

ROLE OF ENTREPRENEURS IN STIMULATING ECONOMIC DEVELOPMENT

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Abstract

Entrepreneurs create an atmosphere of enthusiasm and convey a sense of purpose. They give an organization its momentum. Entrepreneurial behavior is critical to the long term vitality of every economy. The practice of entrepreneurship is as important to established firms as it is to new ones. The study tells that the entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. He plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector. Entrepreneurs are like gamblers, and like any gambler, their chances of winning increase if they have the right cards. The role of entrepreneurship in economic development varies from economy to economy depending upon its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial function. Path breaking offerings by entrepreneurs, in the form of new goods & services, result in new employment, which can produce a cascading effect or virtuous circle in the economy. If we understand the benefits and drawbacks, a balanced approach to nurturing entrepreneurship will definitely result in a positive impact on economy and society.

Paper Identification



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Introduction:

Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a period of time. Entrepreneur plays a vital role in economic development. Entrepreneurs serve as the catalysts in the process of industrialization and economic growth. Technical progress alone cannot lead to economic development, unless technological breakthroughs are put to economic use by entrepreneurs. It is the entrepreneur who organizes and puts to use capital, labour and technology. Accordingly, “development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed and this requires entrepreneurial activity to a considerable extent, the diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs.”

The economic history of the presently developed countries like America, Germany, and Japan leads to support the fact that the economy is an effect for which entrepreneurship is the cause. The crucial role played by the entrepreneurs in the development of the western countries has made the people of under-developed countries too much conscious of the significance of entrepreneurship for economic development. Now people have begun to realise that for achieving the goal of economic development, it is necessary to increase entrepreneurship both qualitatively and quantitatively in the country. It is only active and enthusiastic entrepreneurs who fully explore the potentialities of the country’s available resources land, tech., capital, material etc.

Examples of Entrepreneurs

- Bill Gates, founder of Microsoft. There are probably not many people that have not been touched by one of his products, such as Microsoft Windows, Microsoft Office and Internet Explorer.
- Steve Jobs, co-founder of Apple computers, which produces Macs, iPods and iPhones, as well as Apple TV.
- Mark Zuckerberg, the founder of Facebook.
- Pierre Omidyar, founder of eBay.
- Arianna Huffington, founder of the Huffington Post, a well-known online news site.
- Caterina Fake, co-founder of Flickr, which hosts images and videos on the internet.

Need for Entrepreneurship Development :

Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of the country. The economic history of the presently advanced

countries like USA, Russia and Japan supports the fact that economic development is the outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by the entrepreneurs in the economic development of advanced countries has made the people of developing and under developed countries conscious of the importance of entrepreneurship for economic development. It is now a widely accepted fact that active and enthusiastic entrepreneurs can only explore the potentials of the countries availability of resources such as labour, capital and technology.

Entrepreneurs initiate and sustain the process of economic development in the following ways:

The role of entrepreneurship in economic development varies from economy to economy depending upon its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial function. The entrepreneurs contribute more in favourable opportunity conditions.

1. Capital Formation:

Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.

2. Improvement in Per Capita Income:

Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income in the country, which are important yardsticks for measuring economic growth.

3. Generation of Employment:

Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.

4. Balanced Regional Development:

Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies offered by the central and state governments.

Public sector steel plants and private sector industries by Modis, Tatas, Birlas and others have put the hitherto unknown places on the international map.

5. Improvement in Living Standards:

Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture of handicrafts, etc., in the small scale sector help to improve the standards of life of a common man. These offer goods at lower costs and increase variety in consumption.

6. Economic Independence:

Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country.

Such import substitution and export promotion help to ensure the economic independence of the country without which political independence has little meaning.

7. Backward and Forward Linkages:

An entrepreneur initiates change which has a chain reaction. Setting up of an enterprise has several backward and forward linkages. For example- the establishment of a steel plant generates several ancillary units and expands the demand for iron ore, coal, etc. These are backward linkages. By increasing the supply of steel, the plant facilitates the growth of machine building, tube making, utensil manufacturing and such other units.

Conclusion

Paradoxically, a significantly high number of entrepreneurs may lead to fierce competition and loss of career choices for individuals. With too many entrepreneurs, levels of aspirations usually rise. Owing to the variability of success in entrepreneurial ventures, the scenario of having too many entrepreneurs may also lead to income inequalities, making citizens more – not less – unhappy. However The interesting interaction of entrepreneurship and economic development has vital inputs and inferences for policy makers, development institutes, business owners, change agents and charitable donors. If we understand the benefits and drawbacks, a balanced approach to nurturing entrepreneurship will definitely result in a positive impact on economy and society. Entrepreneurship puts new business ideas into practice. In doing so, it creates jobs that facilitate personal development. With their innovative and disruptive ideas, entrepreneurs can tackle social problems too. It's a worthy pursuit to consider, but if it's not for you, see how to pass down its

principles to the next generation and enroll in How to Encourage and Teach Our Children Thus, it is clear that entrepreneurship serves as a catalyst of economic development. On the whole, the role of entrepreneurship in economic development of a country can best be put as “an economy is the effect for which entrepreneurship is the cause”

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