Entrepreneurship

"The problem with the French is that they don't have a word for 'entrepreneur.'"

Allegedly President George W. Bush explaining to Tony Blair why the French are in economic trouble
Heroes (or Villains) of American Business

• “Great Industrialists” or “Robber Barons”
  – Cornelius Vanderbilt (1794-1877) – railroads, shipping
  – Leland Stanford (1824-1893) – railroads
  – Andrew Carnegie (1835-1919) – railroads, steel
  – Jay Gould (1836-1892) – railroads, finance
  – J. P. Morgan (1837-1913) – finance
  – John D. Rockefeller (1839-1937) – oil
  – James Buchanan Duke (1856-1925) – tobacco
  – Henry Ford (1863-1947) – automobile

• Ayn Rand:
  – the "greatest humanitarians and the greatest benefactors of mankind who had ever lived because they had brought the 'greatest good' and an impossible standard of living - impossible by all historical trends - to the country in which they functioned."

• Thorsten Veblen:
  – Predatory, barbarian, destructive
A Few of the Current Heroes

• Bill Gates (1955-) Microsoft
• Jerry Yang (1968-) Yahoo
• Jeff Bezos (1964-) Amazon.com
• Larry Page & Sergey Brin (Both 1973-) Google
• Steve Jobs (1955-2012) – Apple, iPod., iPhone, iPad
• Sam Walton (1918-1992) – Walmart
• Howard Schultz (1952-) Starbucks
• Mark Zuckerberg (1984-)
• Oprah Winfrey (1954-)
VISA

• A.P. Giannini (1870-1949)
  – Father of retail banking, founder of Bank of America

• Dee Hock (1929 -) Visa
  – 1968 BankAmericard reinvented as VISA
  – Organizational innovation – an association of issuing banks (club)
  – Technological innovation – IT revolution: processing and authorization is computerized
Entrepreneur

- Joseph Schumpeter:
  - Entrepreneur is **innovator** who implements change within markets by carrying out **new combinations**.
    - 1) new good or kind of a product
    - 2) new method of production or technology,
    - 3) opening of a new market,
    - 4) finding of a new source of supply of new materials or parts,
    - 5) new organization

- Frank Knight:
  - Uncertainty vs. calculable risk
  - Entrepreneur is an economic actor able to **profit from uncertainty**
The Sociology of Entrepreneurship

• Patricia Thornton

• Definition: Entrepreneurship is the creation of new organization

• Supply side
  – Individual qualities of entrepreneurs (education, economic resources etc.)
  – Ethnicity and cultural characteristics (Weber)
  – Network position (structural holes)
    • two players unconnected except for the broker who is their only bridge

• Demand side
  – Generation of ventures by organizational hierarchies
  – Policy of nation-states
  – Activity of professions
  – Development of markets

• Social Embeddedness of entrepreneurship
  – Social ties
  – Geographic concentration (clusters) Silicon Valley, La Jolla
  – Trust