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*Entrepreneurship as a Socialised Activity*

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Moderator: **Jacques-Henri Coste** (CERVEPAS/ CREW, Université Sorbonne Nouvelle-Paris Paris III)

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Moderator : [...] I now turn to Alistair Anderson [...]

Prof. A. Anderson: [...] We've had a very convincing explanation about how politics shaped the enterprising society in China and Hong Kong. **I'm going to make a contrary argument. I'm going to argue about the need to have a social view, a social perspective to understand entrepreneurship.** Underpinning my argument is that the concept of entrepreneurship is in fact a social construction. We can't understand entrepreneurship purely with an economic lens. It is a social construct. I'm also going to argue that entrepreneurial practices are themselves socially organised — which I think *you* illustrated in China, and perhaps most importantly that entrepreneurial practice, the individual activities of entrepreneurs are socially embedded or perhaps as Daniel would put it, socially enacted; so, we need to understand the social environment if we want to really understand the nature of entrepreneurship.

I wasn't expecting Daniel to be sitting next to me, but the problematisation [...] of concepts is probably quite real. We tend to accept them, we take them for granted and Alan Gibb argued that the lack of clarity in terms of entrepreneurial concepts has damaging consequences. I think **entrepreneurship is a woolly concept**, it's got thematic power, it's taken up by politicians, by government; it's enacted in policies, but it becomes a kind of quasi explanation that we assume to be true, we never really challenge it. In practice, it's very, very broadly... very broadly, perhaps too broadly applied. We heard Joe's example of how the notion of entrepreneurship is implied in terms of social entrepreneurship, the moral obligations that we have in society, we see it enacted or brought up in terms of social responsibility, so it's spread very thin but it's a powerful concept and what we often do in academic world is we fragmentise the notion of it, we look at tiny aspects of it, the notion of necessity entrepreneurship versus the opportunity entrepreneurship ... there's still entrepreneurship but really in practice they're very different and they carry very different social dilemmas with them.

The academics for the first twenty years, we focused almost entirely on the individual. The argument — and **I lay a great deal of the blame of this on Americans** — the argument was that entrepreneurs were different, special individuals that they had particular qualities. The

economists, they were concerned with the whole system, how does it work, how is the economy driven, but in effect very few economic theories actually provide any explanation at all for entrepreneurship. Entrepreneurship, which is the driver of the economy, is largely forgotten and really taken for granted. Sociologists on the other hand were concerned with the enterprise culture.

Now we're beginning to look much more at the entrepreneurial process. I think the economic view oversimplifies, it probably has to. Economists are concerned with systems, how interactions work across the areas, but the assumptions they make that we all behave rationally does not really hold good. **If you talk to an entrepreneur, you'll find that in many cases their motivations are social, often more social than they are with an economic outcome.** And the other assumption that we all have perfect information to make a rational decision, whether we make a product in red or blue and how many we should make of it, that does not exist. **Entrepreneurship exists under conditions of uncertainty, that's one of the reasons why entrepreneurship has been so successful.** So, this economic... economist's copout in fact misses out on most of the interesting bits, and the bits that actually matter. Entrepreneurship is about change and it is about change that we can't foresee, that we can't predict, or at least with any certainty. Opportunities aren't always there to be seen. They don't exist in the way that perhaps Kessler suggests, they are sitting on a shelf and all we have to do is be aware and see that opportunity. Very often opportunities are actually created, I think social entrepreneurship is one of the best examples of how a social entrepreneurship type of opportunity exists as a problem and it becomes an opportunity because of the engagement by social entrepreneurs. So, opportunities have to be created rather than just taken off the shelf. I think the most damaging argument against entrepreneurship theory and this is Bill Gardner's argument, that if we try an average entrepreneurship, if we try to find an extent, a measure of entrepreneurship it makes no sense because that's not what entrepreneurship's about. Entrepreneurship's about a unique combination of the self and society.

Hitherto economists who accept this point — Schumpeter — looking for this notion of neo-classics of equilibrium... the entrepreneur, he or she, doesn't exist. Mark Cassen talks about the extreme assumptions that are made and Baumel, **how can one analyse or teach, which is part of our role, something that nature has not yet known**, whose effectiveness lies to a considerable extent on the difficulties others have in foreseeing it. So entrepreneurship often exists in the future, it's not just a "can't say", it's something that will happen tomorrow and indeed one of the key aspects of entrepreneurship is a kind of promise that entrepreneurship carries, that entrepreneurship will be better; entrepreneurship will make tomorrow better than today .

The psychological view fortunately is no longer in favour where the argument is that ... one level is intuitive and it seems so obvious, entrepreneurs are different from other people in society, so they must have special qualities, attributes or traits, but **the trouble is that in the last twenty, or perhaps thirty years now we've never been able to successfully identify each trait or combination of traits that is causal in that we can say because somebody has these qualities they will be an entrepreneur, far less that they will be a successful entrepreneur.** Entrepreneurship is context-driven, there aren't necessity entrepreneurs ... I *don't* like the distinction between necessity and opportunity entrepreneurs, I don't like it because I know some necessity entrepreneurs who became opportunity entrepreneurs who despite having the social background, the social disadvantage were able to develop businesses that grew and were successful that brought them satisfaction. So, it is this combination, this

contingent combination of the individual in the society they operate in that produces entrepreneurship.

So, we've got to take account of the social context, we've got to take account of the economy, entrepreneurship in China and the days of the *red hat* capitalism was very, very different from the entrepreneurship that we expect to see here in Paris, but the context may shape entrepreneurship but nonetheless we still have to have this central figure, but I would argue, a socialised figure of the entrepreneur as central to our concept.

I'm much more comfortable with this notion of a social view of entrepreneurship. It seems — and I know I'm arguing against it — there will be hang ups on the idea of an enterprising culture, but in some ways this reflects the changes, the emergence, the sheer dynamics of the turbulent environment that we live in. I think entrepreneurship should be seen as a neo liberal response to the problems in production, the problems of Fordism, of massification and also the social problems of the kind of alienation that was engendered working in a factory spending days, weeks, months, an entire career doing one task. Entrepreneurship releases individual potential. It is a kind of liberating philosophy in the sense that you can make it happen, the importance of role models. I think it's critical to understanding this shift. I suspect that if we didn't have the concept of entrepreneurship, I think we'd probably have to invent it because it covers so many things, this notion of the dynamic individual, the fitting of this individual within society. And perhaps most importantly of all, from a kind of general perspective, we should think of entrepreneurship as a kind of grand experiment and what I mean by that is that if you can imagine society, societies as a whole constantly changing, consumer preferences are changing, technology is changing, globalisation brings far places closer together. It's a very turbulent environment, very turbulent indeed. And we need to change, we need to modify, I'm talking here almost of an ecological perspective that we need businesses that produce products that fit this new environment, we need services that satisfy the requirements of these demanding consumers. If you can imagine a society with hundreds of thousands of new small businesses, each trying something new and innovation, perhaps a modest innovation, incremental, perhaps a radical innovation, an entirely new product. What's happening in this grand experiment is that those companies that get it right with products satisfying consumer tastes — it's at the right price, it's at the right time — are successful but the companies that get it wrong or the individuals who get it wrong they feel their businesses disappear, so what we see is that they're running in landscape — again, Alan! — where the fittest those that suit the environment best continue to exist. They are the companies, they are the individuals that thrive. Seen in that light, we can understand the dynamics and we can also understand the sheer importance of entrepreneurship and bring society, the relevance of society in line with these changes that are happening all the time in the turbulent environment. But that doesn't mean that entrepreneurship, be it in Paris, the US or Hong Kong, China or my hometown of Aberdeen is going to be exactly the same. It's this synthesis, the combination of the entrepreneurial self and the context that they operate in that allows us to understand it. So, the role that society plays is perhaps encouraging, organising these entrepreneurial practices so that they fit better within that particular environment.

Two of our speakers mentioned the GEM studies, but I wonder what GEM actually measures. Is it really entrepreneurship? Is it really a proper measure of the entrepreneurial spirit, the extent of the depth that entrepreneurship is embedded in a society. I'm probably critical of it because it is very American in focus, the assumption and I'm very critical of the notion of how when you see so much entrepreneurship in China and in India and in Africa, and all places unlike China that don't have high growth, how is it explained: oh, that's just necessity

entrepreneurship. That's just small firms. But small firms are crucial. If we look at an African village, a fishing village, a very, very poor fishing village in Ghana and we tried to see if there was any entrepreneurship in this village, the economic rationale of this community was during the good season they had wooden dug out canoes, big canoes, some of them without motors, and with them they caught fish and the fish were sold to the fishmongers, who were all the women — there was a huge gender divide: men/fish and the women sold the fish, or they smoked the fish. At some point, there was considerable income generated from a good catch, but we couldn't see any entrepreneurship in the grand sense at all happening in this village, poverty continued, levels of education were low but people did have enough to eat and we looked at it very closely and what we found was that there was a particular form of entrepreneurship. Maybe it was subsistence entrepreneurship where, within that community the value that was generated from actually catching these fish was shared. In many cases, the husbands sold the fish to their wives and in some cases, the wives actually exploited the husbands. They didn't give them the proper market price, sometimes they didn't even pay them and at another the point the wives would lend money to the fishermen, sometimes just to buy a beer, sometimes to buy fishing nets.

What we saw was a kind of encapsulated-type of entrepreneurship, and because of the exchanges, the way the value was shared, distributed, lent, borrowed and passed around this community, the community itself was sustained. It wasn't growing but it wasn't declining. It was this special kind of entrepreneurship. So, if we looked at that from a purely economic lens we would make no sense of what was going on, we would dismiss it: dead end city! But, looking at it through a social lens, we could see how entrepreneurship — what *we* call entrepreneurship — was adapted and modified to insure the sustainability of this society. And as a small society, it had existed for a hundred years, using very similar techniques and very similar means of distributing wealth and income throughout the society. Nobody went hungry, even the poorest always had food because of the system. So, necessity entrepreneurship, let's look at it carefully.

**Is entrepreneurship a known, an objective thing or a state of being?** We talk about somebody in a very quite objective way. She is an entrepreneur! With that it carries all sorts of values and notions, understandings. This is the classic example, I think, of seeing entrepreneurship as a social construct, because entrepreneurs are... they're all different. One of the classic pieces of literature — I think it was Bill Gardner — talked about the small difference amongst entrepreneurs .... there is between entrepreneurs and non-entrepreneurs, the description, some entrepreneurs are as exciting as a dead fish, and some of them are, but others are charismatic, some of them are part of our imagination.

We recently did a study on one charismatic entrepreneur, a guy called Michael O'Leary, the chairman of Ryanair, which is a budget airline and as an entrepreneur is a kind of hero picture, he's brought... was partly responsible for bringing cheap air travel to Europe. But to travel on Ryanair, you don't have a very comfortable seat, and if you want to go to Paris, well, you go to Paris-Beauvais, not Paris... Paris, if you want to go to Glasgow, you go to Prestwick-Glasgow. Each of these places are an hour away from where you actually want to go, but it's cheap, it's possible to have a week-end in Beauvais or Paris for a notional 50, perhaps even less, euros. He's revolutionised air travel, but he's also a very public figure. We looked at how often he appeared in the press, our notion was: are there entrepreneurial role models? And he appeared in the UK press at least three times a day, from 2001 to 2005, and that's often, that's almost as often as the Prime minister or certain members of the Cabinet. Richard Branson who *is* an entrepreneurial hero appeared ten times every day. So, as a society

we have created this entrepreneurial hero, this figure, this role model and that, in itself is a social production.

**So, is entrepreneurship a process?** Entrepreneurship creates change. This is a key aspect. But it also captures change. If you accept my idea of a great experiment going on, part of what entrepreneurship is doing is caught up in this maelstrom of change and it captures little bits of it, and it uses it, applies it and produces these new products or services. So, in some ways we actually reify the concept and the notion as a transformative condition and of course, it's a process of economic creativeness.

I think the problem is that entrepreneurs are only entrepreneurs for a very short period of time. Typically, they set up their businesses and most of them they cease to be entrepreneurs, they become small business people, managers, managing directors... So, in the life cycle of most businesses, there is only the initial period and perhaps some period of renewal or strategic reorientation where they have to be entrepreneurial to keep up with this notion of change. I see the process, the entrepreneurial process, what we think of as the emergence of new businesses as the thinking, the planning, the conspiring and all the things that lead to entrepreneurship. It's a kind of performance, a performance about becoming, becoming an entrepreneur rather than being an entrepreneur and, I think this highlights the problems in conceptualising or seeing entrepreneurship in a purely functionalist way because we can't deal with all this thinking, conspiring, it does not fit, it's outside the borders.

As a concept, we should see it as a way of identifying the basic attributes and perhaps the critical attributes of entrepreneurship. So, as a concept it's much wider than a definition and it has to be. Definitions of an entrepreneur, there must be three hundred, perhaps four hundred of them. People use... they develop their own definitions for the particular context they're using it in. So a definition isn't enough to understand entrepreneurship. I think we need this conceptual view. A concept in this sense is a mental picture, an abstraction from the general; it's about a class of things, a thing in itself and what it does is to designate, identify a category or a class of entities, events or relationships. So its concept provides us with a way of actually understanding what we mean by it.

**So, I think when we come to entrepreneurship we should perhaps have two separate approaches. One for looking at the entrepreneur as a unit of analysis, and secondly the entrepreneur or entrepreneurship as a unit for analysis.** Trying to see this self and circumstance, the entrepreneur or entrepreneurial activity almost as a thing in itself and also in the sense of how it is contextualised, embedded and formed within society. I think we have two other problems which I want to elaborate on, that at one level the entrepreneur is undersocialised embedded in ideological individualism, but there is also the problem of being oversocialised — which I am possibly guilty of. In determining or trying to understand entrepreneurship we have to recognise the synthesis, the unity and the interconnections between this notion of the entrepreneur and the society that we operate in. I think, one solution to this when we come to think of entrepreneurship, to understand entrepreneurship and indeed to research entrepreneurship, is that we should think of the entrepreneur as socially situated. This isn't *my* expression, it is one I borrowed but in terms of what it means and its utility as a way of looking at entrepreneurship, it gives proper credit to the context so we can understand that entrepreneurship at one level is perhaps universal but it's not a universal phenomenon in terms of its outcomes, that's why entrepreneurship and social entrepreneurship is different, why entrepreneurship of necessity versus opportunity or in fact in terms of China, perhaps even Hong Kong, it recognises the milieu that supports

entrepreneurship — the social organisations, the government policies — also the drivers, which are often economic but sometimes are social too and that produces and also which receives the entrepreneurial process because entrepreneurs draw from society, those changes on the street, separate things, they're formed within society and the new products and the new services and indeed the social entrepreneurship gives back into society, so it's a continuing circuit.

In essence, since I'm running out of time, I'm going to argue that narrow lenses, economic, psychological... and some social ones are useful for looking at some questions, but they're not universally useful for understanding entrepreneurship. The *who* questions are perhaps personal attributes, some of the *why* questions, we know that not everybody becomes an entrepreneur, there must be some characteristics, attribute or quality that make people more entrepreneurial than others across societies. An economist's lens is good for looking at entrepreneurial outcomes but it provides us with no explanation of the inputs or the precedents for entrepreneurship, but a social constructionist's lens given due accord to society, the nature of society and the qualities of society allows us to understand how these things come together, the self and the entrepreneurial context. And it allows us to see why some people are motivated to be entrepreneurial, to understand their motivations. Motivations *can* be financial, but for every entrepreneur I have spoken to, financial considerations are pretty low in the rank. They want to make a difference, they may want to be successful but they don't just want to make money. **And I think a social constructionist's lens taking account of society allows us to reach beyond these narrow aspects and developing an understanding of entrepreneurship.**

Thank you for your attention.

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