social theorists such as Louis François Jauffret (1770–1840), Aubin Louis Millin (1759–1818), Joseph-Marie Degérando (1772–1842), Johann Jakob Moser (1701–1785), Ludwig Timotheus Spittler (1752–1810), Christoph Meiners (1747–1810), Johann Georg Hamann (1730–1788), and of course Herder. Historical scholarship since the mid-1970s has also celebrated the variety of eighteenth-century social thought in counter-Enlightenment, radical Enlightenment, Enlightenment in national context, and so forth. Just as social science cannot be taken as monolithic, neither can the Enlightenment.

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ENTERPRISE

An enterprise is a business venture initiated by an entrepreneur, the person who assumes the organization, management, and risks of a business enterprise. Entrepreneurship is considered a factor of production that involves human resources, most commonly performing the functions of raising capital; organizing, managing, and assembling other factors of production; and undertaking business decisions. It involves a combination of initiative, foresight, and willingness to take the risks and undertake the new ventures required to establish a successful business.

The term *entrepreneur* (and consequently *enterprise*) appears to have been introduced by the Irish banker and economist Richard Cantillon (c. 1680–1734). The term was popularized as a result of John Stuart Mill's classic work, *Principles of Political Economy* (1848). To the classical economist of the late eighteenth century, the term described an employer, in the character of one person, who assumed the risk and management of an enterprise. In practice, entrepreneurs were not differentiated from capitalists until the nineteenth century, when their function developed into that of coordinators of processes necessary to large-scale industry and trade. At that point, much like today, the entrepreneur was involved in the management of the enterprise, in contrast to the ordinary capitalist, who merely owned an enterprise and might choose not to take any part in the day-to-day operation. Henry Ford is an example of the rising class of entrepreneurial manufacturers in the twentieth century in the United States of America. However, the entrepreneur's functions and importance have declined with the growth of the corporation.

Nevertheless, the term *entrepreneur* had disappeared from the economics literature by the end of the nineteenth century. This was due to the fact that economists began to use the simplifying assumption that all individuals in an economy have perfect information. Under this assumption, there is no reason for an entrepreneur, or an enterprise, to exist. If individuals have perfect information, they will all make the same assessments of alternative economic activities. More recently, however, economists have increasingly removed this unrealistic assumption of perfect information, allowing once again for the presence of entrepreneurship in the literature. In addition, entrepreneurship has been added as the fourth production factor, after labor, capital, and natural resources.

Almost any business or organization can be called an enterprise, and an enterprise can be either private or public in nature. A private enterprise is a business organization especially directed toward profit and generating personal wealth for the owners. In other words, the owners and operators of a private business have as their main objective the generation of a financial return in exchange for their expense in time, energy, innovation, skills, and money. The private enterprise is the main institution of market capitalism, and as the price mechanism is a co-

coordinating instrument, the entrepreneur performs a coordinating function. *Free enterprise*, which is the result of free markets, is another term used to denote market capitalism. Indeed, the terms *enterprise*, *company*, *corporation*, and *organization* are often used synonymously.

A firm is a unit that employs factors of production to produce goods and services. A firm is a commercial partnership comprising a collection of individuals grouped together for economic gain, especially when unincorporated. It is represented by the name or designation under which a company transacts business. The term became popularized in Ronald Coase's 1937 article, "The Nature of the Firm." Operating within a market involves some costs, but by establishing a firm and the authority to direct resources, certain costs are reduced. As Coase states, "When the direction of resources (within the limits of a contract) becomes dependent on the buyer in this way, that relationship which I term a 'firm' may be obtained" (Coase 1937, p. 392).

In an article published in 1972 in *American Economic Review,* Armen Alchian and Harold Demsetz defined a firm as a contractual structure subject to continuous renegotiation with the central agent, or the firm's owner and employer. Thus, a firm is a hierarchical organization attempting to make profits. There are various types of firms, such as: (1) a sole trader or sole proprietorship, in which there is only one owner of the firm with unlimited liability; (2) a partnership, in which there are two or more partners who own, control, and finance the firm and have unlimited liability; (3) a private limited company (Ltd.) or corporation, in which a limited number of shares are issued and the firm is owned by shareholders who have limited liability. In the latter case, these corporations are legal entities, and the firms or corporations owned by the shareholders are treated by law as an artificial person.

By the latter half of the nineteenth century, corporations increased substantially, displacing other forms of enterprises. The control of industrial production thus became the responsibility of corporate finance, resulting in what the Norwegian-American economist Thorstein Veblen (1857–1929) called "absentee ownership." Often, however, shareholding ownership is so widely dispersed that the majority of shareholders reluctantly experience the separation of ownership from control. That is, control can be maintained by a minority interest with access to corporate finance: "ownership continually becomes more dispersed; the power formerly joined to it becomes increasingly concentrated; and the corporate system is thereby more securely established" (Berle and Means 1933, p. 9). According to Veblen, absentee ownership has grave consequences for the structure of the society, because "law and politics … serve the needs of the absentee owners at the cost of the underlying population" (Veblen 1923, p. 6).

When an enterprise has operations in more than one country, this enterprise is named a *multinational enterprise* (MNE), a *multinational corporation* (MNC), or a *transnational corporation* (TNC). Such a firm engages in foreign direct investment (FDI) and owns or controls income-generating assets or value-adding activities in more than one country. A multinational enterprise can participate in the economic activities of a foreign country through five general means of involvement: (1) trading (importing or exporting, and incorporate transfers); (2) foreign direct investment (such as joint ventures, wholly owned subsidiaries, green-field FDI, brown-field FDI, acquisition [the firm can have a "majority" or "stake" interest], merger and acquisition, or privatization); (3) indirect (portfolio) investment; (4) agreements that do not involve money transfer from the part of the foreign partner (e.g. licensing agreement, franchising, turnkey projects, or management contracts), and (5) collaboration or strategic alliance with another enterprise in order to cope with pressures of intense global competition and increasingly complex and rapid technological development.

The United Nations and the governments of most developing nations use the term *transnational*, rather than *multinational*, to describe an enterprise that has operations in more than one country. The United Nations' specialized agency, the United Nations Conference on Trade and Development (UNCTAD), for example, employs the following definition: "Transnational corporations comprise parent enterprises and their foreign affiliates: a parent enterprise is defined as one that controls assets of another entity or entities in a country or countries other than its home country, usually by owning a capital stake. An equity capital stake of at least 10 percent is normally considered as a threshold for the control of assets in this context." Actually, this 10 percent rule has been accepted by the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), thus identifying this to be the minimum equity stake for an investment to qualify as foreign direct investment and not a portfolio investment.

SEE ALSO *Business; Capitalism, State; Corporations; Entrepreneurship; Mill, John Stuart; State Enterprise; Veblen, Thorstein*

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ENTERTAINMENT INDUSTRY

Entertainment as an industry—in the United States alone—is responsible each year for $150 billion in expenditures and some 120 billion hours of consumed time (Vogel 1998, p. xvii). Entertainment as an economic sector consists of diverse products and services including motion pictures, television, music, broadcasting, print media, toys, gaming, gambling, sports, and fine arts.

ECONOMIC DEVELOPMENT AND THE DEMAND FOR LEISURE

Leisure time has been a determining factor in the development of recreation and entertainment as an industry. Entertainment has grown as an industry in step with increased income and time available for leisure and recreation. Economic development, often quantified in terms of productivity or output per person-hour, has enabled goods and services to be produced with fewer labor inputs. The growth of the entertainment industries has been directly related to the development of a modern economy and rising economic productivity, though precise estimation of the demand for leisure is a thorny task (Owen 1971). An important issue in the development of entertainment as an industry is the rising productivity of workers, and in particular the ways in which technical progress has increased worker productivity. Progress in technology, in addition to creating the demand for entertainment products and services, has also led to the creation of much of the dominant forms of contemporary entertainment.

INDUSTRY OVERVIEW

Substantial production in the creative industries takes place within the U.S. economy and creative products are a major U.S. export. Motion pictures, home video and television programming, music and sound recordings, books, video games, and software are collectively one of the largest and fastest-growing economic sectors, responsible for about 6 percent of total U.S. gross domestic product per annum (Motion Picture Association of America 2006a). Multinational entertainment/media conglomerates such as Vivendi, Sony, and AOL/Time Warner are increasingly becoming dominant in this sector, with operations that permit substantial economies across the line of entertainment products. The process often begins with a literary work of fiction, which is then made into a movie exhibited in cinemas and later on syndicated and network television domestically and abroad, and finally released on home video. Characters and other elements from the movie can be developed into a line of toys cross-promoted with fast food, and further developed into a video game or board game, and perhaps even featured in a line of clothing.

In the motion-picture industry, the sector of entertainment with the highest profile, domestic (U.S. and Canadian) box-office receipts accounted for about $9 billion, while worldwide box-office revenue was over $23 billion for 2005 (Motion Picture Association of America 2006b). The international market now yields more revenue than the North American market and it is also the source of revenue growth for the motion-picture industry, though success in the international market is largely conditional on success in the North American market. The dominance of Hollywood films in worldwide box-office revenue gives rise to claims of cultural imperialism, though major Hollywood studios in fact design films for distribution in the worldwide market even though the films are screened in North America first. While international box-office revenues have been rising, the major sources of new revenues for the motion-picture industry have been from home video and digital versatile disc (DVD) sales, and from merchandising arrangements such as toys, video games, clothing lines, and other products that are tied to successful motion pictures.

While Hollywood films dominate worldwide box-office revenue, the American film industry does not dominate worldwide production. The Mumbai-based Indian film industry—commonly known as Bollywood because it is the "Hollywood of Bombay" (the former name of present-day Mumbai)—produces more motion pictures each year than any other country. Throughout the 1980s about 250 individual film production companies completed an annual average of about 700 feature films per year with the encouragement of official government policy requiring commercial movie theaters to screen at least one Indian film per show (Gomery 1996). In 2003 the Indian film industry produced 877 feature-length films and 1,177 short films (Central Board of Film