

Entrepreneurial Climate Creating Entrepreneurs

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Abstract. The United States of America produced more entrepreneurs and created more industries than the European Countries and any other country in the world in the last two hundred years. The computer industry, the automotive industry, the entertainment industry, the airplane industry are a few examples of industries which started in the US instead of the old continent, Europe. The US had contextual factors to create these entrepreneurs and industries. The pragmatism, the melting pot, the religious factors, individualism and frontierism are the five transferable factors that every country may use. In this paper, these five factors and the entrepreneurial climate as the function of these factors will be explored.

Keywords: Entrepreneurship, American entrepreneur, frontierism, entrepreneurial mind, innovation.

1 INTRODUCTION

The United States of America produced more entrepreneurs and created more industries than the European Countries and any other country in the world in the last two hundred years. The computer industry, the automotive industry, the entertainment industry, the airplane industry are a few examples of industries which started in the US instead of the old continent, Europe. The US had specific contextual factors to create these entrepreneurs and industries.

As being an interesting question “why these industries emerged in US and not in Europe” is to be answered in this research. In literature there are some works analyzing the rise and fall of countries but not industries. One of them is Kennedy (1988)’s “The Rise and Fall of Great Powers”; the other important work is Diamond (1997)’s “Guns, Germs, and Steel.” The third work is written in a book named “The Wealth and Poverty of Nations” written by Landes (1998).

Kennedy (1988) explains the rise and fall of nations with a simplistic model. The nations that have economic-power can gain military-power as well. When they lose their economic power, they lose their military power in parallel. However this model does not explain why certain industries emerge and develop in one country.

According to Diamond (1997), the rise and fall of nations is comprehensible based on geographical functionality. The comparative advantage in the availability of agricultural production in some countries helped them to progress into industrial production. They used less time for agricultural production, and used their time to develop science and technology. Consequently they had the chance of developing economic and military power. This explanation again does not help to analyze why US did better than Europe, because in both sides they were able to use modern agricultural techniques, science and technology.

Landes (1998) claims that nations that can produce production tools and know-how rise in comparison to the nations that cannot. The base for production of production tools and know-how is private property rights, patent rights, and individual freedom. Because only free people can innovate, protect and sell their ideas in a market. This explanation models why democratic countries are in better position today, and undemocratic countries are living poverty; but does not explain the advantageous position of US in contrast to Europe.

2 THE CONTEXTUAL FACTORS THAT SHAPED AMERICAN ENTREPRENEURS

There are some certain factors that shaped American Entrepreneurs and that give opportunities to them to found new industries. Some of these factors are contextual factors especial to the United States. These factors clarify why some certain industries had been founded in US instead of elsewhere.

The Contextual Factors that Shaped the American Entrepreneur:

- The widespread use of English language
- Geographical and demographical magnitude
- Frontierism
- Melting Pot
- American Individualism
- American Dream
- Protestant Work Ethics
- Pragmatism
- Private Property Rights
- Intellectual Property Rights

2.1 The Widespread usage of English language

The America, which is discovered in 1492, had been home for emigrants since that year. The emigrants coming from different origins were speaking different languages. But because of English colonialism English became the common language within the North America. The widespread usage of the only one language provided easiness in trade. At the same time, the literate people were able to reach books, magazines, newspapers and legislations. This was a great advantage for the progress of science, culture and trade.

2.2 Geographical and demographical magnitude

The geographical magnitude created a very big opportunity for many industries. There was a great need for transportation because of the size of the continent. Although the steam engine and locomotive were invented in UK, the railways showed their major progress in US. The railways were the number one customers of steel industry. The train cars and rails were made of steel. So it helped so much to the progress of steel industry. The big railway network created a need for communication between the stations and the telegraph industry had found a great opportunity. The examples can be multiplied, because every new industry was emerging as a response to meet the need of another industry.

The size of the population contributed to the development of industries in US. The population of Albania, a small country; does not permit to produce anything in big significant amounts for domestic consumption. The US has been a great market for all of the goods produced in US. The size was sufficient for the emergence of big industries.

2.3 Frontierism

The famous American historian Turner (1893)'s "Frontier Thesis" reflects the American character. According to the Frontier Thesis, Americans cut their ties with the traditions, and with spirit of discovery and pioneerism they tried to go further the existing frontiers. Going from East to West, moving frontier from one line to another helped Americans to reach Pacific Ocean. Frontier Thesis is not only about passing the borderline on land it is also about going beyond the current status quo in science, technology and arts. The most of inventions

were only become possible with the scientists or inventors carrying frontierist mind set. The invention of cinema movies with the sound was the product of inventors who were not comfortable with the silent cinema movies.

2.4 Melting Pot

Another factor is “melting pot”. The emigrants that came to the US left their national identities and by melting in a pot, they formed a new nation. Crèvecoeur (1782), coined the melting pot in his famous book “Letters from an American Farmer.” “Here individuals of all nations are melted into a new race of men.... What attachment can a poor European emigrant have for a country where he had nothing? The knowledge of the language, the love of a few kindred as poor as himself, were the only cords that tied him: his country is now that which gives him land, bread, protection, and consequence: ‘Ubi panis ibi patria’ (Wherever there is bread, there is my country), is the motto of all emigrants. “What then is the American, this new man? He is either an European, or the descendant of an European, hence that strange mixture of blood, which you will find in no other country.” The US has been a home for emigrants who wanted to make a life and create their own destiny. This emotion and motivation helped to the progress on entrepreneurship.

2.5 American Individualism

Another important factor is individualism in the progress of American entrepreneurship. Individualism focuses on self-reliance and individual freedom while putting forward individual aim and aspirations. The concepts like classless society in the US, equality under the law, equal opportunity for everybody promoted individualism. Tocqueville (2004) believes that history progresses with the inevitable growth of equality of conditions, and he sees America as the furthest progression of this growth.

The extraordinary level of equality can be both a help and a hindrance to freedom. On the one hand, one cannot have complete equality without complete freedom. “The reason that freedom and equality have been able to coexist in America is the existence of deeply rooted local self-government, which provides the citizens with a means for exercising their freedom” (Tocqueville, 2004). The freedom gave possibility to the Americans to pursue their own dreams and to start their own businesses.

2.6 American Dream

One of the major differences between Europeans and Americans was the structure of the society. In Europe, the class structure (aristocracy and ordinary people, serfs, working class) did not let people to jump from one class to the upper class. In America there was not a society with class structure, there were no lords, dukes or duchesses. So, the classless society provided the idea that everybody can be successful and rich. As an equal member of the society, everybody could have a happy and wealthy life. The Americans could reach their dream based on their effort and creativity. Even the term American Dream first coined in 1931 (Cullen, 2004) so late, however all of the emigrants had the American Dream in their hearts from the very beginning.

2.7 Protestant Work Ethics

Protestant Work Ethic also leveraged the business life in the US. The Protestant work ethic (or the Puritan work ethic) is a concept in theology, sociology, economics and history which emphasizes hard work, frugality and diligence as a constant display of a person's salvation in the Christian faith, in contrast to the focus upon religious attendance, confession, and ceremonial sacrament in the Catholic tradition. “Protestant Work Ethic” is a phrase that was

originally coined by Max Weber (1959), in his book named “The Protestant Ethic and the Spirit of Capitalism.” This belief caused people to work hard to gain the appreciation of the God and contributed to the accumulation of savings and capital. Capital, hard-work, will to be successful in business were excellent ingredients for entrepreneurship.

2.8 Pragmatism

Pragmatism is one of the major factors that explain the whole American entrepreneurship. According to the founder of pragmatism Charles Peirce (1992) one should consider the practical effects of the objects of his conception. In other words, the benefits or harms of anything can be understood only by practicing. If the results are positive, then it can be assumed that the concept is true. By the way, theoretically anything cannot be good or bad; anything should be practiced, if the results are positive it can be conceived as good. Therefore Americans instead of talking about theories, prefer to put them into practice. That is most part of what entrepreneurship is all about.

2.9 Private Property Rights

The Property Rights contributed so much to the progress of entrepreneurship in the US. Since the first day of foundation American society has been a society of law and rights. Americans tried to protect the rights in every field including private property rights. The entrepreneurship is depended on the protection of the wealth. Otherwise, it is useless to try to create wealth through creativity. The protection of property rights both philosophically and juristically is important for the development of entrepreneurship.

2.10 Intellectual Property Rights

Final and one of the most important factors in the development of entrepreneurship are the Patent Rights. Inventions and innovations occur only if the inventor makes money out of it. If the rights of inventions are not protected, they cannot be commercialized. So the existence and use of intellectual property rights are so important. Since the colonial times, every invention was registered to the name of inventor. Selling a design or invention possible since the colonial times. Therefore inventing or designing were good ways of earning money. The most successful inventors or entrepreneurs who used these innovations created industries.

As mentioned above there are ten different factors contributed to the emergence of entrepreneurial mind set and the industries created in the US.

3 ENTREPRENEURIAL CLIMATE CREATING ENTREPRENEURS

The pragmatism, the melting pot, the religious factors, individualism and frontierism are five of the fundamental factors that helped US to generate industries and entrepreneurs; and these five factors can be considered as transferable or generic factors for every country. At the same time the existence of these factors provides a convenient climate for entrepreneurship. Entrepreneurship and entrepreneurial mind can flourish under a convenient climate.

The American experience suggests that the mind set is the corner stone of entrepreneurship and this mind set is the only transferable characteristic of American entrepreneurial success. The other factors; the size of the economy, market, demographics, one common language are not transferable factors that can be provided in other countries. In other words one country or one region can not grow the size of its economy or population 10 folds by governmental decision; or with the decision of government it is nearly possible to make people speak one common language in the short term. The other factors-property rights and intellectual property rights legislations are like base standards or musts for an

entrepreneurial economy. So one country should focus on the aspects of entrepreneurial climate.

The pragmatism, the melting pot, the religious factors, individualism and frontierism are explored as the factors of convenient entrepreneurial climate below.

The melting pot concept refers to the diversity of one company, region and country. Most of the times diversity is considered as a source of conflict, however in American experience, the melting pot approach transformed diversity as a source of productivity and wealth. A country can benefit from an emigration policy that accepts entrepreneur and educated emigrants. These emigrants should be supported and seen as partners in one country.

Individualism is another important factor that one country should focus. Because individual pursue of wealth in an equal and fair society may foster entrepreneurship. If anybody can think of becoming an entrepreneur, if the ideas for anything based on the content not because of who you are, if you are employed because of merit, it means that in that economy the entrepreneurship can find opportunity to blossom.

In different religions and cultures there are different approaches to the working life. In some cultures working is shame and it is the characteristic of lower classes. In some societies trying to become rich is again shameful, it means the person is selfish and not in the track of God. People cannot become entrepreneurs in these kinds of societies. Only in societies where the hard-work, entrepreneurship, being a boss and wealth are glorified there is a chance for entrepreneurs.

Pragmatism can be described as the culture of action. Instead of losing time with long discussions or thinking, it is best to try an idea and see whether it works or not. The American society can be called as the society of action. If there is a problem, fix it; if there is an opportunity use it; but do not wait idle.

This is the era of innovation. In every area, people should focus on frontierism. Research labs, universities, companies must go the edge of what is known and available and pass beyond. The home of invention and innovation is the frontier. Wandering around the future can help entrepreneurs and countries.

4 CONCLUSION

The entrepreneurship is not the function of one basic financial subsidies or less bureaucracy. It is the function of several elements. The countries that posses these elements can foster the entrepreneurship. The culture within one country is more important than the classical promotion aspects of entrepreneurship.

The pragmatism, the melting pot, the religious factors, individualism and frontierism are five factors that every country should focus on to flourish entrepreneurship. One country can use its own concepts with the same definition. A suggestion takes place below:

The Pragmatism	: A Culture of Action
The Melting Pot	: The Value of Diversity with one Vision
The Religious Factors	: The Value Set that Encourages Hard-Work and Wealth
The Individualism	: The Freedom and Equality of the Individual
The Frontierism	: An Aspiration to Go Beyond the Edges of Science and Technology

The existence of above factors can create an entrepreneurial climate in any country.

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