



General Security from the viewpoint of Entrepreneurship and Economic Development

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Abstract

Entrepreneurship activities influence economic and social development directly and entrepreneurs provide the mechanisms of establishment and distribution of wealth in economic system, since they make new wealth through manipulation and demolition of the existing structures of markets.

Entrepreneurship has an effective role in promotion of productivity in various individual, group, organizational, national, and international levels.

In this survey we confront two essential questions: First, how a society produces new wealth, and second, how a society distributes wealth among its members; and in this circumstance entrepreneurship is considered one of the important mechanisms to guarantee public security through creation and distribution of wealth.

Keywords: 1. Entrepreneurship 2. Economic Development
3. Public Security 4. Distribution of Income
5. Productivity

Introduction

Since previous decades some developed countries, and since the recent decades developing countries have noted utilization of this potentiality for the purpose of confronting problems such as recession, inflation and lack of employment with respect to the influential and positive role of economic entrepreneurs in development of the society. This consideration has been to the extent of compiling strategies, policies and practical plans to extend entrepreneurial mentality and behavior, instruction and consultation, creating a more pertinent atmosphere for entrepreneur's activities in various economic-social fields, elimination of impediments and making relationship and cooperation amongst people and facilitating their access to international markets and has been followed by many significant results.

Entrepreneur leads various factors of production towards success through his innovative efforts. It is obvious that his motivation is his own profit, but establishing pertinent atmosphere for entrepreneurship in countries results in national profits and public security. In each country there are entrepreneurs potentially and it should be made effort to increase their abilities. And more important than that, economic and social structures should allow entrepreneurs to assert themselves and their actual abilities; therefore governments play an important role from these both sides:

On the one hand, supporting entrepreneurs by governments will include a positive reflection, since with the gained income from entrepreneurs, governments can provide the possibility of investment in various projects. And the will develop economically more quickly and this issue will result in distribution of economic opportunities and increasing the feeling of general security.

On the other hand entrepreneurship causes the best utilization of family financial resources and personal savings and as a result the income is spent on necessary and effective purposes in the society.

Theoretical Framework

Since the 16th century up to present, economists have considered entrepreneurship in different manners. In early 18th century, the French economist , Bernard Belidor , presented a more comprehensive definition of entrepreneurship which was, buying labor and raw materials at an indeterminate cost and selling the products at a cost according to contract. First, the term entrepreneurship entered to economic theories by Cantillon. He discussed the importance and role of entrepreneurship in creation of wealth and economic value for the first time.

About 1730, Richard Cantillon made a distinction among landlords, wage-earners and entrepreneurs. concerning entrepreneurs' activities, he pointed three main elements: "First, they work in an environment with uncertainty. Second, in case of not having great ability for economic activities, they face specific corruption and decay; and third, they provide their primary capital by themselves."(D.Rumball, 1989, p.17). In the definition of entrepreneur, he explains that "entrepreneur is a person who uses production tools and integrates them in order to produce products presentable to market ."(Palmer, 1987, p.37)

At the time of purchase, entrepreneur is not aware of the real cost of products, therefore Cantillon introduces the element of guidance, guess and conjecture into his applied definition. In his well-known thesis under the name of "An Essay on the Essence of General Trade" in 1755, he considers entrepreneur as a technical term. In his viewpoint the essence of entrepreneur function is

indeed bearing uncertainty; he considers whoever buys and sells at an indeterminate cost as an entrepreneur (Coocheran, 1986, p.87).

Although the effect of Cantillon on his thought is evident, Adam Smith (1755) was aware of the entrepreneur role in overall stage of economy,. He believed that entrepreneur provides capital, but he never has a pioneering and guiding role. Like the other classic economists, Smith did not consider entrepreneur as a human being, rather gave him a non-human existence(Palmer 1987, p.88)

As the founder of classic school and also the founder of economy science, Adam Smith believed that economy should be free so that it can provide public welfare. In this condition, motivation of every individual's economic activity is his own personal profit. On the basis of this motivation, every individual in the society tries to invest his capital in the best way without considering the fact that his activity may be useful for the society too.

Therefore in a free economy, seeking for personal profits conforms to public interests and profits and as a result the society public welfare can be provided. In his theory, Smith emphasizes that there is no need for divine interference to achieve social desirable results, but these results are caused by uncoordinated activities of individuals who seek for their own personal benefits (The History of Economic Opinions, p. 86-87).

Three general principles impressing all his theories are:

1. He considers the world economy as the economy of a big factory whose base is division of labor.
2. All the phenomena resulted in boosting wealth of a society, are due to human freedom to follow their own personal and financial profits.
3. Economic policy should not be based on individuals' or a specific class's interests, but it should include the interests and profits of the society.

He also believed that the resource of economic wealth is the energy and power of human force. He starts his book with this clause:

“The annual workforce of a nation is essentially a resource to present all the requirements and facilities for the society welfare consuming in a year and always consists of direct products of laborers in work or the goods against which products are purchased from abroad.” (Smith, Op. Cit. Introduction)

Therefore, in spite of traders’ opinion, precious metals are not the resources of economic wealth, but it is production of goods and welfare facilities of a society which forms national wealth.

Smith’s emphasis on workforce caused great stress to be put upon the role of work in determination of values in the theories presented by later scientists. Since, although he did not consider capital and land as non-generative elements, later on this opinion was interpreted in such a way that in Smith’s opinion human force is the only resource of wealth.

In Smith’s book, the phrase “production elements” has never been used but in his theory of wealth distribution, workforce, capital, and land , as separate elements of production, receive their own share of yearly products in the forms of wage, interest and land rent respectively.

Through emphasizing on the element of labor, he did not intend to deny significance of land and capital, but he wanted to introduce the element of workforce (against the power of nature) as the most important stimulant for production. In fact, without the help and cooperation of this force, land and capital will not be able to produce any goods.

Smith believes that workforce is influential in the process of production when “division of labor” is implemented, yet he had been aware of deficiencies of division of labor and justified his opinion in this way:

One who spends all his life to perform a few and simple works which have always similar impacts or their impacts are very close to each other, can never achieve such a state to use his own understanding power to solve problems which have never happened or have not yet happened, he can not examine himself with the power of innovation; and so he losses the ability to perform such actions and changes into a fool and ignorant person.... In fact, the ability to perform a specific work can be achieved at the cost of fostering his thinking, social and even martial power.

“But in any civilized and developed society in which poor laborers are in majority, they have to face such a condition necessarily, unless the government bears responsibility of its prevention.”(Smith,Op.Cit.pp.734-735)

In the third chapter of his book, Smith presents two definitions for “productive work” as follows:

1. Productive workforce is the workforce which helps production (tangible works) and therefore increases the net value of products.
2. Productive workforce is the workforce which is able to produce goods with capability to be stored in production part.

With these definitions, in Smith’s view, service sector does not help the mentioned value and therefore the workforce operated in this sector is considered non-productive.

There can be seen a contradiction in the Smith’s first definition, since, for example the workforce which is employed in transmission of technological knowledge, indeed presents an economic service and logically must be considered as non-productive workforce.

But in spite of not being directly tangible, knowledge of technology can be considered and influence the scale of economic growth of a society (History of Economic Opinions, p.86-91).

The economists of 18th century such as Francois Qvensa and Nicolas Baudeau described land as the only resource of wealth and called the farmers , entrepreneurs. Since in the physiocrats' thoughts only land was considered as the resource of production, also entrepreneur had a special place. "Beudeau" validated all the essential characteristics of entrepreneurs in the field of agriculture, and subsequently presented a definition for entrepreneurs' role in his book under the name of "An Introduction to Economic Phylosophy". On the same days, A. R. J. Tugot mentioned entrepreneur as a man who jeopardize his capital, in his book with the name of "Some Thought concerning the Establishment and Distribution of Wealth". In his book under the name of "Questions and Answers concerning Political Economy" the French aristocrat and artisan in 1803 wrote about entrepreneur as follows:

Entrepreneur is a factor that combines all the production tools and take the responsibility of products values, output of all capital he uses, values of wages, interests and rents he pays and also obtained profit.

His considered entrepreneur, generally and necessarily provides capital individually or borrows it. He should enjoy arbitrage, perseverance and knowledge concerning the world and trade and also the art of management for the purpose of success (Coocheran, 1968). In Baptiste Say's view, entrepreneur is the organizer of economic enterprise and has a pivotal role in operation of production and its distribution. In fact, he only emphasizes the importance of entrepreneur in business and does not discuss him in relation to innovation or capital establishment (Palmer, 1987, p.88).

As the other classic economists, Baptiste Say in his definition of entrepreneurship, describes entrepreneur like the other factors of production and grants him a non-human identification.

Contrary to French economists who presented relatively operational and extended definitions of entrepreneurs, English economists applied some different expressions regarding entrepreneurs such as adventurer (Aduan Turer), responsible (Under) and employer (Projector). Risk-taking traders in the 16th century were those who were known as entrepreneurs by the French economists. In the 17th century, French economists also used this term for government's contractors which were called responsible in English language, and almost at the end of this century the expression of employer and plan-owner also were used (Coocheran, 1968, p.88)

In 1848, this term was translated to English as entrepreneur by J. S. Mill. He introduced an entrepreneur action and function to something consisting of guiding, observing, controlling and risk-taking and again introduced risk-taking as the factor of distinction between a manager and an entrepreneur.

In late 1870 decade, Francois A. Walker confirmed the factor of distinction between capitalist and entrepreneur and called entrepreneurs, the engineers of industrial progress and main factors of production.

In 1822, Fredrick B. Hawley recognized risk-taking as the evident characteristic of entrepreneurs, but considered them as the factors of production like land, labor and capital.

In late 19th century John R. Commenz made a distinction between the gained profit of risk-taking and other kinds of profit in a wrong way. According to Commenze's idea, one of different types of profit is caused by entrepreneur's ability and his risk-taking and this profit is changeable and inconstant in accordance with change of economic condition.

John Baten Clark was the first man who has related entrepreneurship profit and surplus profit to interest and rent and applying technological, commercial or organizational progresses in economic processes successfully.

Separation between the enterprise ownership and management caused entrepreneur to be studied in a distinctive manner from capitalist and owner. In early 20th century, A. S. Dewing described the promoter or developer as a man who changes thoughts to profitable business.

He maintained some characteristics such as the ability to analyze, innovate and arbitrage for promoter and believed that no business could be established without promoter (Cason, 1982,p.47).

In his book with the name of “Principles of Economics” Alfred Marshall had understood the condition which was considered as essential characteristic of great businesses with independent managers. He believed that those general characteristics which are the features of men involved in new businesses, caused the dimensions of business to be developed.

Frank H. Knight in his book under the name of “Risk, Uncertainty and Profit” introduced entrepreneur as the main factor of any system. He described uncertainty as an inseparable factor in decision-making and believed that there is a dominant exclusive condition in any business, and relative alternation of previous events could not be applied in probable future assessment.

According to his opinion, measurable risks can be adjusted through insurance markets, but this is not true in case of uncertainty. People who make decision in a state of severe uncertainty, have to bear responsibilities for those decisions’ full consequences. Such people are entrepreneurs that mean the owners of business, not wage-earner managers who make decision regarding daily and current issues (Palmer, 1987,P.45).

Acceptance of mastership seat in Harvard University by Joseph Shumpeter (1934) along with his book “Theory of Economic Development” being translated into English, in the same year and also in the period of great economic recession, caused his idea about pivotal role of entrepreneurs in

making profit, to be considered from a different point of view. According to his opinion both interest and profit due to changes can be exist in a stable environment. Development, in its turn, will be the consequence of innovation in business or entrepreneur efforts.

Since a change may result in other changes, in addition to tend toward each other innovations increase and cause a great rise in activity and profit (Coocheran, 1968, p.90).

According to Shumpeter's idea, entrepreneur is the essential motivating force in economic development and its role is innovation or establishment of new combinations of materials (Casson, 1982). He separated the role of managers and people who establish business from the concept of entrepreneur.

From his viewpoint, each of the following activities is entrepreneurship:

Presenting new goods, presenting a new method in production process, opening a new market, finding new resources and establishing any type of new organizations in industry. In this circumstance entrepreneur should convince the capital owners about desirability of his innovation(Palmer, 1987, p.48).

Shumpeter has clear ideas concerning establishment of various type of industrial exclusives. He writes:

In such structures, entrepreneur is not merely an innovator, but the one who makes decision about allocating resources in order to utilize an invention. He does not bear the responsibility for risk. Since bearing responsibility for risk is the capitalist's duty who lends financial resources to entrepreneur (Shumpeter, 1934,p.40). Therefore it can be seen that in Shumpeter's idea, entrepreneur essentially plays the role of managing and decision-making (Cason, 1982, p.45). Finally, he believed risk is a factor which both managers and entrepreneurs experience. Therefore he described innovation as entrepreneur's characteristic and explained the meaning of an entrepreneur work, creative devastation. In his book, "Dynamic Economic Theory" he shows: Dynamic balance is made

through innovation and entrepreneurship and these two are the characteristics of a safe economy (Drucker, 1985,p.17)

According to Shumpeter's economic development model, entrepreneurship is creative devastation which is necessary in economic development as a motivating force (D. Kuratko and R. Hojetts, 1989,p.18).

As mentioned before, from Shumpeter viewpoint innovation is the criterion of entrepreneurship. He says: "The determinant characteristic is indeed to carry out new attempts or innovate new methods to carry out current attempts. New method is creative devastation comparing to the situation which has at least three main characteristics: First, in practice it is not possible to understand it on the basis of future probabilities, second, creative devastation forms a channel for future occurrences and their long term consequences and finally innovative devastation is connected with the followings:

- A. The quality of human factors existing in the society
- B. Existing capabilities in a special area of business
- C. Decisions, attempts and individual behavior model"

Therefore, the study of creative devastation in business is synonymous with the study of entrepreneurship. So Shumpeter considers a manager as an entrepreneur only when he shows creative or innovative devastation (Coocheran, 1962, p.90).

Shumpeter introduced his own viewpoint to entrepreneurship against all attitudes of economic development. Shumpeter's point of view to economic development was not an annexation to normal economic body but as a foundation for having a glance once more to vital process branched out of the new classic method of study through stable and general interaction. He pays attention to the role of entrepreneur as the player of important role in study of capitalism development area. As Herbert and Link say, entrepreneur is the human factor in economic development.

Shumpeter reaches his exclusive viewpoint about the process of the period of economic support by applying economy, sociology and history.

He agrees with Marks in that economic processes are organic and changes emerge from inside of economic system. In his theory, the social role of entrepreneur is pivotal. Shumpeter enters entrepreneur into economic development mechanism and according to his opinion, entrepreneur as a member of social class causes the continuation of self-emerging development. According to Heilbroner, the class of bourgeoisie must essentially play the role of leadership and do it by attracting innovative entrepreneurs with free spirits which provide a vital force for movement of the system. In Shumpeter theory, entrepreneur is the one who innovates. Knight in Chicago school stresses on operation, not character of entrepreneur, in his opinion, entrepreneur is the one who enter a bargain or an exchange with the aim of making profit. According to Cantillon's definition, entrepreneur buys at a definite cost , then sells at an indefinite cost and the difference between two costs will be his profit or loss. In this case, according to Baumol, all the productive and non-productive activities and even beggary are considered entrepreneurship and only their form is determined by the social institutions. Entrepreneur is the one who can be an entrepreneur not because of his character, but because of his ability in entrepreneurship and his carefulness in assessment and recognition of his own abilities.

Although Shumpeter describes entrepreneur financial function as the distinction between entrepreneur and capitalist, in Knight opinion the function of capitalist and entrepreneur are mixed up inseparably. Entrepreneur should provide financial resources, accept the risk of failure and according to definition he is the receiver of the obtained income. Therefore in Knight's opinion, entrepreneur profound and excellent prediction and tendency toward risk-taking should advance together. However, distinction between Chicago and German school is shown clearly here. In 1934, in his theory of economic development Shumpeter

writes: If we name the manager or owner of an economic activity, entrepreneur, then he is an entrepreneur of the type described by Walras, which means an entrepreneur without a special duty and without a special income.

Three decades after the first publication of : “Economic Development Theory”, the economic growth perspective which had been made by Shumpeter attract great firms’ attention. According to what Shumpeter wrote in “Capitalism, Socialism and Democracy” there are not an acceptable and economic reason inside the ideology of capitalism for capitalism not being able to have another period of success.

On the contrary, future of socialism is based on some other extra factors. When big firms accept entrepreneurs’ duties, they not only make entrepreneurs abortive, but also cause their social and ideological duties to be weakened in capitalist society, as Shumpeter writes in his book “Capitalism, Socialism and Democracy” :

“Since due to its findings, capitalistic industry, , tends to automate development, we can conclude that it tends to independence and is divided under the pressure of its success.

Very big bureaucrat industrial units not only expel small industries but deprive the class of bourgeoisie of its duties and wealth as well, in fact the main pioneers of socialism have not been the intellectuals or motivators who preached to them, but they have been some ones, like Vanderbilts, Carengies and Rockfellers.”(The Role of Small Industries in Economy, p.34-36)

Hajek (1937) stresses on the role of entrepreneur in gaining and using information. Entrepreneur’s intelligence in relation to profitable opportunities, and his readiness to utilize them through operations such as buying from somewhere at a lower cost and selling in some other place at an expensive and higher cost, changes entrepreneurship to the main factor in market process. He considers entrepreneur as some one who reacts to changes. He does not stress on innovation of entrepreneur activity and believes that right decision is not

always a decision on innovation and also immature innovations may result in disaster in terms of trading.

In his opinion “in an economic system entrepreneur is a power that helps the market to achieve balance and also improves the circulation of market process.” (Casson, 1982, p.45)

Arthur Cole (1946) considered entrepreneurship equal to general and continuous activities of managers and said it is the purposeful activity of an individual or a group of people for establishment, support or development of his unit for business and with the purpose of production and distribution of economic goods and services.

Innovation can be successful in business world only when its presenting institution is conducted in an effective manner (Coocheran, 1968, p.90).

In his book, “The Place of Economic Firms in the Society” he writes:

“Entrepreneurship is a bridge between the society as a whole – specially non-economic aspects of the society- and the established profit-making institutions for the purpose of profiting economic advantages – and satisfying economic expectations.” (Kuratko and R. Hojett, 1989, p.20)

Clarence H. Danhof believed that entrepreneur’s mind is directed towards changing formula and entrepreneur spends a few time to perform a formula.

He divides entrepreneur’s work into three parts:

Gaining related information, assessment in terms of making profit and finally establishment and operations. In his opinion, decision-making plays a fundamental role in entrepreneur’s operation (Palmer, 1987, p.48).

Kirzner believes that entrepreneurs will be often the owner of resources, too. He also believed people often ignore the opportunities before them and on the other hand they become happy when these opportunities which were ignored until yesterday, are enlightened to them. According to his idea, the essential problem of economy in every society is originated from lack of understanding opportunities. Therefore it is required to have more information about

combination and order of necessary factors to perceive these opportunities. In other words entrepreneurship means being informed of profit-making and unknown opportunities. Schultz believes that entrepreneurship is the ability to confront imbalance, not the ability to confront uncertainty.

Herbert Delink has identified twelve characteristics of entrepreneur in economic area:

- He relates risk to uncertainty.
- He is the presenter of financial capital.
- He is innovator.
- He is decision-maker.
- He is industrial leader.
- He is manager or head.
- He is organizer or coordinator of economic resources.
- He is the owner of the enterprise.
- He is the employer of production factors.
- He is a contractor.
- He is dominant.
- He is a person who utilizes resources in order to fulfillment of different purposes.

These two researchers found that risk, uncertainty, innovation and perception of change are constant in all definitions. They consider entrepreneur as a specialist in taking responsibility of making decision which affects the place, form and use of goods and resources of institutions.

In Casson's opinion (1982) , entrepreneur is a person whose expertise is reasonable and logical decision-making regarding harmonization in rare resources. He tries to distinguish a common factor among entrepreneurs by presenting the concept of arbitrage.

Entrepreneur is defined as a person who is expert in allocating rare resources according to the decisions based on his own individual recognition.

Entrepreneur believes that availability of all information is necessary for him to make decision. He chooses a way which the others do not choose and always thinks of himself to be right and the others to be mistaken.

Robert Ronstadt believes that entrepreneurship is a dynamic process for creation of more wealth. This wealth is made by the people who bears the great risk in terms of capital, time and business obligation against determination of goods or service values.

Goods or services may be or not be new or unparalleled by themselves, but entrepreneur should establish these values for goods or services by providing and allocating skills and necessary resources. Wilken (1992) considers entrepreneurship as a mediator variant and applies the characteristic of accelerating to explain entrepreneurship in economic development. He believes that:

“Entrepreneur as an accelerator, provides spark for economic development and growth. He considers four groups of factors important for appearance of entrepreneurship:

- A. Economic factors: Advantages of market and capital being provided
- B. Non-economic factors: Acceptance of entrepreneurship (cultural), social movements, security and some factors such as social class, power and control
- C. Psychological factors: Necessity of achievement, motivations and risk-taking
- D. Combination of factors of production: In order to make change in production of goods and services .”(Martin & Sum, 1992, p.89)

Kirchhof (1994) considers entrepreneurs as people who form new firms which cause establishment and boom of new jobs.

Therefore, entrepreneurs are obviously owner managers who put new and independent firms into effort in order to utilize the innovations. They start their activities with a few personal property and also with wish for gaining great wealth.” (Ahmadpoor, p.11-14)

Fred Fry (1993) believes that entrepreneur is a person who on the first stage, takes the responsibility of gathering necessary resources for an activity and his main attention is paid to development of new goods and services, namely a person who starts a risky activity and improves it through innovation tools.

In recent years, economists believe that the basis of creating wealth in today economy is knowledge and expertise and entrepreneurs create wealth from knowledge and information. And a country which provides its discoverers and innovators with suitable grounds, can become rich. All along human history, the origin of success has been the access to natural resources, but suddenly every thing changed and knowledge took its place.

Lester Thurow (1999) is one of these theoretician who believes:

“Successful economies require small firms which grow fast and change into great firms. Great firms present good jobs, conduct research and fulfill development, export and are a school for future deserving entrepreneurs.”

(Thurow, p.362) He considers one of the most important ways to economic success, the existence of entrepreneurs in a society which provides a favorable bed for their growth.

General Security and Entrepreneurship

When the term “entrepreneurship” was used for the first time by Cantillon, they believed that entrepreneurs are the owners of their businesses by themselves, but today they believe that entrepreneurs can be employed by firms and organizations. And therefore, new definitions of entrepreneur were presented.

Independent entrepreneurs: there are many definitions of independent entrepreneurs. In one of them the issue of entrepreneurship is introduced in this way: Entrepreneur is a person who identifies opportunities, gathers the necessary resources, undertake designing and performing an operational plan, collects the achieved consequences on time and in a flexible manner. In another definition, entrepreneur is a person who understands the opportunities of market

and provides necessary capital and property in order to take advantage of those opportunities. Independent entrepreneurs require financial support of investors severely in order to establish their new and new-found firms and their growth or development and providing a full and right working plan, plays a vital role in gaining investors' confirmation and in other words in success of independent entrepreneurs (Aghaii, Samad, 1378,p.17).

Relation between entrepreneurs and the people who work well is very good and close. They are problem-solver and do not ignore the problems easily. Entrepreneurs connections are often unofficial and they are against organizational hierarchy. They make decision well and are not afraid of decision-making in case of not having enough information.

Factors such as expertise, training, innovation, competitiveness, etc. can be of the important factors in implementation of entrepreneurship, but there are some other important factors which can create and develop the process of entrepreneurship effectively. These factors are as follows:

1. Social infrastructures: Good infrastructure of business can support trading activities effectively and causes the most significant factor of production - people and their spiritual capital- to be grown. The same issue can facilitate distribution of resources and circulation of information and promote natural environment of business. Moreover, it can develop competitiveness and encourage workforce to perform work and create entrepreneurship.
2. Research and development: Long term investment in this field can resulted in innovations and new technologies and provide the ground for constant economic growth. Shortage of information, knowledge and experience causes weakened management and low productivity of human resources.
3. Quality of human force: Skillful workforce, motivation and positive attitude toward growth and development, and training and gaining expertise cause the power of trading to be boosted and bring about economic growth and development.

Employers' manner in respect of attracting, growing and preserving aptitudes can be followed by high entrepreneurship. Nowadays, one of the effective factors on development of entrepreneurship is creating an environment of general security, friendly trading with enough motivation for all the individuals who can change into influential entrepreneurs in their own work field.

Why it is essentially necessary to deal with entrepreneurship and employment?

Entrepreneurs make wealth from knowledge and information and a country can become rich in case of providing ground for its experts and geniuses. In industrial societies every day some new policies and innovations are applied to change social and economical behaviors of the people. In this way capitalism follows its movement in a strengthened shape and with more guarantee; and economic cycle is followed by a faster movement. Utilizing material and workforce of a society and making social, cultural and economic qualitative and quantitative changes are in the line of improvement of life condition and general security and general security requires emphasis upon economic growth, improvement of quality of life, utilization of technology and industry, improvement of rural areas, training human force, administrative improvements, increasing education facilities, emphasis on researches, etc. Entrepreneurship is the last model introduced to the world as the factor of development. For creating such an atmosphere it should be started from family. Strengthening policies of government in this category is very important and useful.

Entrepreneurs should seek for new business which confront a few competition inside the country or no competition at all. In this condition, new products with high added values will be produced. Entrepreneurs take new technologies at their service to change old industries, reduce the costs at a considerable rate, obtain more profit in comparison with other firms; and due to all these issues they are bestowed the title of economic development engine, Since they can cause rising in productivity, creating jobs and social welfare in the process of economic growth and development of the country. We can list the

entrepreneurship characteristics as follows: innovation, moderate risk-bearing, seeking for opportunities and to equip resources in order to take advantage of opportunities through establishment of new business or change in existing institutions. Therefore entrepreneur should be diligent, persistent, risk-bearing and he should also have extra internalization and a strong desire for success.

In fact, with creating new notions and through establishing a new style of working he should introduce new products to the society. Undoubtedly there are many people with such mental and spiritual characteristics all societies, therefore necessity of a suitable bed and ground for their rich presence is evident.

Many theories of economic growth are based on opinions of some economists such as Adam Smith, Richardo and Karl Marks who have known factors such as accumulation of capital, changes in population, division of labor and entrepreneurship as the effective factors on economic growth and development. Economists have confirmed that one should put production resources(land, labor, capital) into use in order to fulfill production.. He is called employer and his activity, entrepreneurship. Therefore from capitalism point of view, it is assumed that employer is the owner, investor or promoter of production factors and his decisions are made depending on more profit and capital returning. A society can develop when entrepreneurship is accepted as a job by many people of the society. Since entrepreneurship in society has some consequences including: Entrepreneurship causes employment-creation, since creating a business results in demand for workforce. And while people in a society have jobs and income and do not face problem in case of providing their own and their families' requirements such as dwelling, health and treatment, education, etc. the society can be calm and help general security of the society. Entrepreneurship also causes the life quality to be improved, since in addition to innovating and developing new goods and services constantly, entrepreneurs seek for methods to produce these goods and services in a more effective

manner and such new efforts cause better machinery and more effective production systems to be made and consequently improvement of life standards. Entrepreneurship causes appropriate distribution of income and elimination of social anxieties, since from their viewpoint nothing is unusable and we should identify economic factors, raw materials and other resources in virgin areas and help the country improvement and development through establishment of new enterprises in these areas. They even extend entrepreneurs working area by investment in their own works and this means reduction of poor classes in the society which will help to solve social problems and improve general security undoubtedly.

Labor Law and Entrepreneurship

The objectives labor law seeks to achieve, contain economic, cultural and social aspects.

We can count the demands of a right labor law as follows: regulating labour connections, making an environment of responsiveness and cooperation between two factors of workforce and management, facilitating human management based on creativity and innovation, making a suitable ground and atmosphere for growth and rise of human force, help to create employment and providing job opportunities, accelerating economic growth and making incentives for investment and more supply of goods and services. Some of the superior aims of labor law in Iran are attracting technology, promoting the level of productivity, providing the rights of employed human force, propagation of work culture, explanation of encouragement and punishment systems, help reduction of costs through increasing production of goods and services, guarantee wage and subsistence in the period of employment and joblessness, making relation between individuals and scale of their work and making flexibility and dynamism. Fulfillment of each above cases can result in real

guarantee for individuals' job security and making ground for entrepreneurship of entrepreneurs.

According to the law of the third development plan which is concerned with paragraph Z of article no. 4, it is necessary to notice a fundamental change in labor law specially by the government. Labor law has been disputed by many of experts up to present and it is hoped that some problems are resolved by its approval. Revision to labor law specially in the condition of confronting joblessness, is one of the necessities for providing ground for privatization and can be considered vital in this direction. Although the parliament and government have taken the risk of its implementation, the atmosphere should become readier for privatization in Iran.

According to approval paper of the cabinet on the 29th Ordibehesht 1370, implementation of privatization plans was started in Iran. In this approval paper it has been pointed to only transfer the shares belonged to the government and public organizations and companies and there is nothing about the other methods. 19 months after the first approval about the public companies submission on the 26th Day 1371, another approval paper was communicated that indicated some new attempts to eliminate the previous ambiguities. In this paper the responsibility of policy making, planning and adopting other necessary expedients to advance shares submission were given to the Economy Council. After the occurrence of some problems in privatization, which was more due to making an unfavorable atmosphere in the society, on the 19th Mordad 1373 a new law under the name of "The Law of Transferring the Public Shares to the Devotors and Laborers" was approved. According to this law the previous laws concerning submission of companies was nullified and the terms of new law became the basis of implementation of privatization policy. But, in practice, the new law brought its implementation to a standstill and actually halted privatization process in Iran. During 1377 up to 1378, we had witnessed the approval of note no. 35 in budget laws and granting full authorities to the

government in order to determination of public companies status. According to the terms of this note, some aims have been noticed such as employment creation, reduction of government interference, fair distribution of wealth, attracting participation of private and cooperative sectors, repayment of public companies' debts, providing the government financially to complete unfinished plans in order to privatization (Behkish, p.117-119).

To study carefully the various aspects of privatization policy in Iran, thorough statistics and information are needed. But with respect to recent years operation and achieved results it can be concluded that the government has not been successful in performing privatization policy and has not been able to fulfill its initial aims. Since the privatization laws in the country has noticed the process of privatization in goods producer units and has paid less attention to privatization of service sector. On the other hand one of the main reasons for unsuccessfulness of this policy is lack of suitable atmosphere for privatization and also lack of thorough assessments about the abilities of private sector, its financial facilities and management, etc. Incomprehensiveness of approved laws related to privatization has also caused astray and distrust on the government policies in this part.

During recent years, there has been various factors against privatization in Iran. These are as follows: Lack of separation between social and economic aims in implementation of this policy, unfavorable condition of public companies structure, lack of suitable bed for economic activities in the country, private sector inconfidence in financial outcome of these units, lack of a favorable system for the purpose of pricing transferable units, transfer of some units to companies depending on government, ineffectiveness of private sector management, existence of opposite viewpoint to private sector among politicians, scholars, and various groups of the society, etc.

Impediments and Restrictions in the Thought of the Country Economic Development

It can be considered that existing inadequacy and deficiency in the knowledge of economic development in Iran are mostly due to equalization by the world authoritarians and domination of western capitalists and accepting and believing it in the third world countries. This deficiency which has been expanded through education, is considered as one of the main impediments to development approach. Economic deficiency and its consequence, lack of economic development, initially confronts shortage or even lack of necessary researches, and elimination of this shortage requires collective endeavor. There has not been a favorable concrete and spiritual condition to perform necessary researches in this field with the aim of providing a suitable model according to Iran condition because of shortage of experience and awareness of some officials. This issue causes unfavorable privatization and lack of tendency to entrepreneurship aspects in industry or cultural and social affairs. In our country, the purpose of development is not merely economic but refers to development of favorable cultural behavior that workforces and specially thinking forces, also managers and officials show in the process of development. If we consider deficiency in economic thought and specially thought of development as the most important factor of economic disorder, then the most vital movement for favorable privatization is creating and increasing the ability to produce thought to fulfill the introductory movement for better management.

Government interference is always considered as one of the important and effective elements in analysis of entrepreneurship. In Iran economic system, institution of government plays an obvious and prominent role in economic area. Enactment of laws and regulations affects economic relations and activities greatly and hinders the other economic players including entrepreneurs of small units. Many difficulties reduce employers' incentives to

train workforce and as a result make negative consequence in productivity. These difficulties consist of gaining permission to form and start a small unit to work by entrepreneurs, problems of the manner of allocating bank credits to agents of small units, limitations and hindrances of import and export laws, tax laws and labor law for entrepreneurs, instability of laws and regulations and continuous changes of them, bureaucracy of different channels to obtain numerous permissions, taking security by banks against bank facilities, etc. These cases and many other things reduce general security for production and entrepreneurship.

Conclusion:

Entrepreneurship causes utilization of resources and activation of them for great national productivity. For example we have plenty of ironstone mines which can be utilized to produce spare parts of automobile and machinery. Establishment of an iron-foundry causes not only utilization of raw materials to change domestic industries but also result in exchange income and saving of time and no need to import. Entrepreneurship even makes a way to the best utilization of financial resources and personal savings of family.

Entrepreneurship causes general security through government. Government can invest in various projects such as construction of roads, bridges, medical and educational services and facilities, keeping the peace and good will by incomes which obtains through tax of customs duties and duty of submitting permit to entrepreneurs.

On the other hand, privatization can be an environment for growth of entrepreneurship and results in reduction of costs and growth of innovation and so reduction of goods prices.

Competitive atmosphere which is created by entrepreneurs can result in rising efficiency so that controlling and interrupting regulations in countries will be eliminated. The above factors can be considered to reinforce the role of market

against decisions of government as economic agent which, in fact, provides causes for continuation of entrepreneurs' activities and also promotion of quality of activity and reduction of costs. And this very presentation of entrepreneurs can be in favor of national economy. In this direction increasing efficiency and competitive atmosphere can be resulted in elimination of some of governmental exclusives. Production and finally circulation of technology can play an important role in development of global production among countries. Moreover, consequences of entrepreneurship such as innovation, invention and activities of research and development can play a pivotal role in creation of employment and ride of welfare and general security.

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