Soc (2012) 49:223–229
DOI 10.1007/s12115-012-9535-y

SYMPOSIUM: THE FORTUNES OF CAPITALISM

How Entrepreneurship Forgot Capitalism: Entrepreneurship Teaching and Research in Business Schools

R. Daniel Wadhwani

Published online: 20 March 2012

Abstract By most measures, entrepreneurship education and research is flourishing in business schools today. Classes abound and students are keen to take them. The number of business school professors identifying themselves as focused on the study of entrepreneurship has also soared. Yet, the meaning and scope of entrepreneurship as it has come to be defined, taught, and studied in business schools over the last three decades is remarkably narrow, largely divorcing entrepreneurship from its economic and social context and from its relationship to processes of change in the market economy. In short, entrepreneurship as it is understood in business schools today has largely lost its *raison d'etre* as the engine of change in capitalist economies. This paper examines the origins of the splintering of entrepreneurship education from the study of capitalism and highlights a set of intellectual and educational problems this has created.

Keywords Entrepreneurship research · Entrepreneurship education · Capitalism

By most measures, entrepreneurship education and research seems to be thriving in business schools today. The number of schools offering classes on entrepreneurship and small business has grown from just a handful in the 1970s to over 1,600. The journals devoted to the field have mushroomed. And the number of endowed positions in entrepreneurship exceeds 400 (Katz, 2004; Kuratko, 2005).

Yet, the scope of this education and research on entrepreneurship has been defined in remarkably narrow terms, focusing as it has on the development, growth, and sale of startup firms; students learn and faculty study how new business ideas can be generated, how resources (such as people and capital) are acquired, how teams and organizations are formed and developed, and how to use the institutional mechanisms available for converting these forms of value and wealth into liquid assets such as cash. Largely lost in this professional research and education, however, is the relationship of entrepreneurial processes to the economic and social contexts in which they occur, and to the nature of economic change more broadly. If we conceive of capitalism as partly defined by its dynamism and ongoing processes of structural change, as Joseph Schumpeter did, then we must accept the fact that entrepreneurship research and education as practiced in business schools has become largely divorced from its intellectual roots as a way of inquiring into the nature of capitalism as an economic system.

Two indicators highlight how far entrepreneurship, as it is actually studied and taught, has drifted from inquiry into the nature of capitalism and the process of economic change. First, a survey of articles on entrepreneurship published in leading business and management journals found that only 7% engaged in longitudinal research of any kind, and only 9% considered the relationship between entrepreneurs and their firms and developments in the market, industry, or economy in which these firms operated. The study did not report the percentage of articles that were both longitudinal *and* dealt with system-level developments, but a perusal of most entrepreneurship journals makes it clear that such studies are rare. Instead, the vast majority of research engaged in cross-sectional studies of entrepreneurs and the characteristics of their startup firms (Chandler and Lyon 2001). Second, a brief survey of ten widely used entrepreneurship textbooks found that none engaged in any kind of a sustained discussion about the underlying relationship between entrepreneurship and capitalism. Those that discussed the context for entrepreneurship at all, cursorily asserted that entrepreneurial activity promoted job creation or economic growth. The concepts of "creative

R. D. Wadhwani (✉)
Eberhardt School of Business, University of the Pacific,
Weber Hall Room 209, 3601 Pacific Avenue,
Stockton, CA 95211, USA
e-mail: dwadhwani@pacific.edu

destruction" or economic change were mentioned in only one, and this was done only in passing.

Apologists may respond that, fundamentally, it is not the job of our professional schools of business to teach about the economic system but about the technical and professional skills needed to thrive within it. In some limited ways, it is perfectly reasonable to make career-focused claims about the scope of professional schools. But, I will argue here, the nature of entrepreneurship demands an understanding of its relationship to capitalism, both for intellectual reasons *and* for very practical ones. Severing research and teaching on entrepreneurship from capitalism has costs this paper seeks to highlight. I begin by briefly discussing the origins of the construct of entrepreneurship within intellectual thought on capitalism, and by locating the development of the current separation of entrepreneurship and capitalism in education and scholarship. Second, I discuss some of the problems this separation creates. I conclude by discussing some of the steps required for a meaningful reintegration of inquiry into capitalism in entrepreneurship teaching and research.

Origins of the Split

The intellectual origins of entrepreneurship as a construct are closely tied to the development of thought about capitalism as a dynamic economic system, subject to ongoing structural change. Though there were earlier efforts to define entrepreneurship and the role of the entrepreneur within the economic system (Cantillon 1755; Say, 1855), it was not until the concept of the entrepreneur was linked to the contention that entrepreneurship propelled the process of economic change in capitalist economies that sustained intellectual attention to the topic developed.

This view of entrepreneurship as a dynamic and disruptive force in markets originated, in large part, in the work of nineteenth and early twentieth century economic historians, particularly Gustav Schmoller, Werber Sombart, and Max Weber, whose critique of classical economics rested in part on its lack of attention to entrepreneurial agents and their role in propelling the changes reshaping the industrializing regions of Europe and North America (Ebner 2000; Reinert 2002; Wadhwani 2010; Macdonald 1965). The central contention of this position – that through their ideas and efforts entrepreneurs introduced products, services, and changes in organizations that transformed markets – made it distinct from both classical economics and its focus on equilibrating markets and Marxism's materialist dialectics as the basis for economic change. The entrepreneurial view, in contrast, put the imagination and will of individuals at the center of a dynamic and disruptive view of capitalism as a system.

Throughout much of the twentieth century, it was this link between entrepreneurship and economic change in capitalist systems that motivated research and education on entrepreneurship, including in business schools. The main proponent of this view of entrepreneurship and its role in capitalism was, of course, Joseph Schumpeter. Influenced in large part by economic history (McCraw 2006, 2007), Schumpeter made the case more clearly and fully than those before him for placing entrepreneurship at the center of our understanding of capitalism as an economic system defined by endogenous economic change. "Capitalism … is by nature a form or method of economic change and not only never is but never can be stationary," he (1950, 82–3) insisted. Entrepreneurship was important not only because it helped us understand how markets worked, but even more importantly because it helped us account for how economies change. "[T]he problem that is usually being visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them," he explained. "In capitalist reality as distinguished from its textbook picture, it is not [price] competition which counts, but competition from the new commodity, the new technology, the new source of supply, and the new type of organization. (1950, 84)"

Schumpeter's was not the only conceptualization of entrepreneurship to develop in the twentieth century; the Austrian economic notion of the role of the entrepreneur is identifying arbitrage opportunities and Frank Knight's focus on uncertainty bearing point to at least a couple of other streams of thought of entrepreneurship and its relationship to market processes (Herbert and Link 2006). But, in large part because it offered an account of change and development in economies and societies, the Schumpeterian notion of entrepreneurship was especially influential in Western (particularly American) social science. In the post-World War II period it spurred considerable empirical research into entrepreneurship and its historical role in economic and social change and became an important element of social theories focused on understanding modernization. Scholars from across a broad range of social scientific disciplines embraced comparative and historical approaches to understanding the historical role of entrepreneurship in the economic development of countries and economies, and considered the economic, social, and cultural factors that shaped the supply of entrepreneurial talent. The hub for this wide ranging and interdisciplinary research on the relationship between entrepreneurship and capitalism was the Center for Entrepreneurial History at Harvard Business School, which was founded in 1948 with a grant from the Rockefeller Foundation. The Center launched *Explorations in Entrepreneurial History*, an interdisciplinary journal that was the first academic periodical devoted to topic of entrepreneurship. Those affiliated with the Center at various points included economists Arthur Cole and Douglas North, sociologist Leland Jenks, and historians David Landes and Thomas Cochran (Jones and Wadhwani 2007; 2008).

Despite widespread interest in entrepreneurship and its role in capitalist economies, however, social scientific support for this scholarship began to wane in the 1960s and 1970s. The challenge social scientists encountered was more a methodological one than a theoretical one. While most continued to assert that entrepreneurship played a significant role in capitalist economies, consistent and rigorous research on entrepreneurship proved to be difficult at a moment when scholarly trends were moving to more carefully designed and scientifically sound research. In this environment, entrepreneurship research, with its qualitative methods, imperfect specifications, and context-specific findings, was far more methodologically problematic that studying aspects of capitalist economies (e.g. financial systems, organizational hierarchies, governance mechanisms) that could be more cleanly researched using quantitative methods and systematic research designs (Jones and Wadhwani 2007, 2008).

Interest in entrepreneurship did not disappear within universities under these conditions, but its focus shifted significantly and its scope narrowed in the 1970s. Much of the new interest in entrepreneurship came not from social scientists interested in the relationship between entrepreneurship, capitalism, and modernization, but from students and policymakers dealing with the economic crisis of the period, and its attendant features of stagnant large industrial enterprise and the erosion of traditional career paths in manufacturing and middle management. Under these conditions, starting one's own business was heralded as an important alternative career path and an engine of new job generation (Landstrom 2005). The focus on startups was bolstered by the fact that in some emerging market sectors (particularly information technology) new product development could be completed by small groups of engineers organized in new companies. Student and policymaker interest in small new businesses were thus combined with the fact that in some emerging economic sectors startups formed a viable mechanism for innovation and new product development. Entrepreneurship in turn increasingly came to be defined as the launching of new startup firms and its context was that of revitalizing old industrial economies, rather than spurring growth in emerging ones (Wadhwani 2010).

Scholarly and theoretical interest in small business and startups soon followed from these practical educational and policymaking initiatives. Entrepreneurship was defined more narrowly than before in discrete behavioral terms as the establishment of new business organizations (Gartner 1985, 1988) or pursuit of new business opportunities (Stevenson and Jarillo 1990) rather than as a process or function related to our understanding of capitalism. In some cases, the new scholarship – almost all of it now based in business schools – explicitly rejected the earlier social scientific interest in studying entrepreneurship as a way of understanding capitalism in favor of a more pragmatic and professional examination of the relative effectiveness of particular kinds of decisions involved in the establishment and growth of new firms. As a result, the vast majority of entrepreneurship literature examines entrepreneurial phenomena at the individual and firm level (Chandler and Lyon 2001). The numerous and growing number of journals devoted to these issues have deepened our understanding of entrepreneurship at the individual and firm level, but has nevertheless left us with a limited view of the relationship of entrepreneurship to capitalism more broadly. This lack of attention to the relationship between entrepreneurship and capitalism has not developed without its critics (Swedberg 2000), but on the whole little tangible progress has been made toward re-integrating mainstream entrepreneurship education and research in business schools with inquiry and education into the study of capitalism as an economic system. The growth of programs, students, and faculty positions, perhaps, has created an environment where there is little pressure for such self-reflection and change.

The narrow scope of entrepreneurship research and education, however, is not without its costs. In the next section I turn to examining some of the problems created by divorcing entrepreneurship research and education from inquiry into the nature of capitalism.

The Costs of Forgetting Capitalism

In many ways, the focus of entrepreneurship research and teaching on startup firms has been very valuable. It has responded to a need on behalf of students to learn about the development of new companies that was largely unmet by business school curricula and it has deepened research on entrepreneurship at the level of the individual and the firm in ways that previous social scientific scholarship had largely ignored. It has also responded to a moment in the development of capitalism in industrialized countries over the previous four decades when small, innovative start-up firms, once thought to be a relic of the past (Chandler 1977; Galbraith 1956), have again taken center stage as among the most dynamic actors in our economy (Acs and Audretsch, 2003).

The educational and intellectual movement supporting the development of the startup economy, however, is not without its limitations. The lack of attention to the relationship between entrepreneurship and capitalism, I would argue, creates several significant intellectual *and* practical problems in current practice that limit its lasting contributions.

First, while the startup firm has proven effective for the development of a particular range of new business opportunities that have developed in the last few decades, it is unclear whether it will remain the best organizational vehicle for the kinds of opportunities and challenges entrepreneurs encounter in the future. Startup firms, after all, have not always been the primary vehicle of entrepreneurial change; large firms, non-profit entities, large financial institutions and governments have played pivotal entrepreneurial roles at various moments and places in the history of capitalism.

Indeed, the types of organizations that entrepreneurs have used to pursue new business ideas and opportunities have varied significantly over time and place, subject to the economic, political, and social circumstances surrounding the opportunities of the moment. The economic historian Alexander Gerschenkron was among the more lucid early observers on the variability of the organizational form that entrepreneurship takes. Gerschenkron (1962) is best remembered for his arguments about the timing of industrialization and the organizational form through which entrepreneurial change occurred; while small startup companies predominated in Great Britain during the first industrial revolution, he observed, by the time Germany and Russia made the push into industrial technologies and production systems, their entrepreneurs faced stiff international competition from leading British firms, high fixed costs in the form of second industrial revolution industries, and a relative scarcity of managerial talent. In such circumstances, banks and governments played a larger role in industrial transitions because they could pool limited talent and achieve competitive scale. Other significant business and economic historians have made similar points about the contingency of entrepreneurial form in capitalist economies. Schumpeter (1950) himself argued – especially in his later work – that different kinds of organizational entities could play the entrepreneurial role and famously (and incorrectly) predicted that large firms would eventually entirely replace individual entrepreneurial actors. More recently, Lamoreaux et al. (2003) have argued that firms were historically only one of several institutions of coordination in the U.S. economy available to entrepreneurs, and they emphasize the "heterogeneity in the population of coordination mechanisms to be observed in use at any moment in time."

The pertinence of these observations about variations over time in capitalist enterprise is clear for entrepreneurship research and education today. Though the prototypical investor-backed startup firm continues to act as a form that is critical to entrepreneurship today, it is unclear whether the form as we know it will continue to serve the same entrepreneurial role it has in the past few decades as new opportunities, challenges and options arise within capitalism. New forms of organization seem to provide interesting alternatives to the traditional startup. Open source, user innovation, and crowd sourcing (von Hippel 1986; Tuomi 2002), for instance, may provide alternatives to investor-backed startups as organizing methods for bringing certin future goods and services to market, and new types of social entrepreneurship organizations offer alternatives for addressing public or hybrid public-private goods that may in some instances offer advantages that traditional investor-owned startups lack. While it is obviously foolish to predict that any of these forms of organization would play the same disrupting role that the factory played in the first industrial revolution, it is equally naive to assume that the startup will remain the workhorse of entrepreneurial innovation. It is also unclear that older organizational forms, such as large firms and governments (local, state, and federal) don't have an entrepreneurial role to play, even though much entrepreneurship literature tends to ignore these forms. As in the past, the particular challenges and opportunities that the entrepreneurial environment might present could offer advantages to one form or another.

There is, of course, considerable uncertainty about which organizational forms will matter most in bringing new ideas to market in the decades to come, and the answer will almost certainly vary depending on the economics of the particular opportunity and sector. From the point of view of entrepreneurship research and education, however, the only way to consider these questions is by moving beyond focusing on the startup firm and considering the relationship between entrepreneurship and capitalism over time. Reintegrating inquiry into how variations in capitalism shaped entrepreneurship is hence critical for this issue.

Another limitation of the current research and teaching on entrepreneurship pertains to its lack of attention to exactly how entrepreneurial activity relates to productivity growth and development in capitalist economies. To the extent that these issues are mentioned at all in most entrepreneurship textbooks, for instance, they are dealt with briefly and only to assert that entrepreneurship is an important engine of job creation and economic growth. The question of how entrepreneurs contribute to the economy and society, however, is a far more complex and contingent one, shaped in large part by the social and economic conditions in which they operate. The job creation figures typically listed by entrepreneurship scholars, for instance, are often gross numbers, that take into account neither the fact that many entrepreneurial ventures are short lived and hence an important source of job *loss*, nor the critical question of entrepreneurship's role in the "creative destruction" of obsolete jobs, firms, and industries. More importantly, conventional entrepreneurship scholarship and teaching does not take into account the fact that not all entrepreneurship is productive, and some of it is considerably destructive of economic productivity and public welfare. As William Baumol (1990) has pointed out, entrepreneurs pursue business opportunities with attractive payoffs – regardless of whether these are economically productive, unproductive, or destructive. The mafia boss organizing a crime ring or the opium traders expanding exchange with China may, in a sense, be responding to the same entrepreneurial impulses and using many of the same entrepreneurial techniques and business processes as the internet entrepreneur who has developed a better and more cost effective way to distribute content through the internet.

The lack of attention to exactly how entrepreneurship promotes or destroys productivity growth and economic developed in capitalist systems, therefore, leaves both students and researchers with dangerously naïve assumptions about entrepreneurship's contribution to economic development and public good. Understanding entrepreneurship's impact on economies and societies requires moving beyond studying individual entrepreneurs and their organizations to understanding how creative actions are shaped by economic and social contexts. Baumol (1990) has emphasized the particular importance of political, social, and economic institutions as the mediating mechanisms that direct entrepreneurial creativity and energy toward productive or unproductive ends. As he points out, the impact of entrepreneurship is shaped by institutions that reward entrepreneurial efforts that contribute to economic productivity and social development, while penalizing entrepreneurial activities that are unproductive or destructive. Baumol is clear that in order to really understand these relationships and impacts we need to examine entrepreneurial activity across different capitalist societies and across time, because the nature of institutions and the character of entrepreneurship changes and varies from place to place.

Yet, with relatively few exceptions, these issues remain peripheral in mainstream professional entrepreneurship research and almost completely ignored pedagogically. Because of the focus on entrepreneurial processes related to starting new firms, the issue of how entrepreneurship actually contributes to growth and development are rarely examined closely. As a result, there is relatively little attention to the questions of the kinds of institutions that matter and exact mechanisms by which they shape entrepreneurial behavior and the impact of entrepreneurial activity. One is generally left with the notion in professional entrepreneurship education and research that entrepreneurship is an unalloyed good, rather than a more thoughtful understanding about entrepreneurship's more complex relationship to productivity growth and economic development in capitalist societies.

The lack of attention in current entrepreneurship research to how it affects productivity and economic development points to a third limitation: little attention to how entrepreneurship actually affects structural change. While most textbooks at least mention economic growth as one potential relationship between entrepreneurship and capitalism, almost none deal with the issues of structural change. (In the ten textbooks examined for this paper, only one mentioned the notion of "creative destruction" and that one only in passing.) Perhaps even more remarkably, research on entrepreneurship almost never deals with structural changes in markets and industries, even if it deals with the development of "populations of firms" at the industry level; rather structural change in markets and industries in management research is typically dealt with by strategy and organizational theory researchers, not by those focusing on entrepreneurship. Thus, even though research on entrepreneurship in recent years has deepened our understanding of the behavior and choices of entrepreneurs, we have little in the way of greater understanding of how these choices relate to the fundamental question of change in capitalist economies.

In the near term, these limitations may not seem great; business schools continue to produce knowledge about entrepreneurs and their actions that are useful to those pursuing startup companies today. Yet, they do raise important intellectual and practical questions. Intellectually, one wonders if what we have learned about entrepreneurs and their firms in the last few decades applies broadly to capitalist economies or simply to the moment we have found ourselves in the recent years. At the very least, it suggests that while we may know more about entrepreneurship as an individual activity, we have not really used this to understand capitalism in a fundamentally deeper or more comprehensive way than before. More practically, it raises doubts about whether the tools and assumptions that entrepreneurship research and education have built up will endure as the character and structure of capitalist economies evolve. Will greater depth of understanding about startup firms be useful to business school graduates if the nature of opportunities and challenges they face call for the use of different kinds of organizational vehicles and resource relationships to pursue their ideas? Will relentlessly promoting entrepreneurship serve the aims of policymakers without attention to questions about how institutions shaped and reward some forms of entrepreneurship and penalize others?

Addressing these issues, I would suggest, requires a broader contextualization of our research and education about entrepreneurship that fundamentally re-integrates it into classical questions about the nature of capitalist systems and how they change. I therefore conclude with a few thoughts on the ways in which entrepreneurship research and education would need to change in order to re-engage scholars and students about its place within the capitalist system.

Reintegrating Capitalism

How are we to reintegrate thoughtful inquiry about the nature of capitalism into research and teaching on entrepreneurship? In what ways do we need to push the boundaries of current practice in order to tie our growing knowledge of individual entrepreneurial activity to systemic questions about its economic, social, and political context and the causes and consequences of economic change? These questions lend themselves to a wide range of interesting and creative responses, but let me conclude by suggesting a few developments that would be critical to an effective response.

First, we need to broaden the conventional methods by which entrepreneurship is researched and studied. Entrepreneurship research in business schools is dominated by cross-sectional studies of large data sets. These designs predominate not because they are theoretically preferable; many entrepreneurship scholars have called for greater use of longitudinal research, yet such studies remain a rarity. Rather they persist because quantitative research on large datasets is typically considered more rigorous and publishable, and cross-sectional studies are easier to complete. The problem is that such methodologies are unable to effectively address some of the critical links between entrepreneurship and capitalism, particularly its relationship to economic change. For that, a more eclectic set of social scientific and even humanistic modes of inquiry need to be part of the mix. Schumpeter argued specifically for the use of historical research that could capture both the range of entrepreneurial activity and form over time and, even more importantly to him, help us understand how entrepreneurial events create economic change. The way entrepreneurship "shapes the whole course of subsequent events and their 'long-run' outcomes," Schumpeter (1947) argued, made historical approaches to the topic a necessity. In recent years, a number of scholars have echoed Schumpeter's plea for a historical turn in entrepreneurship research, but this work remains marginal to mainstream scholarship as practiced in business schools.

Second, entrepreneurship teaching and research needs to expand within universities beyond the boundaries of the business school. While a few universities have embraced the notion that entrepreneurial thought and practice should not be isolated within business schools, this development remains rare. Instead, entrepreneurship often remains the purview of the business school alone, a development partly attributable to the historical "accident" that business school students were the ones who demanded classes on entrepreneurship and small business management when the prospects for middle management careers began to look dim in the 1970s and 1980s. Business school classes and curricula certainly offer a certain range of skills and perspectives that are essential to students interested in entrepreneurship, and it makes sense for business schools to remain the hub of entrepreneurial education and research on university campuses. But the kind of reintegration of inquiry into capitalism in the study of entrepreneurship is more likely to occur if students and faculty address entrepreneurship as a cross-disciplinary topic, not simply a professional one. As discussed above, a liberal education and interdisciplinary research has practical and theoretical value for understanding entrepreneurship given its changing nature.

Third, entrepreneurship teaching and research needs to approach more critically and creatively the categories and constructs it uses. Though it is tempting to focus on startup companies and venture capital as the prototypes of entrepreneurship from which students can learn, we must keep in mind that very few entrepreneurs actually take (or receive) venture capital and many pursue new business creation without starting up new firms. Reintegrating capitalism and economic change demands that we understand entrepreneurial forms and activities as more contingent than we typically do, and to that extent the conventional categories we use create a barrier to re-engaging entrepreneurship students and scholars with capitalism.

Certainly reintegrating capitalism into entrepreneurship research and teaching will be neither simple nor easy. These changes face the inertia created by the ossified division of universities by school and department, the myopia that is prized by many academic journals, the rigidity of accepted methodologies, and the demands of academic careers. Attempts to reintegrate the study of capitalism into entrepreneurship research and teaching will thus have to be entrepreneurial in their own right.

Further Reading

Baumol, W. J. 1990. Entrepreneurship: Productive, unproductive, and destructive. *Journal of Political Economy*, *98*, 895.

Cantillon, R. 1755. *Essai Sur La Nature Du Commerce en General*. London: Gyles.

Chandler, A. 1977. *The visible hand*. Cambridge, MA: Harvard University Press.

Chandler, G., & Lyon, D. 2001. Issues of research design and construct measurement in entrepreneurship research: The past decade. *Entrepreneurship Theory and Practice*, 101–116.

Ebner, A. 2000. Schumpeter and the 'Schmollerprogramm': Integrating theory and history in the analysis of economic development. *Journal of Evolutionary Economics*, *10*, 355–372.

Galbraith, J. K. 1956. *American capitalism: The concept of countervailing power*. New York: Springer.

Gartner, W. 1985. A conceptual framework for describing the phenomenon of new venture creation. *Academy of Management Review*, *10*, 696–706.

Gartner, W. 1988. Who is the entrepreneur? Is the wrong question. *American Journal of Small Business*, *13*, 11–32.

Gerschenkron, A. 1962. *Economic backwardness in historical perspective*. Cambridge: Belknap Press of Harvard University.

Gerschenkron, A. 1966. The modernization of entrepreneurship. In M. Weiner (Ed.), *Modernization: The dynamics of growth* (pp. 246–257). New York: Basic Books.

Gunther McGrath, R. 2003. Connecting the study of entrepreneurship and theories of capitalist progress: An epilogue. In Z. Acs & D. Audretsch (Eds.), *Handbook of entrepreneurship research: An interdisciplinary survey and introduction*. Boston: Kluwer Academic Publishers.

Herbert, R., & Link, A. 2006. Historical perspectives on the entrepreneur. *Foundations and Trends in Entrepreneurship*, *2*, 261–408.

Jones, G., & Wadhwani, R. D. 2007. *Entrepreneurship and global capitalism*. Cheltemham: Elgar.

Jones, G., & Wadhwani, R. D. 2008. Entrepreneurship. In G. Jones & J. Zeitlin (Eds.), *Oxford handbook of business history* (pp. 501–528). New York: Oxford University Press.

Knight, F. 1921. *Risk, uncertainty, and profit. 1971*. Chicago: University of Chicago Press.

Lamoreaux, N., Raff, D., & Temin, P. 2003. Beyond markets and hierarchies: Towards a new synthesis of american business history. *American Historical Review*, *108*, 404–33.

Landstrom, H. 2005. *Pioneers in entrepreneurship and small business research*. New York: Springer.

Macdonald, R. 1965. Schumpeter and Max Weber: Central visions and social theories. *Quarterly Journal of Economics*, *79*(3), 373–396.

McCraw, T. 2006. Schumpeter's *Business Cycles* as business history. *Business History Review*, *80*, 231–261.

McCraw, T. 2007. *Prophet of Innovation*. Cambridge: Belknap.

Reinert, E. 2002. Schumpeter in the context of two cannons of economic thought. *Industry and Innovation*, *9*, 23–39.

Schumpeter, J. 1928. The instability of capitalism. *Economic Journal*, *38*, 361–386.

Schumpeter, J. 1947. The creative response in economic history. *The Journal of Economic History*, *7*, 149–159.

Schumpeter, J. 1989. "Economic Theory and Entrepreneurial History." Reprinted from *Change and the Entrepreneur*. Cambridge: Harvard University Press, 1949. In *Essays On Entrepreneurs, Innovations, Business Cycles, and the Evolution of Capitalism*, edited by Richard Clemence. New Brunswick: Transaction Publishers.

Schumpeter, J. 1994. *History of economic analysis*. Oxford: Oxford University Press.

Schumpeter, J. 1950. *Capitalism, socialism, and democracy*. New York: Harper.

Stevenson, H., & Jarillo, J. C. 1990. A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal*, *11*, 17–27.

Swedberg, R. 2000. *Entrepreneurship: The social science view*. Oxford: Oxford University Press.

Tuomi, I. 2002. *Networks of innovation*. Oxford: Oxford University Press.

von Hippel, E. 1986. Lead users: a source of novel product concepts. *Management Science*, *32*(7), 791–805.

Wadhwani, R. D. 2010. Historical Reasoning and the Development of Entrepreneurship Theory. In H. Landstrom & F. Lohrke (Eds.), *Historical foundations of entrepreneurship research*. Cheltenham, UK: Edward Elgar.

R. Daniel Wadhwani is Assistant Professor of Management and Fletcher Jones Professor of Entrepreneurship, University of the Pacific in the United States. He previously taught at Harvard Business School and the University of Pennsylvania. His research interests include entrepreneurship and financial system development in historical perspective. His co-authored paper with Geoffrey Jones, "*Schumpeter's Plea: Historical Approaches to the Study of Entrepreneurship*", won the Best Conceptual Paper Prize from the American Academy of Management's Entrepreneurship Division in 2006. This article was written for a conference co-sponsored by the Manhattan Institute and *Society*. Grateful acknowledgement is given to Jonathan Imber and Marilyn G. Fedak Capitalism Project for its support.