Social Structure and Entrepreneurship

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The criteria for judging the efficiency of any economic plan is the degree to which it is accepted and carried out by the general public. It is pointless to plan and provide new opportunities if the people are not ready to grasp them or act upon them. The economic growth of any country is therefore largely dependent on the emergence of indigenous entrepreneurs, people who are prepared to venture into new and risky activities. Though the appropriate personal qualities, such as innate intelligence and adventure spirit, are no doubt of major importance to the emergence of indigenous entrepreneurs, the social setting plays also a decisive part.

In this paper I shall try to examine the relationship between social structure and the emergence of indigenous entrepreneurs, I shall compare and contrast the effect of the Indian Caste System on the rate of economic growth with the impact of a more flexible social organisation, such as that of the Tolai of New Britain on entrepreneurship.

The population of Wangala and Dalena, the two Mysore villages I studied, is stratified into a number of Hindu castes, like most other Indian villages. In both these villages Peasants are numerically, politically and economically the dominant caste.

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The other caste men are members of the functionary castes who service the Peasants; e.g. Washermen, Barbers and Blacksmiths. These functionary

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1 I conducted research in India between 1954-56 financed by a Rockefeller Research Grant.
2 As a Research Fellow of the Australian National University, Canberra, I studied economic development and social change in a Tolai parish (New Britain) between 1959-60.
4 The names of castes mentioned in this paper are given in English and printed with a capital initial; e.g. a Peasant (Vokkaliga) is a person belonging to that caste, a peasant is a farmer.
castes, though they perform essential economic functions, are numerically and politically of little importance. Apart from the Peasants, the only other group with numerical importance is made up of Untouchables. According to tradition, each Untouchable household has a hereditary relationship with a number of Peasant households. The economic interdependence was one of master and servant; socially, the two groups are strictly segregated. In line with caste rules there are not only strict marrying and dining taboos between castes and Untouchables, but Untouchables must not even draw water from caste wells in the villages. Although the hereditary relationship between Peasant masters and their Untouchable servants has disappeared in Dalena, social distance is still maintained between the two groups. This affects the Peasants' attitude towards Untouchable entrepreneurs. For instance, one Dalena Untouchable wanted to act as building contractor. He started by building a fine house for himself of the type usually inhabited by wealthier Peasants. Dalena Peasants regarded this as upstart behaviour. They could not stop him from building his own house, but they made sure that none of Dalena's Peasants would use the services of this Untouchable contractor in building their houses, even though Dalena Peasants were very keen to build new and better houses and the Untouchable contractor was underbidding his Peasant competitors. Dalena Peasants also manipulated their widespread network of social ties to prevent Peasants in neighbouring villages from employing this Untouchable entrepreneur.

I noticed a number of similar cases when I toured villages in a Community Project in South India. For instance, in one village farmers were encouraged to instal pumps with which to irrigate their dry lands. One Untouchable farmer, who owned six acres of land, was very keen to get an irrigation pump. However, the Peasant dominated village council ruled that since there was only limited credit available, Peasants should have priority. Four Peasant farmers applied for pumps, while the Untouchable was not even considered for a loan. He was, thereby, denied participation in the cash economy, because on his dry land he could grow only subsistence crops. Caste differentiation thus prevented this potential entrepreneur from developing into an actual entrepreneur.

In another village, I encountered a considerable number of men and women engaged in handloom weaving. About two thirds of these weavers belonged to the local Weaver caste, the remainder were Untouchable. I noticed that most of the members of the Weaver caste were producing finer and more costly saris, whereas the Untouchable weavers were making the traditional cheap cotton type. When I asked for an explanation of this difference, a few of the Weaver elders carefully pointed out to me that the Untouchables did not possess the necessary skill to operate the improved looms which are needed for the production of the finer saris. Then when I talked to the Untouchables, they explained how this difference had actually come about: the village level worker, an official of the Community Project Administration, had advised the village weavers to form a weavers co-operative society; village elders agreed to hold a meeting to discuss the suggestion, but ruled that no Untouchable be allowed