
GENERAL SECURITY FROM THE VIEWPOINT OF ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

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Abstract : 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 field, 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.

Keywords : Entrepreneurships , Economic Development

Introduction : 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 affective role in promotion of productivity in various individual, groups, and 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 creation and distribution of wealth.

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?

Relevance of Study

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). 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)

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).

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 is no need for divine interference to achieve social desirable results, but these results are caused by uncoordinated activities of individuals seek for their own personal benefits (The History of Economic Opinions).

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.
- The economists of 18th century such as Francois Qvensa and Nicolas Baudean described land as the only resource of wealth and called the farmers, In 1848, this term was translated to English as entrepreneur by J.S. Mill. He introduced an entrepreneur action and functions 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 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 the evident characteristic of entrepreneurs, but considered them as the factors of production like land, labor and capital.

In late 19th century John.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).

Frank H. Knigh 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.

Acceptance of mastership seat in Harward 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

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).

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)

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 ti 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.

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- especially 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.Hojetts,1989)

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.

Wilken (1992) consider entrepreneurship in economic development. He believes that:

A. Economic factors: Advantages of market and capital being provided

B. Non-economic factors: Acceptance of entrepreneurship (cultural), social movement, 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)

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 personals property and also with for gaining great wealth."(Ahmadpoor)

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 man 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 an 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 everything changed and knowledge took its place.

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

"Successful economies require small firms which grow fast and change into great firms. Great firm's present good jobs, conduct research and fulfill development, export and are a school for future deserving entrepreneurs." (Thurow) 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, undertakes 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 inventors' confirmation and in other words in success of independent entrepreneurs (Aghaii, Samad, 2000).

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. Entrepreneur's 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 work force to perform work and create entrepreneurship.

2. Research and development: Long term investment in this field can result in innovations and new technologies and provides 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.

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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 guarantees; 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 confronts a few competitions 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, and 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.

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

obtain 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 economics 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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