A Brief History Of Entrepreneurship

Contents

- Earliest Period
- Middle Ages
- 17th Century
- 18th Century
- 19th Century &
- 20th Century
Earliest Period

- Marco polo, as a go-between was an Italian.

- He wants to trade routes to the far East.

- As a go-between, He had to sign a contract with a money person to sell his goods. In the contract merchant-adventurer took a loan at 22.5% rate including insurance.
• Capitalist was the passive risk bearer and merchant-adventurer took the active role in trading, bearing all physical and emotional risks.

• When the merchant-adventurer successfully sold the goods and completed the trip, the profits were divided with the capitalist taking most of them (up to 75%), while the merchant-adventurer settled for the remaining 25%.
Middle Ages

• Entrepreneur used to describe both as an actor and a person who managed large production projects.

• Individuals did not take any risks because all the resources used to provided by the government of the country, all an entrepreneur should do is to manage it.
• A typical entrepreneur in the middle age was the priest.

• The person in charge of great architectural works used to build castles and fortifications, public buildings, abbeys, and cathedrals.
The connection of the risk with entrepreneurship developed in the 17th century.

An entrepreneur was a person who entered into a contract with the government to perform a service or to supply stipulated products.

John law, a frenchman was one of the entrepreneur in that period.

The founder of the royal bank of France and the Mississippi Company, which had an exclusive franchise to trade between France and the new world.

Monopoly on french trade eventually led to collapse of the company.
• Richard Cantillon, a well-known English economist at the beginning of the 17th century, understood Law’s mistake.

• He viewed the entrepreneur as a risk taker, observing that merchants, farmers, craftsmen, and others sole proprietors “buy at a certain price and sell at an uncertain price, therefore operating at a risk.”
In the 18th century, the person with capital was differentiated from the one who needed capital.

The entrepreneur was distinguished from the capital provider.

One reason for this differentiation was the industrialization occurring throughout the world.

Eli Whitney was an American inventor best known for inventing the cotton gin. This was one of the key inventions of the industrial Revolution.
• Thomas Edison, the inventor of many inventions. He was developing new technologies and was unable to finance his inventions himself.

• Edison was a capital user (an entrepreneur), not a provider (a venture capitalist).
In the late 19\textsuperscript{th} and early 20\textsuperscript{th} centuries, entrepreneurs were frequently not distinguished from managers and were viewed mostly from an economic perspective.

- The entrepreneur organizes and manages an enterprise for personal gain.
- The materials consumed in the business, for the use of the land, for the services he employs, and for the capital he requires.
Andrew Carnegie is one of the best examples of this definition.

Carnegie, who descended from a poor Scottish family, made the American Steel Industry one of the wonders of the industrial world.

In the middle of the 20th Century

The function of the entrepreneurs is to recreate or revolutionize the pattern of production by introducing an invention.

Innovation, the act of introducing some new ideas, is one of the most difficult tasks for the entrepreneur.
• Edward Harriman, who reorganized the railroad in the United States.

• John Morgan, who developed his large banking house by reorganizing and financing the nation’s industries.

• Traditional technologies innovations (translators, computers, lasers) that are usually associated with the word invention.
• The Egyptian who designed and built great pyramids out of stone blocks weighing many tons each, to laser beams, supersonic planes and space stations.
The End