argued in relation to the informal economy. Without a doubt, our understanding of entrepreneurship needs to be extended to the organizational logics that are neither legally constituted nor their formally declared purposes. But this general concern of economic anthropology should be understood as complementary to other approaches.

Based on the general critique of entrepreneurship theory developed so far, what follows is an attempt to outline a universal, transcultural concept of entrepreneurship. It is suggested that agency-driven innovation in relation to local surroundings should be the theoretical core of an anthropological entrepreneurship concept. This kind of definition has three dimensions that can be explained by applying simultaneously Pierre Bourdieu's and Niklas Luhmann's social theories (see also Pfeilstetter 2012). First, the idea of an agency is based here on the notion of a social actor, individual or group, with a certain *habitus*. This means that its actions in the present are the result of a life-long socialization process. Second, this agency can be defined as an independent variable only in relation to a social system or field in which the actor emerges. The economic, political, symbolic, religious (and so forth) logics of these systems are more stable in space and time than the social structure of the agency (the socialized individual or *habitus*). Therefore the distinction itself can only be established in terms of different grades of complexity. Thinking of an inductive research design, including participant observation, this notion of a social system or field can be applied simultaneously to local surroundings allowing the researcher face-to-face experiences, but also in terms of world society, such as global markets, communication, politics, and so on. These two dimensions, agency and system, are related to space and structure. In contrast, the third dimension is related to the variable of time. Innovation or development is understood

here as a specific type of social change, judged by different moral frameworks as desirable or positive. Social change is the result of interaction between agency and system. The socially significant part of these changes might be called innovation. The social impact of changes can be measured using Bourdieu's notion of conflict or Luhmann's notion of communication. When the social positions of actors change in a social field (conflict) or new discursive fields or modes of communicative representation of reality are introduced (communication), we can talk of entrepreneurship.

Therefore, innovative entrepreneurial behavior leads to the development of a region as a result of actors (individuals and groups with certain socialized habitus) that create dissent among local social and cultural set ways of thinking, speaking and acting. (Pfeilstetter 2013: 49)

While all the previous approaches to entrepreneurship offer definitions that assume that we already know who the entrepreneurs are and what (business) success means, our approach leaves the questions of who may be classified as an entrepreneur, and what innovation means, open to empirical examination. Whether social change is seen as positive depends on local structures of meaning and judgment. Innovation itself is relative to space and time. This means that a start-up nail-painting-studio in rural southern Europe and cooperatively cultivating olive-trees in New York could be innovative or entrepreneurial in their local contexts, but probably this is not true the other way round.

From an applied perspective this concept of entrepreneurship may reflect back on development anthropology. The transcultural study of creativity and resilience in local responses to structural dependency on forces outside the community may be the anthropological contribution to entrepreneurship theory and practice.

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<sup>2</sup> *Entrepreneurship and Regional Development* (edited since 1996 by Taylor & Francis Ltd.), *International Entrepreneurship and Management Journal* (edited since 2006 by Springer), *Entrepreneurship Theory and Practice* y *Strategic Entrepreneurship Journal* (edited since 2004 and 2011 by Wiley-Blackwell). Elsevier is the editor that is missing.

<sup>3</sup> See, for instance, Scotiabank Chair in Entrepreneurship and Development (University of Technology, Jamaica), the Pinnacle Award for Entrepreneurial Excellence or the Ernst & Young Entrepreneur of the Year Awards, government funded Start-Up Loans programs in the UK managed by banks such as Santander, among others.