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SCHUMPETERIAN ENTREPRENEURSHIP AS CAPITALIST DIALECTICS

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"The 'leadership' of the entrepreneur: being depicted as an agent of change, of innovation and, thereby, of the very dynamics of long run development of a market-based system."

In trying to paintbrush background and scientific "environs" when Schumpeter's visionary "Theory of Economic Development" (1912) came out, classical and neoclassical thought as well as Marx' "Capital" (in all its volumes) had been exposed already for some time to scholarly scrutiny by the learned community.

In contrast to the Classics, the Neo-classics and Marx though, Schumpeter explicitly pins his interpretation of the economic process on the role or – in his own words – on the "leadership" of the entrepreneur: being depicted as an agent of change, of innovation and, thereby, of the very dynamics of long run development of a market-based system. Only later on – especially with the English translation in 1934 - this original notion of business "leadership" was popularized as the "pioneering" role (in the very first edition of the "Theory" being referred to by implication only, never explicitly so).

We shall refrain here from reiterating the widely known "five cases" or criteria of the Schumpeterian entrepreneur. Emphasis rather should be placed on pinpointing the not so obvious, the more hidden notion of what – in Schumpeter's view – really is driving the market-oriented ("capitalist") process; of what, in the end, typifies its underlying dynamics as a kind of ingeniously perceived dialectical "paradox".



In neither classical-neoclassical nor Marxist visions, the entrepreneur explicitly figures. It is Schumpeter's truly seminal interpretation of the capitalist process, wherein the entrepreneur as such takes center stage as the "pioneering" driving force in a dialectic sense as, in fact, sort of villain, as the "antithesis" to the market system. As indeed an element constantly striving to outmaneuver constraining competition, to "trick" given market conditions and, thereby, forever to challenge "the system" itself, or more pointedly yet: when and wherever possible to be, or to become, a monopolist.

In an essentially market-based context, this not only characterizes the very nature and understanding of Schumpeterian entrepreneurship, it at the same time reveals the subtlety of its intrinsically underlying – and as such non-Marxist - dialectics.



"...creating conditions where doing business, in both its entrepreneurial and its socio-economic relevance, simply remains and is being recognized as rewarding an undertaking well worth the efforts going along with."

Apart from Schumpeter's subsequent more pessimistic outlook as to the sustainability of the entrepreneur's ever so demanding role, his basic notion quite specifically also relates to, and as such emphasizes, the particular socio-economic exposure under whichever conditions: in referring to the very challenging role of seizing the "kairos" of given opportunities, of carrying them through and bringing them to economic fruition. A role unavoidably fraught with risks, with unforeseeable human action and decisions which true entrepreneurship constantly is being faced with and unable to freely extricate or steal itself away from.

When relating this to modern entrepreneurship, its pivotal role in both a global and especially so in a structural as well as developmental context, Schumpeter's vision nowadays, more than ever in times of dynamic change, may serve as a guide for any entrepreneurial oriented policy formulation.

For a policy geared to providing a framework conducive to entrepreneurial initiative and leadership, to fostering business opportunities for the benefit of society as a whole, or putting it somewhat differently: for creating conditions where doing business, in both its entrepreneurial and its socio-economic relevance, simply remains and is being recognized as rewarding an undertaking well worth the efforts going along with.



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ICSB Executive Director Comment:

Hanns Pichler is pivotal in recording ICSB's History and I was pleased to read his work on Schumpeter, a topic not thoroughly discussed often.

Dr. Ayman El Tarabishy



Jordyn Murphy Editor, ICSB Gazette

Jordyn is the Operations Manager at the International Council for Small Business in Washington, D.C and the Editor of the ICSB Gazette.

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