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BUSINESS CREATION IN THE DEVELOPED COUNTRIES AT THE BEGINNING OF
21TH CENTURY, THE ROLE OF THE RESOURCES POTENTIAL OF THE
ENTREPRENEUR
(draft)

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INTRODUCTION

Entrepreneurs have been at centre of economists' concerns and public policies since the beginning of the 1980s in capitalist economies (Boutillier, 2008). This fact is relatively new. Since the end of the Second World War, the paradigm of the big enterprise has prevailed. A paradigm (Kuhn, 1983) is defined as a set of interrogations, assumptions and responses starting from which a given a reality becomes understandable. However a paradigm also gives a structure to the scientific community which uses it as a reference. To question the theoretical model of reference is also to shed some doubts concerning the authority of the scientific community.

The years of growth that followed the Second World War were marked by phenomena of industrial vertical concentration and the evolution of managerial capitalism. Economy was directed by a "technostructure" (Galbraith, 1968) and, in particular, by managers being salaried workers (Chandler, 1977). Entrepreneurs, as founders-owners-managers of firms, seemed to belong to an age that had gone, to the heroic period to which J. A. Schumpeter often refers. The big company imposed itself, and together with it mass production and salaried employment. W. J. Baumol (1968) wrote in a famous paper that the entrepreneur had disappeared form the economic literature. For a lot of economists, the main economic actor is not the entrepreneur, but the enterprise. But, we note also that a few number of economists have had interest for the entrepreneur as economic agent. Three historical economists have

found the theory of entrepreneur: R. Cantillon, J.-B. Say and J. A. Schumpeter. We note that their main objective was not to explain his behaviour, but to explain the capitalist dynamics (or “business cycles” with the words of Schumpeter). For R. Cantillon (17th century), the entrepreneur is characterized by taking risk in a context of uncertainty. J.-B. Say (19th century) by risk, uncertainty, and innovation, and for J. A. Schumpeter by risk, uncertainty, innovation and business cycles. We argue that in this context, the entrepreneur is a metaphor to explain the capitalist dynamics. We have not interest for the entrepreneur him self. Our analysis is based on a evolutionist approach, it means the economic organization changes in a movement of accumulation of knowledge, practices, habits and routines (Nelson, Winter, Dosi, 2000).

But how did the paradigm of the entrepreneur emerge? The entrepreneur, as a concept, is reappearing in economics because of the positive factors that contribute to create a propitious environment for the creation of enterprises. We hold the idea according to which the economic, social and political environment facilitates the development of specific economic behaviours, as for example entrepreneurial behaviour (Boutillier and Uzunidis, 1995, 1999, 2006; Julien, 2005). According to the OECD (2005), the emergence of entrepreneurship is related to the rank it holds in the scale of values and to the intensity of incentives and supports it receives. However, the beginning of the 1980s was marked by a whole set of major transformations that consecrate a sort of rupture from the previous period: (1) public policies targeted at deregulation/privatization; (2) development of financial markets; (3) emergence of new information and communication technologies and biotechnologies; (4) decline of public expenses; (5) augmentation of mass unemployment and implementation of public policies devoted to its reduction through incentives for business creation. This is in this new context that the entrepreneurial function evolved. These changes accelerated starting from the 1990s, in particular after the fall of the Berlin wall and the collapse of the major socialist economies. These events announced the end of history. Capitalism has become the only form of social organization, combining the power of the market in economic regulation and that of democracy in political regulation.

In the first years of the twenty-first century the economy of industrialized countries is undergoing major transformations at the scientific and technological levels. If one refers to Schumpeter’s theory about entrepreneurship, this situation lays a fertile ground for innovation and for business creation (Langlois, 1987; Perroux, 1968; Heerjite, 2006), a process that fuels

the ascending phase of an economic cycle. As did J.-B. Say in his time, we may also assert that the entrepreneur plays the full role of intermediary between the scientist who produces knowledge and the worker who applies it to industry.

In this context, the entrepreneur is not longer heroic, but rather socialized (Boutillier, Laperche, Uzunidis, 2006). He is stuck between two logics: that of the big enterprise that structures and outsources all or a part of its activities; and that of the state striving to promote the creation of new businesses, on the one hand to fight against unemployment and, on the other, to foster the development of innovations seen in the Schumpeterian meaning of the term (product, process, organization). The concept of the socialized entrepreneur must be distinguished from the collective entrepreneur or even, from the entrepreneurial corporation (Hagodoorn, 1996) that characterizes the managerial enterprise: in fact, the socialized entrepreneur may be defined in the first place by his macroeconomic function (job creation, innovation, outsourcing of the productive and service activities of big companies).

Since the beginning of the 1980's, developed and industrialized economies have developed public policies to promote a new business activity, to create jobs and technological innovation. This new entrepreneur is a socialized entrepreneur because he develops his activity in a particular economic environment which is structured by the big firms (the network firms) and the directives of public policy (evolution of public expenses in different sectors, for example education, health, transport, energy, etc.). The socialized entrepreneur, in general is not an innovator, but he tries to create his job, with other words: his means of his economic and social existence.

Table 1. From a paradigm to another

Paradigms	Paradigm of the heroic entrepreneur	Paradigm of the big company	Paradigm of socialized entrepreneur
Periods	End of the 19 th century until the Second World War	Years 1950-1970	Since the 1980
Technological evolution	First and second industrial revolution	Aircraft, petrol, electricity, car industry, chemical industry, etc.	Micro informatics Micro electronics biotechnologies
Public policy for unemployment	Inexistent	Very developed Full employment Welfare state	Crisis of the welfare state New policies to promote entrepreneurship
Basic principles and concepts	Free market Competition Theory of pure and perfect competition	Economies of scale Market organization Uncompleted monopolist competition Partial equilibrium Outsourcing Public policies/regulation	Development of the networkenterprise Decline and restructuration of the big enterprise Small enterprises are more dynamic than bigger ones in terms of innovation and create more jobs (phenomena of “start up”) Outsourcing policies
Definition of entrepreneur	Definition of Schumpeter The entrepreneur is the economy agent who achieves new combinations of production	The manager (salaried entrepreneur) replaces the heroic entrepreneur. Big enterprises are governed by a “technostructure	A new entrepreneur appears between the public policy and strategy of big enterprises
Main authors	Léon Walras	J. A. Schumpeter Mark II J. K. Galbraith A. Chandler But also : K. Marx T. Veblen J. Burnham	M. Casson G. Gilder S. Shane D. Audretsch

THEORY OF THE ENTREPRENEUR, FROM THE HEROIC ENTREPRENEUR TO THE SOCIALIZED ENTREPRENEUR

The heroic entrepreneur, engine of industrial capitalism

The major interest of Schumpeter’s analysis of the entrepreneur lies in its multidisciplinary combination of three disciplines: economy, sociology and history (Clemence 2005eds; Heertje, 2006; Nee, Swedberg, 2005; Reisman, 2004). He was not satisfied by describing and

deepening the economy theory. That is why he also proceeded to a rather subtle socio-historical analysis by putting the stress on two basic elements: the private ownership of the means of production and the recognition of business success. The necessity to reiterate the importance of the social and cultural context in which the individual is anchored is a consequence of that. Schumpeter argued that entrepreneurs are chosen from among the “new men”, those who question established habits and routines. How can we explain the acceleration of economic growth starting from the eighteenth century? Many economists give as an explanation the development of entrepreneurial activity (Murphy, Liao, Welsch, 2006). To be an entrepreneur is neither a profession, nor, above all and in general, a long-lasting situation (Schumpeter, 1979). The capitalism economy is subjected to a permanent process of “creative destruction” characterized by the renewal of investment opportunities resulting from technological progress. At the beginning of the twentieth century, the popular classes accessed consumer goods that the power monarchs of past centuries would never have imagined.

In Schumpeter’s *Theory of Economic Evolution* (Schumpeter, 1935), the entrepreneur is the economic agent achieving new combinations of production factors. He is the economic agent who promotes a new dynamic and introduces technological progress into the economy. In this case, Schumpeter adopted the paradigm of a pure and perfect competition that does not make it possible to give an interpretation of technological progress, the dynamic “growth-decline” or the existence of firms’ different size. Finally, we can only understand Schumpeter’s theory on the entrepreneur (and, simultaneously on innovation) by placing it in the history of innovation theory (Hagedoorn, 1996). Schumpeter questioned the paradigm of pure and perfect competition, while asserting that Walras was the greatest of all economists (Schumpeter, 1983; Langlois, 1987). The (heroic) Schumpeterian entrepreneur (Freeman, 1982), quoting Schumpeter Mark 1, is the economic agent who achieves new combinations of production factors. Five combinations must be taken into account:

1. Manufacturing of a new good in particular unfamiliar to consumers’ circles or endowed with a new quality.
2. Introduction of a new production process that is almost unknown in the specific industrial branch; it is not imperative that it is based on a new scientific discovery and it may also be found in the new commercial process applied to a commodity.

3. Opening of a new outlet, a market in which the specific industrial branch of a specific country has not yet been penetrated, respective of the previous of the market.
4. Acquisition of a new source of raw materials or semi-finished products; again it does not matter whether this source has to be created or already exist, has been taken into consideration or considered inaccessible.
5. Formation of new organization, for example creation of a monopolistic situation or sudden emergence of a monopoly. The heroic entrepreneur who creates a new industry, similar to what happened at the end of the nineteenth century (movies or electricity) or at the end of the twentieth century (electronics, computer).

In his ultimate book entitled *Capitalism, Socialism and Democracy*, published in 1942, Schumpeter was largely pessimistic about the future of capitalism. He took up the analysis of Marx and to the question “will capitalism survive?” he answered “no”. It was not because he foresaw a political revolution, the victory of the proletariat over the wealthy, but because the development of capitalism led, according to him, to the disappearance of competition. While Schumpeter gave greater place to the economic aspects of the issue (economies of scale and extension of the firm’s size), we cannot ignore, on the other side, the social and political context in which he wrote (Russian revolution, world wars, Hitler in Germany, Mussolini in Italy, etc.) (Swedberg, 1991). Companies were becoming bigger and bigger. In addition, these were powerful organizations, bureaucratic enterprises. Schumpeter insisted on the following idea: the entrepreneur is being replaced by an organization. Entrepreneurs are no longer responsible for innovative activities, which are now performed by teams composed of expert members who have no direct link with the market or the consumer. In such conditions, business, the creation of enterprises ceases to an adventure, an instrument of self-achievement. In a world dominated by big companies, the market seems frozen. Only the domains pertaining to culture, sport, education, arts, etc. will constitute in the future an engine of self-achievement.

The vanishing of the Schumpeter entrepreneur is a metaphor used to analyse the development of managerial capitalism, the evolution of big enterprises. The entrepreneur constitutes another metaphor with which to understand the dynamic of technological progress. At the beginning of the twentieth century, this idea was shared by a considerable number of researchers, economist and sociologists (Veblen, Hilferding, Berle and Means, Burnham, etc.). For example, M. Weber (1989, 2003) explained that the civil society was being

militarized. Enterprises operated like armies; their organization was streamlined. H. Fayol gave a definition of the actual principles of contemporary management. F. Taylor dealt with the scientific organization of labour and clocks the workers' gestures; H. Ford introduced the conveyor-belt system. The dividing line between production, work and design activities became clearer. "White collars" managed the very few big companies controlling the American market (Wright Mills, 1966, 1969). Big enterprises had become pyramids concentrating all the manufacturing operations in one building having the size of a small town: new materials entered through one door and the finished car exited through the door situated at the opposite end (Sennett, 2006, pp.33-4). The integration went very far. For example, Ford the owner of steel and coal mines (Berger, 2005, p. 88). In the spite of the vanishing of the heroic entrepreneur, the economic growth that followed the end of the war was extremely rapid and without precedent in human history. Was Schumpeter wrong? (Heertje, 2006).

Post-war economic growth: shareholder and manager versus entrepreneur

The paradigm of the big enterprise was reinforced after the Second World War while the state became a primordial economic actor both as regards supply (support policy, building of infrastructures, education, research development, etc.) and demand (social policy, assistance to job seekers, families, pensioners, etc.). This increasing role of the state was obviously the counterpart of the ever-growing investments needed by industry, but it also revealed the continuation of a trend which started during the Second World War and linked to the industrial and technological effort of that time (armaments, scientific programmes, supplies, etc.). It is also the counterpart of the context of the cold war that followed the signature of the Yalta agreement consecrating a new division of the world between two parties that were relatively well defined – capitalist world and socialist world – corresponding a priori to the two different economic logics: market versus state. However, J. K. Galbraith considered that the common points between the two economic systems largely prevailed over their differences (Galbraith, 1968): the role of the state was quite important in the United States (military-industrial system) and big American enterprises plan the world economy by their activities –disappearance of competition to the benefit of monopolistic markets).

Managerial capitalism was not born after the Second World War. Its origin is much older as demonstrated by the works of the economist T. Veblen (1971) and R. Hilferding (1970) in the

United States and Europe. The development of the stock exchange and of the financial markets by the end of the nineteenth century strongly boosted industrial capitalism because new industries (railways, iron and steel, chemicals, etc.) needed increasing investments that could not possibly be financed by one individual only. But it is undoubtedly the study performed by Berle and Means, published in 1932, which introduced this question in the academic realm, contributing to the questioning of the paradigm of pure and perfect competition. Almost simultaneously, E. Chamberlain (discriminatory monopoly) and J. Robinson (imperfect competition) quite actively participated in the elaboration of the paradigm of the big enterprise. But, from the 1920s onwards, the works of A. Marshall had contributed to the erosion of the Walrasian paradigm (externality, partial equilibrium, short/long term, etc.). At the beginning of the 1940s, J. A. Schumpeter (1935, 1979) went back on what he had written in his youth. He explained that the entrepreneur of the heroic times will disappear and leave the place to big enterprises. Innovation becomes the business of a team of experts who cease to be directly related to the market.

In the 1960s, J. K. Galbraith (1968) pursued Schumpeter's analysis of managerial capitalism and demonstrated that the economy of capitalist industrialized countries did not fit with the paradigm of pure and perfect competition. Six distinctive elements emerged:

1. Domination of a handful of big enterprises whose ownership is split between a myriad of shareholders, a plethora of small owners of enterprise. Is it still possible to talk about "private property"? In the middle of the nineteenth century, K. Marx wrote that such a phenomenon celebrates the destruction of private (individual) property;
2. Presence of a considerable number of very small firms, however rather marginal as regards the creation of wealth;
3. Disappearance of the entrepreneur replaced by a division between the owners of capital (shareholders) and capital management (managers): the "technostructure". The manager (salaried and non-owner of his enterprise) maximizes his own interest (growth of the firm's size, technical virtuosity);
4. Development of planning tools in order to minimize the uncertainty resulting from the functioning of the market. The economists who are the founding fathers of the theory of entrepreneur (R. Cantillon, J.-B. Say, J. A. Schumpeter, F. Knight) argued in fact that the entrepreneur is the economic agent who bears the risk resulting from the uncertainty inherent in the functioning of the market. The combination between the

questioning of the assumption of market atomicity and the idea according to which the (big) enterprise organizes the market unavoidably leads to the questioning of the very existence of ... capitalism!

5. Presence of a plethora of entrepreneurs (point 2) who are at the same time the owners and managers of the assets they valorise. However, these small entrepreneurs do not operate in a market characterized by pure and perfect competition, but in markets dominated big enterprises.
6. Similarities between capitalism and socialism: both in the United and Soviet Union, the development of the enterprise is characterized by the expansion of a huge bureaucracy, related to technological and not political considerations. The management of a large-size company requires a whole series of expertise. As ironically stated by Galbraith, it is not a Schumpeterian entrepreneur who sent men in the space, but a bureaucracy; and this irrespective of the political regime which characterized the United States or the Soviet Union.

The socialized entrepreneur and the new capitalism

What is the new capitalism? Starting from the end of the 1970s, major economic and social changes are observed:

1. Policy of liberalization of the economy (contestable markets theory) and the development of the financial markets: the privatization of the economy releases capital in huge quantities: new investment opportunities emerge; development of investment funds and pension funds; the ageing of the population and the withdrawal of the social state from the financing of pensions stimulated their development (Aglietta, Rebérioux, 2004). The major problem was to identify new investment opportunities in a context of slow economic growth (Galbraith, 1992). Capital becomes impatient (Harrison, Blustone, 1990). While in 1965 American pension funds held shares over a period of 46 months, in 2002 a fair part of the portfolio of these institutional actors was renewed on average every 3.8 months (Sennett, 2006, p. 39-40).
2. Development of new information and communication technologies and biotechnologies (Castells, 1990) generated new investments opportunities: the beginning of the 1980s was marked by the creation of new type of enterprises in the microelectronics field (Apple, Microsoft, etc.).

3. The “garage mythology” and “the legend of the entrepreneur” prevailed (Boutillier, Uzunidis, 1999): as in the early days of capitalism, an idea that was already considered outdated was revived and propagated: young brilliant inventors may create their enterprise and become rich. It is the rebirth of the heroic entrepreneur. However, one trend to forget that the knowledge they used to succeed is the result of military research and of the efforts made by big companies (computers, microprocessors, etc.).
4. The crisis of welfare state: G. Gilder (1985) argued that the welfare state generates poverty because it encourages too many people to rely on social services instead of looking for a job (since the 1970s, the Public Choice School and the Theory of Bureaucracy have strongly criticized Keynesianism). According to Gilder, only the entrepreneur is capable to fight against poverty and unemployment (Esping-Anderson, 1990).
5. Increase of mass unemployment and growing insecurity of salaried employees (development of part time employment and multi-employment, etc.): is the “end of work” (Rifkin, 1995)? Or of the “salaried society of the 1950-1960s” (Castel, 1995)? Or the beginning of the “entrepreneurial society” (Audretsch, 2007)?
6. New public policy: The main question is to help unemployed workers to create their enterprises (their means of existence, their job), thank to emergence of an institutional environment (reduction of taxation, of administrative barriers, flexibility of labour market, etc.). The World Bank (2006, 2008) defines a synthetic indicator to evaluate the performance of the state in this field. That composite indicator includes the following factors: creation of enterprises, grating of licence, recruitment of wage-earners, credit supply, protection of investors, payment of taxes, international trade, execution of contracts and closing down enterprises. A world classification is established based on the performance of the state at that level. For Keynesian economists in the 1960-1970s, the fundamental role of the state was to sustain demand and create markets. In fact, the main objective of J. M. Keynes was social peace and political stability. In the 1980s, the economists of endogenous growth theories (Aghion, Harris, Howitt, Vickers, 2001) explain that the state has a major role to play in order to sustain the supply and support enterprises to innovate. In this turn, innovation generates wealth and employment. Through an appropriate public policy, the state tries to facilitate the transition from the situation of job worker to that of entrepreneur, or from wage-earner to entrepreneur; in short to introduce more flexibility in the labour market (Boutillier, 2006, 2007).

7. The big managerial enterprise with its pyramidal architecture (Sennet, 2006) is no longer adapted and is compelled to change: the structure of the network enterprise is flexible and decentralized (to benefit from new information and communication technologies). Its assets are distributed between a relatively important number of major shareholders (Castells, 1998).
8. As regards the number of salaried workers/employees, the size of enterprises has also been reduced: in United State and Great Britain for example, the majority of enterprises have less than 3000 employees; many of them have only a local character or are family businesses; some are craft enterprises similar to small building companies.
9. Since the beginning of 1990s, entrepreneurship has become an academic discipline taught in universities. Awareness programs targeted at the youth are also elaborated upon (Audet, 2001; Gasse, Tremblay, 2002; Riverin, Jean, 2006).

Thus, we have a definition of new capitalism: it is a socio-economy organization based on private property and free market. The characteristics of the managerial capitalism were the same. The fundamental differences between New capitalism and managerial capitalism are: (1) the organization decentralized of industrial production (network enterprise) thank technologies of information and communication, (2) development of financial markets (which generate capital funds for investment, (3) flexibility of labor market, (4) new role of state which is to built an institutional environment to create enterprises and jobs.

Theory of socialized entrepreneur in the new capitalism

A socialized entrepreneur is not an entrepreneur a socialist economy. The socialized entrepreneur takes place in the network enterprise, in the new capitalism. He is an entrepreneur sitting at the interface between two logics:

1. The logic of the big industrial and financial enterprise that seeks to stimulate the creation of enterprises in order to test new markets.
2. The logic of the state that seeks by these means to fight against unemployment and promote innovation.

We define the entrepreneur as the founder, manager and owner of at least a part of the enterprise. In such conditions, he may also be an innovator (Say or Schumpeter analysis); however, unemployment may as well be at the origin of his decision (Casson, 1991). Nevertheless, he always remains the economic agent who bears the risk (Cantillon, 1755; Knight, 1921) since he is in every case, the main financial backer of his enterprise, together with his relatives. In on the other hand, the entrepreneur may be defined as set of resources¹ E. Penrose who defines enterprise as, thus the concept of potential of resources of the entrepreneur. By using this concept, we relocate the entrepreneur and his enterprise in the general logic of the capitalist system. The potential of resources is split up in the following way:

1. A set of financial resources including all the effective financial resources (own spending, family assets, heritage) or potential (access to credit, subsidies, various public aids, etc.).
2. A set of knowledge including all entrepreneurs' knowledge whether they are certificate by a diploma or result from professional experience: technological, organizational, economic knowledge, etc.
3. A set of social relations: personal, family or professional relations that the entrepreneur may mobilize in order to fulfill his project. Two social relation networks may be distinguished: on the one hand, a net work of institutional relations (relations with public institutions, enterprises, banks, etc.), on the other, a network of informal relations with relatives, family, friends, neighbors, working relations, etc.) (Granovetter, 1973). In our example, these two networks develop interdependently. Thus, it is through the information given by a friend that we learn about the existence of a specific type of financing. However, the individual's social background plays a fundamental role because it largely determines the network of friendly or family relations (Bourdieu, 1985; Coleman, 1988; Putman, 1995).

The three components of the entrepreneur's resource potential are determined by the place he holds in the social organization chart – in spite of the increasing socialization of the economy (Durkheim, 2007). The elements assume a fundamental role. The family gives a taste to start a business; at the same time, it is a source of financing. We observe this phenomenon in France, in United State, but also in Russia where the business regulation is very new. A lot of entrepreneurs had a member of their family in business activity. In the Russian case, we note

also that a lot of entrepreneurs have a member of their family in the communist party. It means that the communist party is a means to develop social relations. With the support of the family, the functions exerted by the entrepreneur draw their logic from public policies targeted at the dampening of the consequences of the crisis (employment of innovation policies) and from strategies aiming at the productive and financial reorganization of big enterprises.

Table 1. Resource potential of the entrepreneur

<i>Resource potential</i>	<i>Major characteristics</i>
Knowledge	Tacit and various types of knowledge acquired in the family context Scientific and technological knowledge acquired at school Knowledge acquired during our relations with third parties (family, professional activity, etc.)
Financial resources	Own spending Affective inputs: parents, relatives, Bank credit Institutional financial aid (e.g. direct assistance from the state) Financial inputs brought in by another entrepreneur
Social relations	Informal relations (family, friends, neighbours, colleagues, etc.) Formal relations (stat, banks, other enterprises, research centers, etc.)

Source: Boutillier S., 2008, Finance, state and Entrepreneurship in the Contemporary Economy, in Laperche B., Uzunidis D., (eds) *Powerful Finance and Innovation Trends in High-Risk Economy*, Palgrave MacMillan, p. 80.

Therefore, this capacity of the entrepreneur results from the variety and richness of the resource potential he has himself constituted. In its turn, the composition of that resource potential depends on factors that are external to the enterprise and entrepreneur. In particular, public policies of assistance for the creation of businesses (to stimulate innovation and/or to fight against unemployment) will largely determine the financial resources to which the entrepreneur will be authorized to have access in order to create his enterprise and ensure its survival. The economic and social organization has several dimensions and therefore several effects. The general level of development of knowledge and technology in the society will have an impact both on the knowledge acquired and assembled by the entrepreneur (on the basis of his education and the competences of the members of his team; activities related to economic and information watch) and the technological level of his activity. The nature of the

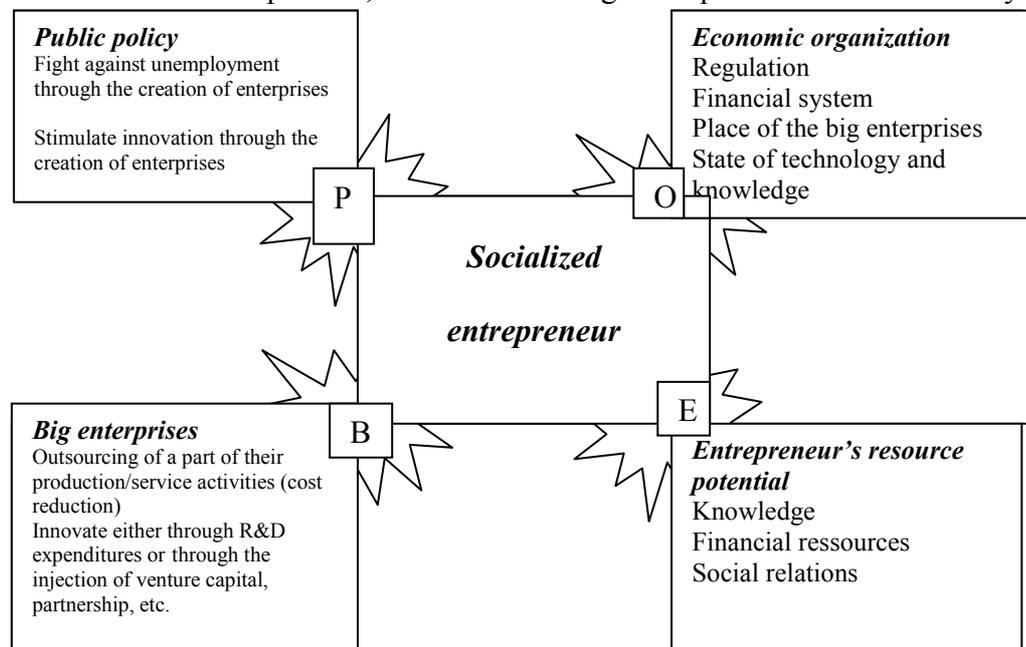
financial system (e.g. ease or difficulty of going public, bankers' degree of "conservatism", level of development of venture capital, etc.) influences both the capacity of an individual to become an entrepreneur and the capacity of an enterprise to more or less accelerate its development. As demonstrated earlier, the degree of concentration in the market, for example the presence of big enterprises, also plays a considerable role in the dynamic of creation of small enterprises and in their type of activity (in particular subcontracting). Finally, it is necessary to underline the policy led by enterprises with a view to innovate, either by their own means (R&D budget) or by implementing different types of partnership including the injection of venture capital. In conclusion, the presence and nature of the links between the "POBE" factors (Public Policy – Economic organization – Big enterprises – entrepreneur's resource potential) lead us to relocate the entrepreneur in his economic social, political technological and scientific context. This organic square provides a way to analyse the creation of enterprises at the scale of a specific economy.

At the beginning of the 21st century, almost a large part of the enterprises are SMEs, not pyramidal enterprises. This conclusion seems surprising when we look at the analyses made by many economists during the first half of the 20th century: unable to adapt to modernity, the small enterprise and the entrepreneur were doomed to disappear. How can we understand this paradox when the entrepreneur's main function, according to economic analysis, was to bear the risk inherent in the market? Does the disappearance of the entrepreneur mean that competition will vanish? Most probably (Schumpeter, 1975; Galbraith, 1968). The decision taken by big enterprises, at the beginning of 21st century, to outsource huge segments of their activities (maintenance, engineering, production of finished goods, etc.) provides many opportunities to create new enterprises. Even more as we observe that, already for many years, public policies targeted at the struggle against unemployment have been oriented to become entrepreneurs and big enterprises must find new scientific and technological resources in order to innovate (table 3).

Table 3. Big enterprises and entrepreneurs during the second half of the 20th century

	Since the end of the Second World War	Since the 1980s
Place of the big enterprises	Development of managerial enterprises	Reorganization of big enterprises (network enterprises)
Organization of labour and production	Assembly chain Fordism Taylorism Rigid organization	NTIC Robotization and production and services Flexible organization
Place and role of the entrepreneur	Entrepreneur = employer = authority	Entrepreneur = innovator = creator
Form of recruitment	Mass wage earning Mass employment	Increasing Precariousness of salaried employment Term contract
Financing of the economy	Indebtedness (important role of banks) Public financing	Development of financial markets
Role of the state	Welfare state	Privatization / deregulation Public policies to promote entrepreneurship and free market

Figure 1. The socialized entrepreneur, the core of the organic square of business activity



Source: Boutillier S., 2008, Finance, state and Entrepreneurship in the Contemporary Economy, in Laperche B., Uzunidis D., (eds) *Powerful Finance and Innovation Trends in High-Risk Economy*, Palgrave MacMillan, p. 82.

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ⁱ This définition of the entreprise is a synthesis of E. Penrose' definition of enterprise (a set of resources) and the neoclassical concept of homo oeconomicus. This economical agent who takes his decisions according an economic evaluation (cost/profit) .