

The Entrepreneur and Economic Development

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Economists View:

The role of the entrepreneur in contemporary production is like that of the director of a play. Contemporary economic progress is directly related to production. Contemporary manufacturing is exceedingly complicated. The entrepreneur directs production and he must do everything necessary for its success. His contribution to contemporary economic development includes at least three aspects:

1. The entrepreneur co-ordinates the other components of production. This entails not only collecting the elements but also ensuring that the optimal combination of factors is made accessible for the production process. Co-ordination encompasses selection of the right type of factors, employment of each element in the right amount, use of the best technological devices, division of work, elimination of waste, etc. [1]–[3].
2. The entrepreneur takes chances. In Haw treys view, this is the most crucial job of the entrepreneur, and the volume of profit he receives is exactly related to the risks he takes. Risks are often based on the anticipated demand. Prof. B.R. Knight has gone one step farther in his opinion That risks are of two categories insurable and non-insurable. He characterizes non-insurable risks by the term uncertainty. In his perspective uncertainty-bearing is the key duty of an entrepreneur which enables him to gain profit. This role has assumed great relevance with the rising complexities of contemporary manufacturing.
3. Lastly, the entrepreneur innovates. Innovation is different from invention. Invention is the job of scientists. Innovation implies the commercial application of an invention. As an innovator, the entrepreneur adopts the position of a pioneer and an industry leader. Joseph Schumpeter and his followers felt that the entrepreneur innovates and invention makes the entrepreneur the hero in the play of economic progress [4], [5].

Contemporary economics tend to agree with the perspective expressed by Schumpeter because the process of economic development is distinguished by the presence of discontinuous disturbance, economists tend to adhere to the opinion that this disturbance occurs in the form of innovation. The entrepreneur scan attempts any one sort of the five main categories of innovation:

1. The introduction of new items or new quality commodities.
2. The introduction of a new way of manufacturing.
3. The establishment of a new market.
4. The capture of a new source of supply of raw materials.
5. The carrying out of a new organization in any industry.

The innovational activity enhances the production efficiency of the economy resulting in more output and wealth. Schumpeter sees increased productivity as the key to economic development as distinct from economic growth. Economic development happens when additional resources are accessible in the economy. Yet economic growth is a completely separate phenomenon - happens when output increases as a consequence of entrepreneurial activity. Schumpeter therefore defines progress as, the carrying out of new combinations.

The entrepreneur is an important character in the process of development. He develops novel combinations of factors thereby channelizing the economy's resources along productive lines. He is not a producer, because the latter chooses any one of the current ways, the entrepreneur is constantly involved in developing innovative methods of production. The entrepreneur is not a capitalist. The capitalist provides the finances for production; the entrepreneur divests the funds to new production. The entrepreneur is thus, always on the lookout for making the economic system at its dynamic best. Consequently, entrepreneurial activity stimulates progress and represents the mainspring of economic development [6], [7].

Management

Management is not that straightforward since the word is employed in several contexts. Being a new subject, it has borrowed ideas and principles from a variety of disciplines, including sociology, economics, psychology, statistics, anthropology, and others. Each of these group's contributions had a distinct perspective on management. For example, economics have considered management as a component of production; Sociologists treated it as a collection of humans. Taking all of these perspectives into account, it becomes impossible to describe management completely, and no definition of management has been widely accepted. Several meanings were provided by different writers, with Mary Parker Follet providing a popular one. According to Follet management is the art of getting things done via people. This term differentiates between managers and other organizational people.

A manager is someone who indirectly contributes to the organizations purpose by managing the efforts of others rather than executing the activity himself. A person who is not a management provides his contribution to the organizations aim directly by completing the responsibilities by himself. At times a person may fulfill both roles concurrently. A sales manager, for example, performs a management function by leading the sales force to fulfill the organization's objective and a non-managerial one by calling a key client and negotiating a contract with him. The principle of an institution serves as a manager by managing the heads of departments and as a non-manager by teaching a topic. There are two flaws with this definition. The first flaw is that the definition declares management to be an art. Art is concerned with the application of knowledge. Yet, management is more than just applying knowledge. It also entails the acquisition of knowledge, such as science. Managing by intuition or by thumb rule is not good management. The second shortcoming of this concept is that it does not describe the different managerial functions.

A better description is offered by George R Terry who describes management as a process consisting of planning, organizing, actuating and controlling conducted to decide and accomplish the goals via the utilization of people and resources. Management, according to him, is a process a systematic manner of doing things that employ four managerial functions planning, organizing, acting, and controlling. Planning implies anticipating the managers behavior. Managers decisions are based on logic, planning, or some procedure rather than feeling. Organizing implies coordinating the organizations machinery, supplies, and people resources. Actuating refers to inspiring and guiding subordinates. Controlling implies that the management must guarantee that no deviations from plans occur. This concept also implies that managers use people, materials, and other resources to achieve the organizations goals. The purpose of each organization may differ. A technical or management institution, for example, may seek to deliver an excellent education in response to industry demands. A hospital's goal may be to offer medical treatment to the community at an affordable cost. Whatever the organizations goals are, management is the method through which those goals are met. Management has varied meanings in economics, sociology, psychology, statistics, and anthropology. There are four managerial perspectives:

- (1) Management is an ongoing effort.
- (2) Management is a discipline.
- (3) Administration is a human activity.
- (4) Management is a profession.

Management is a Method: A process is defined as a technique of managing activities that is methodical. Frequently we hear the comments the firm is properly managed or the company is miss-managed. These words suggest that management is a sort of activity or collection of actions, which are sometimes done successfully and sometimes not so well. These phrases indicate that management is a process including certain roles and actions performed by managers.

Management is a Skill: Discipline is a branch of study with well-defined ideas and principles. Management being classified as a discipline indicates that it is a body of information that can be learned. Management is therefore a topic that has principles and ideas. The goal of studying business is to understand how to use these ideas and concepts in the correct situations and at the right time to get the desired outcome.

Management is a Human Endeavor: When you say things like the restaurant has completely new management or He is the finest manager I have ever worked for, you're referring to the individuals who lead, steer, and so manage businesses. The term management employed here refers to the persons who participate in the process of management. Managers are in charge of ensuring that work gets done in the company.

Management is a Profession: Currently, management is established as a specialized job. Management specialties include marketing management, financial management, personal management, industrial management, production management, and quality management. Specialists are assigned to different levels of the organizational structure. As a result, managing is a profession.

Characteristics of Management

After a rigorous examination of the aforementioned definitions, the following managerial traits emerge.

1 Management is a Continuous Process: Management is the process of planning, organizing, directing, and managing resources to guarantee that resources are utilized to the greatest benefit of the company. A single function cannot provide the required outcomes on its own. Management entails constant planning, organization, leading, and controlling.

2 Management is both an Art and a Science: Management is an art in the sense that a person has management skills. Management is a science because specific rules and regulations are formed that apply in situations where group actions are coordinated. This will be covered in more depth later in the chapter.

3 Management Attempts to Achieve Preset Goals: All organizations have predetermined objectives. All management effort leads to the attainment of these predefined goals.

4 Management is a Factor of Production: A business produces products or services by using resources like land, labor, capital, machinery, and so on. These resources cannot achieve the organizations objectives on their own. When the entrepreneur properly coordinates the objectives, they are accomplished. Individuals may do such tasks in small businesses, while management performs such tasks in big businesses.

As a result, management is a production element.

5 Management Involves Decision-Making: Decision-making is the process of identifying the best alternative course of action. A manager's ability to make decisions is critical. A manager accomplishes everything by making choices. The quality of decisions determines an organizations success or failure. A manager must make the correct judgment at the appropriate moment.

6 General Applicability: Management ideas and concepts are relevant to all industries. Management practice differs from one company to the next based on their nature.

7 Management is Required at All Levels: Management duties are shared by all levels of a company. Top-level and lower-level supervisors fulfill the duties of planning, organizing, directing, controlling, and decision-making.

8 Management Seeks Maximum Profit: Resources are used efficiently to maximize profit. A manager's economic role is to maximize profit.

9 Dynamic Management is not a Static Entity. New ideas, concepts, and processes are produced and embraced by management throughout time. Management is altered in response to societal change.

10 Management as a Vocation: Currently, management is established as a specialized job. Management specialties include marketing management, financial management, personal management, industrial management, production management, and quality management. Specialists are assigned to different levels of the organizational structure. As a result, managing is a profession.

11 Management is a Profession: Management is a profession because it contains professional characteristics. The information is imported and sent. Management concepts that have been developed are put into effect. This is described in full later in this chapter.

12 Management is a Discipline: A discipline is a topic of study that has well-defined ideas and principles. Management being classified as a discipline indicates that it is a body of information that can be learned. Management is therefore a topic that has principles and ideas. The goal of studying management is to understand how to use these ideas and concepts under the correct conditions and at the right time to get the desired results.

Managements Nature

The ideas, concepts, and procedures of management have evolved throughout time. Different contributions to management have altered its character. Management has the following characteristics:

1 Multidisciplinary management: Management is interdisciplinary. It liberally borrows ideas and concepts from fields including economics, sociology, psychology, statistics, operations research, and so on. Management incorporates ideas from numerous fields and introduces novel concepts that may be implemented. Managements key contribution is the integration of these principles.

2 Principles Dynamic Nature: A principle is a truth that determines the cause-and-effect linkages of a function. Principles are formed by the synthesis of concepts from several fields, which are substantiated by empirical data. These concepts are adaptable to the context in which the company operates. The constant study is being conducted to develop new principles; many previous concepts are being replaced by new principles. In management, nothing is permanent.

3 Relative not Absolute Principles: Management principles are relative and not absolute. They must be used following the requirements of the organization. Each organization is distinct from the others. Management concepts should be used in light of the current situation.

4 Management: There is debate on whether management is a science or an art form. Management was formerly considered an art form, but it is today considered both a science and an art form. This topic has been thoroughly covered in this chapter.

5 Managements Universality: Management is a universal phenomenon. While universal, management concepts are not generally applicable and must be adapted based on the circumstances.

Management Functions or The Process of Management

A function is a collection of comparable tasks. There is disagreement on What roles do managers perform in organizations? Some management experts divide these responsibilities into four categories, while others divide them into five categories, and yet others divide them into seven categories. Determination of precise goals, and programs, defining policies, plans, rules, and processes, and generating budgets.

Planning is a job undertaken by managers at all levels, including top, middle, and supervisory. Strategies devised by upper management Plans for the firm as a whole may span five to ten years, but plans developed by lower-level management span significantly shorter periods.

Organizing: The division of work into groups or sections for effective performance is referred to as organizing. After the establishment of goals and the development of plans to attain them, managers must build and create a human organization capable of carrying out those plans effectively. Organizing entails separating work into manageable tasks or responsibilities, organizing such chores into jobs, grouping multiple roles into departments and divisions, assigning duties to specific positions, and delegating power to each position so that work is completed as intended. Organization consists of purposeful coordination of individuals towards a particular objective, writes Koontz O'Donnell. It should be noted that various goals need different types of organisations to attain them. A scientific research company, for example, will need to be considerably different from one that manufactures autos.

Staffing: Managing multiple roles throughout the organizational framework is what staffing entails. It entails choosing and putting the appropriate individual in the appropriate place. Staffing includes defining the gap between necessary and available personnel, identifying the sources from which people will be picked, choosing people, training them, determining financial remuneration, and regularly evaluating them. The organizations success is dependent on the effective execution of the personnel function.

Directing: Planning, organizing, and staffing functions are involved with the preparatory work for the fulfillment of organizational goals. The real task execution begins with the function of guidance. This function has many names, including leading, directing, motivating, activating, and so on. The following subfunctions are involved in directing:

- a) **Communication:** It is the exchange of information from one person to another.
- b) **Leading:** It is the process through which a manager directs and influences his subordinates work.
- c) **Motivating:** Creating a desire in the hearts of employees to give their all to the firm.
- d) **Controlling:** To achieve organizational goals, planning, organizing, staffing, and directing are essential. A control function is required to guarantee that the accomplished goals correspond to the preplanned objectives. Control is the process of determining whether or not adequate progress towards objectives and goals is being accomplished and, if required, acting to fix any deviations. Control consists of three components:
 - i. Setting performance benchmarks.
 - ii. Evaluating current performance in comparison to the specified standard.
 - iii. Taking corrective action for any performance that falls short of those requirements.

Innovation: Innovation is the creation of new ideas, which may result in the production of new goods or the discovery of new applications for existing ones. An innovator is a manager who creates new items. An innovator is a salesperson who persuades Eskimos to buy a refrigerator. It is important to remember that innovation is not a distinct role, but rather a component of planning.

Representation: A manager needs to invest a portion of his time in representing his organization to different organizations that have some interest in the company. A manager must function as a company's representative. He works with consumers, suppliers, government officials, banks, trade unions, and other organizations. Every manager is responsible for maintaining positive relationships with others.

Functional Areas of Management

Many functions are included in the management process. Management functions planning, organizing, staffing, leading, and controlling should be distinguished from organizational functions productions, finance, etc. Organizational functions vary depending on the structure of the organization, while

management duties are shared by everyone. A manager may be assigned to either production, finance, or marketing, and he is responsible for all management duties. These organizational functions are referred to as functional management areas. Management is divided into four functional areas: production, finance, marketing and finance, and people. Each functional area may have many sub-activities.

Production: This is usually assigned to the production manager, who is in charge of all production-related tasks.

This region features a variety of activities, a few of which are listed below:

1 Purchasing: This refers to the acquisition of different materials needed by the company. Buying entails acquiring the correct number of products from the right provider at the right quality, at the right time, and the right price.

2 Materials management: It includes storing materials and providing supplies to different divisions.

3 Research and Development: This is concerned with enhancing current goods and processes as well as generating new products and processes.

Marketing is the process of distributing an organizations goods to customers. The sub-activities are as follows:

1 Advertising entails providing customers with product information.

2 Marketing research is concerned with the systematic gathering and analysis of data about the marketing of products and services.

3 Sales management includes management activities aimed at moving items and services from producers to customers.

Finance and accounting: It are concerned with the wise deployment of financial resources as well as the recording of numerous transactions. The numerous sub-functions are as follows:

1 Financial accounting is concerned with the recording of numerous transactions.

2 Management accounting is concerned with the study and interpretation of financial data for management to make particular decisions.

3 Costing is concerned with the recording, categorization, and analysis of expenses to manage costs.

4 Investment Management Manages how financial resources are invested in different options to optimize returns.

5 Deals with the different direct and indirect taxes that the company must pay.

Personnel: It is concerned with human resource management, which includes the following sub-activities:

1 Recruitment and Selection: It deals with recruitment and selection of staff.

2 Training and Development: It is concerned with employee training and making them more efficient.

3 Wage and Salary Administration: Handles salary determination, employment appraisal, promotion, and incentive programs, among other things.

4 Industrial Relations: Handles the upkeep of excellent employee relations.

Management: A Science or Art

There is much debate about whether management is a science or an art. It is an art in the sense that a person has management skills. It is also a science since it develops rules or laws that are relevant in a

location where a set of activities are coordinated. As the following discussion demonstrates, management is both a science and an art. Management as a scientific discipline: Science is a methodical corpus of information. A discipline is considered scientific if its methods of investigation are methodical and empirical. Ordering and analyzing information is possible, and Findings are cumulative and communicative. Systematic indicates impartial and orderly. Also, the investigation must be empirical rather than speculative. Statistical methods are used to arrange and interpret scientific data that has been obtained in its raw form. It is communicative, allowing for study repetition. When research is duplicated, the second attempt provides findings that are comparable to the first. Science is also cumulative in the sense that what is discovered is added to what has already been known.

We build on the foundation that others have laid. Science refers to two sorts of systematic knowledge natural or accurate knowledge and behavioral or imprecise knowledge. We may explore the influence of any one of many variables on an event in exact or natural science such as physics and chemistry. For example, we may analyze the influence of heat on density in the laboratory while maintaining other variables constant such as humidity, pressure, and so on, although this is not feasible in behavioral or precise science. In management, we must examine the man and the many aspects that influence him. We cannot, for example, analyze the influence of monetary incentives and worker productivity since, in addition to monetary incentives, other indivisible elements such as leadership styles, employees desire for hierarchy, and leadership styles will all have a concurrent effect on productivity.

We can only acquire a hazy picture of the link between monetary incentives and production. As a result, management falls within the purview of behavioral science. Management is the art of accomplishing tasks via the use of others in dynamic conditions. A manager must coordinate numerous resources against several limitations to accomplish set goals most effectively. Managers must continually examine the current situation, set goals, explore alternatives, implement, control, and make decisions. Theoretical teachings on principles, ideas, and processes learned in the classroom by a manager are insufficient to achieve the desired outcomes unless he has the talent or art for putting such principles to issues. The information must be implemented and practiced. It is similar to the art of a musician or painter who gets the desired results by his talent, which is developed through practice.

Management: A Profession

The terms administration and management are used interchangeably. Some authors argue that operating a corporation involves skills, which is known as management, and that running government agencies and non-profit organizations takes competence, which is known as administration. Different management theorists' points of view resulted in the formation of their approaches:

- 1 Administration is superior to management.
- 2 Management includes administration.
- 3 Management and admin are interchangeable terms.

According to classical philosophers, the administration is above management in terms of organizational differences. Administration is that part of commercial operation that is concerned with the general selection of institutional goals and the policies required to be followed in accomplishing those objectives, says Spreigal. Management, on the other hand, is an executive role mainly concerned with carrying out broad policies established by the administration. This means that administration is concerned with defining goals and policies at the top level, while management is concerned with the implementation of these policies at the intermediate and lower organizational levels.

Management is a general term for the complete process of executive control in industry or commerce, writes Brech. It is a social process that entails responsibility for the efficient and economical planning and control of an enterprise's operation in the fulfillment of a certain aim or risk. The administration is the component of management that is concerned with the implementation and execution of processes that are put down and communicated, as well as the process of actions that are controlled and verified against

plans. According to this viewpoint, the administration has devolved into a secondary role to the broader management function. Management and administration are the same, according to the third method, which is the most popular and practical. Both have the same roles, principles, and goals. The word administrator derives from the bureaucratic organization of government or the regulation of certain laws. The government often use the word administrator to describe someone who is responsible for carrying out broad government programmers [3], [8]–[10]. The fundamental area of contention between management and administration is how operations are covered. Policy formulation content is greater at higher levels and lower at lower levels, whereas executive content is higher at lower levels & lower at higher levels. As a result, it makes little difference whether the role of policy creation is labeled as administration or administration.

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