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A HISTORICAL AND COMPARATIVE VIEW ON THE STUDY OF INDIAN ENTREPRENEURSHIP

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Asia's recent economic success has led to a renewed interest in the study of Japanese management practices and Chinese business networks in East and Southeast Asia. Yet, studies on the business strategies of entrepreneurs in South Asia, above all in India, do not seem to play any role in the present-day discussion on the nature of Asian entrepreneurship. This lack of interest is remarkable, particularly in light of India's long and well-established tradition in entrepreneurship studies and the prominent role research on Indian businessmen has played in earlier debates on the nature of entrepreneurship in Asia.

The purpose of this paper is to present a brief, selective overview of the study of entrepreneurship in India over the past few decades and to indicate the need for a comparative perspective. Studies of Indian entrepreneurship have employed a variety of theoretical perspectives, but they can be divided into two major categories that, for the purpose of this discussion, I have dubbed the "cultural perspective" and the "structural perspective", respectively. The cultural approach to the study of Indian entrepreneurship in the 1950s and 1960s was inspired by Max Weber's Protestant ethics thesis and explored the compatibility (or incompatibility) of Hindu religious values and other cultural factors with industrial entrepreneurship in India. Extricating the field from this cultural perspective, structural analysis became the dominant approach to the study of Indian entrepreneurship in the 1970s and 1980s. This structural perspective was mostly based on Marxist theories of capitalist transformation and emphasized macro-economic or political factors to explain the development (or lack) of Indian entrepreneurship.

While this structural perspective in research on Indian entrepreneurs in the 1970s and 1980s has indisputably produced a substantial and significant body of knowledge, it has inadvertently contributed to the increasing isolation of the study of entrepreneurship in India from discussions taking place in other parts of the world. Entrepreneurship studies in the 1970s and 1980s regarded comparisons of the behaviour of Indian entrepreneurs with general models about the rise of the class of industrialists in Europe as Eurocentric historical determinism and therefore unconditionally rejected any such attempts. Even more disappointingly, entrepreneurship studies in India became isolated from similar discussions on entrepreneurship in East and Southeast Asia, where the cultural perspective remained dominant throughout the 1970s and 1980s. In order to solve this problem of segmentation of debates on entrepreneurship in different regions of Asia and Europe, I argue in this paper for a comparative perspective in the study of Indian entrepreneurship, stressing particularly the need to combine the findings on entrepreneurship in India with similar discussions on entrepreneurs in East and Southeast Asia, and with those on the early and present-day industrialists in Europe.

The Cultural Perspective

Discussions on the nature and manifestations of entrepreneurship in India in the 1950s and early 1960s were directly linked to investigating the basic causes of India's economic backwardness. The dominant approach at that time was modernization theory originating in the assumption that Indian cultural and religious values were incompatible with the spontaneous development of industrial capitalism. This 'cultural perspective' was inspired by Max Weber's Protestant ethics thesis (1976, 1978), that emphasized the cultural embeddedness of capitalist development and the ideological motivation for rational profit seeking among early European capitalists. This approach was employed in studies that explored the compatibility of Hindu religious values with industrial entrepreneurship. A number of early studies carried out in India tested Weber's thesis by looking for an equivalent of the Protestant ethics, or some kind of "this-worldly asceticism", in Hindu religion that could have contributed to the development of capitalist entrepreneurship. Cases in which this association was claimed included the Jains and the Parsis (McClelland 1961: 368-69; Milton Singer 1956: 81-91; and Goheen i.a. 1958).

A more influential approach within this modernization framework came from those scholars who turned their attention to elements in Hinduism that were generally considered hindrances to entrepreneurial development. Following Weber's analysis of Hindu society (1958), these scholars argued that the spirit of enterprise was inhibited among the indigenous population of India by the religious philosophy of resignation embodied in the doctrine of karma and by the rigid social organization of the caste system and the joint family (see, e.g., Elder 1959; and Kapp 1963). According to this cultural perspective, these negative elements were viewed as important factors in explaining India's retarded economic growth. "The result was that the Indian personality, by and large, remained unentrepreneurial, if not anti-entrepreneurial", a view reported—not shared—by Dwijendra Tripathi (1992: 77).

This alleged incompatibility of Indian ideology and values with economic enterprise was held to be responsible for India's failure to make a successful transition to industrial development along the lines followed in Western Europe at the beginning of industrialization. In his study on the European transition from "feudalism to capitalism", Maurice Dobb (1976) traced two possible ways in which industrial capitalism usually emerges. In the first way, small producers develop from craftsmen into industrial entrepreneurs. The second is that employed by merchants who become involved in the production process by controlling the producers, through the buying and delivering of raw materials and the selling of finished products. Dobb claims that the first of these two roads to industrial capitalism was the critically important process in the early industrial development of Western Europe. By combining productive and commercial functions, small artisan producers started to manufacture on a larger scale, for which they made use of wage labour that had been freed from the handicraft restrictions of the guilds. The activities of the European merchants, on the other hand, remained limited to the mechanics of buying and selling without any real involvement in the internal organization of production and production techniques.¹

Development in India is assumed to have taken the opposite track to that followed in Western Europe. Because of their 'resistance to change' and the restrictions of the caste system,

¹ Dobb's study on the issue of the transition from 'feudalism to capitalism' has provoked varied reactions, many of which have been collected in a volume by Hilton (1976).

Indian artisans did not form an important source of entrepreneurial talent in modern industrial development. This was pointed out by Weber (1958) who emphasized the traditionalism of Indian artisans which he thought was reinforced by the fact that the caste structure was an obstacle to occupational mobility and socio-economic change, placing a premium on acceptance of one's caste dharma and on following traditional ritual laws. Those authors who studied industrial development in India in the 1950s and 1960s within the overall modernization framework had a similarly low opinion of artisans, stressing that their contribution to India's industrial development had been negligible. One of the best-known views in this respect is that of David McClelland (1961) who argued that the presence of a specific motivational structure, the desire to achieve purely for the sake of achievement—i.e. the “achievement motivation”—is of critical importance to successful entrepreneurship. In 1957, he had already said that Indian artisans lacked entrepreneurial values and motives, a conclusion he based on his experience with handloom weavers in Orissa. The way McClelland saw it, these Indian weavers lacked “the importance of maintaining quality of workmanship, concern for a long run relationship with consumers, and the assumption of personal responsibility for the product of one's own work” (cited in Singer 1960: 263). Staley and Morse wrote that only a very small proportion of artisans in India commanded the talent and motivation to become successful entrepreneurs owing to the fact that they were bound by traditional norms, values, and obligations (1965: 71).

Along with this view that, in contrast to Western Europe, small artisan producers did not play a critical role in the development of industrial capitalism in India, there was a strong focus on the category of merchants as the prime movers behind the transition to industrial capitalism in India. To a large extent, this position is consistent with the historiography of Indian industrial development (see Berna 1960: 8; and Streefkerk 1985: 30-31). Following Weber, however, there have long been doubts about the suitability of Indian traders to be industrial entrepreneurs. Weber argued that the most important reason why Indian traders would not be able to make the transition from “pariah capitalism” to “rational capitalism” was to be found in their rituals and in the caste structure. In his view, Indian traders remained in their ritual seclusion “[...] in the shackles of the typical oriental merchant class, which by itself has never created a modern capitalist organization of labour” (1958: 112).

In line with Weber's analysis, studies conducted on Indian entrepreneurs emphasized the specific commercial style and poor reputation attributed to Indian traders that were said to stand in their way of establishing modern businesses. These studies argued that Indian moneylenders and traders, given their stark profit motivation, could not be considered a significant reservoir of industrial entrepreneurial recruits. Their commitment towards rapid and not necessarily honest profits closely parallels the traditional Vaishya ethic, in which, according to this view, such activities can find religious sanction. For Indian traders wealth is to be amassed and then, at intervals, consumed in magnificent marriages, religious services, and funerals that enhance the status of the family (Elder 1959: 17). In this view, Indian entrepreneurs with a trading background are contrasted to those industrial entrepreneurs who are production-oriented, work within a long-term framework, are patient, tend to re-invest profits into industry, promote technological improvements, and are prepared to take risks (Berna 1960).

Studies conducted on Indian businessmen in the 1950s and 1960s dwelt on this notion of the unsuitability of Indian traders to industrial entrepreneurship (see McCrory 1956; Berna 1960; Hazlehurst 1966; and Fox 1969). In this view, the cultural disposition and subsequent

commercial orientation of the Indian businessmen with a trading background were supposed to have turned the highly-developed profit motivation of Indian entrepreneurs not towards productive investments of significant scope but towards consumption and towards less risky and more immediately profitable fields of economic activity. Partly building on McCrory (1956), who carried out a study in the 1950s among owners of small industrial firms in a north Indian city, James Berna, for example, argued that Indian entrepreneurs with a background in trade are “opportunistic businessmen with very short time horizons, interested only in fast turnover and quick profits, completely unconcerned with technology, unwilling to invest more than the bare minimum in fixed capital, and still preoccupied far more with trade than with industry” (Berna 1960: 217). This was also expressed by Leighton Hazlehurst on the basis of research among Banias in a Punjab town (1966: 145), and by Richard Fox who studied Banias in another small North Indian town (1969: 143).

The cultural perspective that dominated research on entrepreneurship in India in the 1950s and 1960s was not an isolated case, but was part of a wider attempt to apply Weber’s Protestant ethic hypothesis to material drawn from various parts of Asia. The best-known examples of such analyses outside India are the study by Robert Bellah on the Jodo Buddhism and the Hotoku and Shingaku movements in Japan (Bellah 1957), and the study by Clifford Geertz on the Santri Muslims of Java, Indonesia (Geertz 1968). In some instances, attempts were made to discuss these separate analyses of entrepreneurial groups in various regions of Asia from a comparative perspective (see e.g. Bellah 1968; and Eisenstadt 1968). In these attempts toward achieving a comparative analysis of Asian entrepreneurship, early studies on Indian businessmen seem to have played a prominent role. David McClelland’s ‘achievement motivation’, for example, was based largely on examples from India (McClelland 1961), while the discussion that followed Milton Singer’s analysis of several Indian examples in his ‘Cultural Values in India’s Economic Development’ (1956) was not confined to India, but became part of a wider debate on the Protestant ethic analogy in Asia (see e.g. Bellah 1968; Eisenstadt 1968; Singer 1966; Staley and Morse 1965; and Myrdal 1968).

As Bellah (1968) points out, this early focus on the motivational factor in Asia gave way later to a broader ‘institutional’ perspective based on a less narrow reading of Weber, according to which capitalist development is thought to depend on a more basic transformation in social structure rather than on ideological predisposition only. This shift in Weberian studies on Asia was most clearly present in the studies on entrepreneurship in India. Milton Singer (1972), for example, challenged Weber’s thesis by arguing that Hindu industrialists in Madras compartmentalize their religious lives and their business activities. He also argued, in opposition to most scholars, that joint family organization plays a positive role in industrial entrepreneurship (see also Kennedy 1965; Singer 1973; and Fox 1973).

In spite of these early attempts to include social and institutional aspects in the cultural perspective, the focus of most of the early approaches to Indian entrepreneurship in the 1950s and 1960s was unidimensional, accentuating cultural factors to explain the putative bottleneck in the supply of entrepreneurship as one of the main reasons for India’s retarded economic growth. Moreover, in their anxiety to justify the assumption that social and religious values of a community are bound to influence economic behaviour, these early studies were essentially deductive in character and Eurocentric in orientation. By applying Weber’s analysis to Asia, they made use of a model that was explicitly shaped by the European experience of the rise of industrial capitalism. Absorbed in their role model, analyses hardly paid attention to the actual

experiences of Indian businessmen and the way they adapted their entrepreneurial strategies to changes in the material environment. Their focus was on the study of Hindu religion and of the norms of social organization in order to gain an insight into their compatibility with economic development. Having an all-India perspective, these early works often viewed India as a discrete cohesive system, ignoring the fact that various regions of India might show different kinds of entrepreneurial behaviour (Tripathi 1992: 81).

2. The Structural Perspective

In the 1970s and 1980s, this cultural approach to the study of Indian entrepreneurship was attacked and superseded by what I have called a structural perspective. Studies within this paradigm, based mostly on theoretical views of Marxist origin, criticized the cultural approach and modernization theory it was rooted in for its lack of understanding of the exploitative relations between developing countries and the economically advanced countries, both at present and from a historical perspective. Contrary to these cultural analyses, the structural perspective linked variations in entrepreneurial development in India to the broader politico-economic and historical context, particularly to the experience of colonialism and neo-colonialism. The overall notion was that these structural factors had impeded the creation of indigenous industrial capital or had thrown up aberrant types of entrepreneurship in India (for an overview of the literature, see Tripathi 1992; Streefkerk 1985; and Rutten 1995).

The first point these various scholars challenged was the previously held view on the relative contribution of caste- or religion-based groups to India's industrial development. Instead, structuralists emphasized the prominence of several hereditary business communities in the formation of the modern business class in India. The rise of business corporations and corporate management by members of specific communities and castes in India indicated that Indian businessmen were capable of perceiving new opportunities and developing a distinctive style of management consistent with their needs and social structures. The tight organization as a commercial community that characterized such groups as the Marwaris and the Parsis, for example, certainly helped the members of those communities to compete on more than equal terms with the rest of the population (Kennedy 1965; Timberg 1978). Seeking a reason for the success of these communities, it was pointed out that the decisive factor was not so much their cultural disposition or religious mentality, but their social networks and the strategic positions they had carved out for themselves early on by virtue of acting as the collaborators of the Europeans in the Asian trade (Ray 1992: 1-69; Dobbin 1996: 77-155).

The question of the relative contribution of artisans and merchants to India's industrialization, that was central to the cultural perspective in the 1950s and 1960s, also played a prominent role in the structural approach to Indian entrepreneurship in the 1970s and 1980s. Yet this time the explanation was very different. The alleged failure of Indian artisans to engage in industrial enterprise was not explained by reference to their 'traditional' orientation, but by reference to the colonial policy and the process of de-industrialization. Authors writing from a structural perspective harped upon the fact that the artisan motivations and standards in India suffered enormously under British rule, during which period the economic circumstances of a large number of artisans deteriorated considerably. Imperialism by its very nature was exploitative and the heavy yoke of British domination with its mercantilist strategy of import tariffs on textiles from India was too much for the Indian economy to bear, and beyond their capability for

circumvention. Consequently, Indian business developments were bound to be retarded and the entrepreneurial ability of Indian artisans could not find its full expression. This process has been described as ‘de-industrialization’ or ‘peasantization’, in which British rule led to a decline in urban and village handicraft production and to a displacement of traditional manufacturers as suppliers of consumption goods to the internal Indian market (Bagchi 1972, 1988).²

Other scholars working within the structural perspective stressed that the previously held cultural notions regarding the contribution of artisans should be corrected because in many instances artisans in India did in fact become industrial entrepreneurs (Holmström 1985: 85-6; Saberwal 1976; Chadha 1986: 33; and Streefkerk 1985: 124). They no longer tended to accentuate the alleged lack of entrepreneurship but turned attention to the quality of the entrepreneurial behaviour of industrialists in India. According to these studies, Indian industrialists expended considerable effort on the purchasing and marketing aspects of their firms but paid very little attention to the actual production process. On top of this, they tended to display simultaneous interest in a number of activities, and to engage in a large variety of activities over time. These frequent shifts deterred the attainment of proficiency in any single line of production, and militated against the improvement of quality and technological advance. These authors claimed that this aspect of commercialism was the most typical distinguishing characteristic of Indian industrialists (see for an overview of this discussion, Streefkerk 1985, 1997; and Gorter 1996). Moreover, they emphasized that it was a response to structural factors such as imperfect markets or lack of an adequate institutional framework. Structural features in the economy or the interference of the state were thought to encourage non-productive forms of entrepreneurial activity in India, including the spreading of risks through diversification of investment and a preference for high-profit speculative activities rather than long-term commitment. Commercialism was considered not to be the characteristic of a specific social group but inherent in the Indian socio-economic structure (Van der Veen 1976: M-93; and Streefkerk 1985: 170).

On the basis of these characteristics, most industrialists in India were viewed as ‘routine entrepreneurs’ (Leibenstein 1978), ‘imitative entrepreneurs’/‘meta-innovators’ (Broehl 1978), ‘financier-industrialists’ (Holmström 1985) or ‘commercialists’ (Streefkerk 1985). They financed industrial production as a commercial undertaking and started industries to fill a known gap in the production chain or to manufacture a specific known component. In contrast to true ‘innovators’ (Schumpeter 1934) and ‘technician-industrialists’ (Holmström 1985), who learned new skills and production techniques by trial and error and improvisation and who built up their businesses gradually by reinvesting profits, most industrialists in India were thought to have no interest in developing either the production process or the production capacity, but were credited with a strong tendency to get involved in a number of different commercial activities, either successively or simultaneously.

With this emphasis on the quality of industrial entrepreneurship in India rather than on its volume, the structural perspective of the 1970s and 1980s created further doubts about the validity of the emphasis on the lack of Indian entrepreneurship that characterized the cultural approach in the 1950s and 1960s. In contrast to earlier cultural studies, entrepreneurship studies

² The discussions of the economic effects of British imperialism reveal a good deal of variation that must be accounted for. Urban handicrafts were affected earlier than village ones and the different types of village crafts were harmed in varying degrees. Furthermore, there were regional differences. See for example Bagchi (1976); Desai (1966); Dutt (1940); Gadgil (1971 [1924]); Matsui (1968); Morris (1968); and Mukherjee (1958). Recently revisionist historians have challenged the prevailing notion that industrial entrepreneurship in colonial India was solely in hands of the British (Goswami 1989; Mahadevan 1992).

published in the 1970s and 1980s often placed a strong emphasis on empirical research. In this, they displayed a welcome shift away from the purely deductive approach of the 1950s and 1960s by incorporating entrepreneurial-managerial experiences in their analyses, usually based on in-depth surveys and intensive fieldwork. Pertinently, structural studies conducted in the 1970s and 1980s had a regional focus rather than an all-India perspective and often combined socio-cultural and structural factors in their analysis to explain the specificity of business strategies of Indian entrepreneurs.

3. A Comparative Perspective

A look at the history of the emphasis on structural aspects within the ‘mode of production’ analysis by Karl Marx and on cultural aspects within the ‘spirit of capitalism’ analysis by Max Weber reveals that both analyses were originally closely related. Both thus shared a common concern with the origins and likely course of evolution of industrial capitalism in Western Europe. More specifically, Weber saw the economic conditions that Marx believed determined the development and future transformation of capitalism as embedded within a unique cultural totality (Giddens 1972). While the cultural and the structural approaches have common roots in nineteenth-century European social thought and share certain assumptions about the nature of capitalist development there was a significant difference. A characteristic feature of the structural paradigm of the 1970s and 1980s was that studies on entrepreneurship in India implicitly, indeed sometimes even explicitly, turned away from general theoretical models in an attempt to avoid the trap of Eurocentric historical determinism that characterized the earlier cultural approach to the study of entrepreneurship. It was generally assumed that the emergence of the entrepreneurial class in India was a historically unique phenomenon and the factors leading to it were so specific that they could not be compared with the rise of the early industrialists in Europe. Accordingly, the emergence of entrepreneurial classes in India was usually regarded as a historically unique phenomenon that could not be compared with similar processes in European history. For exactly this reason, research during the last two decades has focused almost exclusively on the study of India in its own right. Any comparison of industrialization in India with the European path of industrial transition has often been regarded as historical determinism and therefore rejected outright.³

To a large extent, this stance is of course a valid one. History does not repeat itself mechanically; a nineteenth-century pattern of development could hardly be repeated in detail today. All processes of change have specific prerequisites and peculiarities, which will differ from country to country and from one period to another. While this turning away from Eurocentric paradigms has of course been beneficial, there is some danger in rejecting completely any kind of comparison between capitalist development in India today and that in Europe in the past. The terminology employed to describe Indian entrepreneurs shows that comparisons with the European experience are in fact still being made, yet less explicitly so. Characterizations of Indian industrialists as ‘commercialists’ or ‘financier-industrialists’ are often based on a particular conception of industrial capitalism that is derived from what early European

³ Christer Gunnarsson suggests that the outright rejection of the European experience as an object of comparison for developments in Third World countries can be partly explained by both the Marxist and Rostovian connotation such a comparison involves. By postulating that there is only one type of industrialization, i.e., the European type of industrialization of which the Third World type is a mere repetition, the Marxian and Rostovian models represented a serious type of misinterpretation and thereby equipped comparative history a bad reputation (Gunnarsson 1985: 189).

capitalism, and the trajectory of its development, is thought to have been like. In particular, this conception stems from a particular reading of the industrialization experience in Western Europe, particularly in Britain. Whether the focus is on the economic and technological preconditions for industrialization, or on the socio-cultural or ideological bases of entrepreneurship, the model is shaped by the European model. In this model, industrialization is a linear process leading to the development of large-scale factory production, wage labour, and private investment by thrifty, innovative, and individualistic entrepreneurs. Forms of productive organization, labour relations, investment strategies, or entrepreneurial behaviour that do not conform to the model are considered deviant. In an earlier essay, I gave a brief overview of economic historical studies of the early industrialists in Europe (Rutten 1994). I concluded that the characterizations of the entrepreneurial class in Asia are partly based on assumptions about the origin and nature of the first industrialists in Europe, assumptions that are often highly questionable. For the present analysis, I would like to take this argument one step further: I maintain that by applying theoretical accounts of European capitalist development to the Asian case, the cultural and the structural approach to entrepreneurship—at the outset closely linked to one another as demonstrated above—became disconnected. After an emphasis on the cultural perspective in India in the 1950s and 1960s, studies on Indian entrepreneurs pursued a more Marxist analysis and focused almost exclusively on the structural aspects of entrepreneurial behaviour. In doing so, the structural perspective in the study of entrepreneurship in India in the 1970s and 1980s produced a substantial and significant body of knowledge, but it also resulted in increasing isolation from similar discussions on entrepreneurship in East and Southeast Asia, that remained inspired by Weber and focused almost exclusively on the cultural aspects of entrepreneurial behaviour.

Following Weber's original analysis of the cultural set-up that stimulated the rise of capitalism in Western Europe in the eighteenth and nineteenth centuries (and his subsequent studies on other world religions), studies on East and Southeast Asia concentrated their analysis on the particularity of the cultural set-up of Confucianism, Buddhism, and Islam that supported or hindered a similar kind of development in Asia. The types of entrepreneurship found in the region were attributed to the value systems or religious backgrounds of businessmen. The 'dependent' nature of entrepreneurs was associated with a specific mentality or business culture in which public and private interests mix effortlessly. According to this view, Muslim and Chinese businessmen in Southeast Asia, for example, display a strong inclination to make use of politically secured economic privileges to accumulate capital, and are characterized by a preference for taking a slice of someone else's wealth rather than creating it for themselves (Clad 1989; Abdullah 1994; and Muhaimin 1990). A more recent version of the cultural approach is the 'Confucian culture' argument (Redding 1990; Silin 1976; and Wong 1989). While cultural factors were first used to explain why Chinese businessmen were unable to develop corporate businesses and thereby to become successful entrepreneurs, the same argument was later turned upside down to explain the recent rapid development of East and Southeast Asian countries by emphasizing the contribution of traditional Chinese 'values' and modes of social organization to entrepreneurial behaviour (McVey 1992). Although there have been some apparent shifts in perception and ideology among the scholars working within this perspective, the culturally

oriented approach has always been the dominant perspective in the study of entrepreneurship in East and Southeast Asia.⁴

The empirical findings of studies on entrepreneurs in different regions of Asia indicate that there are many similarities in both, economic behaviour and life-style of this entrepreneurial class in India and other parts of Asia (Rutten and Upadhyia 1997). Despite this foundation, virtually no attempt has been made to look at the business classes across Asia within a broad comparative perspective. Another obstacle is that the research for such studies is usually—designed—and the findings analysed—in relation to debates that are specific to regions rather than to a more abstract theoretical problem. This shortcoming has clearly contributed to the segmentation of debates on entrepreneurship in different regions of Asia. Analytical differences in the entrepreneurship literature tend to mask hidden similarities—economic, social and political—that appear to unite the business classes of various countries.

The cultural and structural approaches to Indian entrepreneurship described above are not mutually exclusive. Recently, various scholars have attempted to employ both perspectives in their studies. Even so, most entrepreneurship studies are unsatisfactory because they tend to privilege one type of explanation over the other rather than aiming at a theoretical synthesis. Here I am not advocating either a structure or a culture-centred analysis, but argue instead for the development of a fresh approach that combines both perspectives by looking at how political, economic and cultural processes interact within the historical process of capitalist development.⁵ Such an approach could potentially facilitate research on the question as to what extent a capitalist style of entrepreneurship produces similar cultural features across the globe. In sharp contrast to earlier universalistic theories of industrial development, recent research suggests that industrial capitalism may be highly adaptable to various social and economic forms. Significant variations are found around the world in the organization of business enterprises and transactions, mode of labour exploitation, entrepreneurial behaviour and ethos (Blim 1996).

While earlier studies on entrepreneurs in India and other parts of Asia tended to stress variability in forms of business organization, recent studies point to the view that there are striking resemblances in entrepreneurial behaviour across the globe, both at present and in the past (Berger 1991; Rutten and Upadhyia 1997; Dobbin 1996; and Tripathi 1997). This suggests that there may be certain imperatives inherent in capitalist entrepreneurship that are manifested in various ways in different cultural contexts. Just as the division between labour and capital is a central feature of production under industrial capitalism, the requirements of investment, risk-taking, and the organization of production and marketing appear to structure the behaviour of entrepreneurs in particular ways. For example, there is a strong element of rational pursuit of profit and decision-making based on instrumental rationality, as specified in Weber's model. But this is qualified by the fact that entrepreneurs are not driven solely by the profit motive; goals such as desire for prestige and constraints such as obligations toward kin also determine their actions. Another common feature is that the economic transactions of entrepreneurs are often also social transactions, in the sense that they are usually embedded in social relations and not

⁴ Note that I do not suggest that there are no studies on East or Southeast Asia that relate the state-dependent mode of capitalist development to the specific political-economic formations of these countries, particularly the pre-eminence of Chinese capital and the efforts of these states to subvert this dominance. For such arguments in regard to Malaysia, see Jomo (1988); for Indonesia, Robison (1986).

⁵ The argument that follows was developed together with Carol Upadhyia and was published in our joint introduction to the volume on *Small Business Entrepreneurs in Asia and Europe: Towards a Comparative Perspective* (Upadhyia and Rutten 1997). However, I alone am responsible for presenting it in its present form and for any possible mistakes.

just determined by impersonal market forces. What is needed therefore is to reconnect the cultural and structural approach again and to come up with a theoretical framework that will help us in understanding and explaining the present-day economic, social, cultural, and political mobility of the entrepreneurial class in India and other parts of Asia. Such a framework has to be constructed within a comparative perspective and should also include the findings on the entrepreneurial class in Europe, both at present and in the past.

This brings me back to the question of drawing comparisons between European and Asian development. The rejection of general theoretical models for comparative study after the 1970s led to a concentration of research on Asia in its own right. The post-modernisation trend has been to emphasize the cultural uniqueness of business organization in different contexts, as seen for example in the literatures on Indian business communities (cf. Tripathi 1984), Japanese companies (cf. Dore 1973, 1987; Fruin 1978; and Abegglen and Stalk 1985), or Chinese business networks (cf. Redding 1990; Hamilton 1991; Wang 1994; and Brown 1995). However, a critique of Eurocentric models need not end up in cultural essentialism. Now that a significant body of knowledge about economic development in India and other Asian countries has been produced, the time has come to look again at European history and contemporary developments, employing insights gained from the Asian experience, and for experts on Europe to look at Asian examples as well. Such a comparative analysis needs to take into account the wide diversity in forms of business organization and entrepreneurship within and between Asia and Europe, and should look for the conditions that promote or inhibit the growth of industrial entrepreneurship and investment without relying on Eurocentric stereotypes of entrepreneurial behaviour. If the processes such as those described above are understood within the overall framework of the expansion of world capitalism—that, while exerting certain pressures towards uniformity, also interacts with local structures and cultures, producing many variations—we will be able to account for both similarities and differences in entrepreneurial behaviour at various times and places. Therefore, one aim of comparative analysis should be to describe and account for various forms of entrepreneurship without resorting to stereotypes of what constitutes ‘correct’ capitalist behaviour or capitalism proper. A first step towards such an analysis is to acquire more in-depth knowledge about entrepreneurs in different parts of Asia and Europe, at present and in the past. With this paper, I hope to have aroused the curiosity needed to lay the groundwork for such a comparative perspective.

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