

Overviewing The Importance and Role of Entrepreneur in Modern Economy and Entrepreneurial Motivation Theories

Jajula Anjaiah¹, Dr K V Ramana Murthy²

¹Research Scholar, Career Point University

²Research Supervisor, Career Point University

Abstract-Growth of entrepreneurship has been considered as a priority area in development policy in various nations in recent years, most notably India. Small and medium-sized firms (SMEs) run by young entrepreneurs span many sectors, from paper and electronics to engineering and electricity to textile and metal welding to construction and the manufacturing of food and training. Women in rural and semi-urban settings, in particular, get more economic opportunity when they pursue entrepreneurial endeavours. The area's potential for industrial and economic growth improved as a result of the economy's evolution. More entrepreneurs are needed in the area so that new companies may be started and existing small and medium-sized enterprises can grow. This Article provides an Overview of the Role and Importance of Entrepreneurs in Today's Economic Environment, as well as a Survey of the Major Theories Concerning What Drives Successful Entrepreneurs.

Keywords: Entrepreneurship, economy, Business, Young businesses, Modern Economy.

I. INTRODUCTION

An entrepreneur must take on multiple hats. Scholars have placed entrepreneurs in a variety of positions dating back to the eighteenth-century work of Cantillon (1730). The functions of a risk taker, resource organiser and allocator, decision maker, industry leader, business owner, employer, and so on are all part of this sphere. Economists of the modern era define an entrepreneur as a businessperson who is ready to take on the responsibility of coordinating the numerous elements of production, managing the business in its various aspects, taking on risk, and operating the company for maximum profit. The three broad functions of an entrepreneur are risk taker, organiser, and creator.

II. ENTREPRENEURSHIP

The French term 'entreprendre' is whence we get the English word 'entrepreneur.' As a verb, it implies 'to take on.' Simply said, an entrepreneur is someone who is prepared to 'undertake' the risks associated with starting and running their own firm in the hopes of making a profit. Entrepreneurs are the people who turn ideas into reality. Entrepreneurship refers to the mindset of someone who is willing to take the lead in developing innovative solutions to problems in their field, both technologically and socially. A person's philosophy, morality, beliefs, perspective, etc., all contribute to how they think about and feel about the world around them, including the people, things, events, actions, and ideas they encounter. Thus, entrepreneurship may be seen as a philosophy or manner of approaching one's work and personal life. Entrepreneurship as a concept has evolved over the last several decades. Until the beginning of the 19th century, an entrepreneur was seen as someone who took calculated risks, faced down unknowns, and founded a successful enterprise. However, modern entrepreneurs willingly take calculated chances in order to boost their businesses' bottom lines. They do this by developing novel approaches to allocating limited resources and creating cutting-edge goods and services.

It was in 17th- and 18th-century France when the term 'businessman' first appeared. The idea contractor has shown a robust correlation with the conventional wisdom around the genesis of a business, which has historically carried great weight. The focus, however, has shifted to an economy where high returns may be achieved by increasing competition. Small and medium-sized firms have contributed significantly to

the expansion of the economy in recent years, and this has piqued the curiosity of many.

The spirit of enterprise is the key that unlocks the engine of national development. Sustaining the inherent independence of a person is a strong key to economic success that plays a vital role in industrialised nations. Many people's livelihoods are supported by small and medium-sized enterprises. Moreover, as a fundamental player in the process of local economic development and restructuring of national economies, small enterprises also participate. Women's entrepreneurship in India has flourished only in the past three decades. As the world economy struggles with imbalances brought on by interconnected economies, the role of entrepreneurship has risen steadily in the modern era.

Enterprises' position is not only confined to company formation, but also encompasses the development of capital, employment and income capacities, which are the most evident signs of economic progress. The lack of or inadequate availability of entrepreneurs, not shortage of natural capital, leads in an underdevelopment of a country.

2.1 Factors Influencing Entrepreneurship Development

The entrepreneurship development depends upon various factors and determinants. To facilitate the study, the factors influencing entrepreneurship development as follows:

Entrepreneurial Skills and Knowledge: In order to succeed in today's fast-paced business world, entrepreneurs need a wide range of abilities. Skills such as management, decision making, creative thinking, and problem solving are among them. Industry-specific technical know-how, such as manufacturing procedures, socio-cultural and political contexts in which the firm operates, challenges linked to raw materials, distribution routes, competition, etc., are all examples of what an entrepreneur could know. With this information in hand, business owners are better able to plan their actions and make the most of their abilities to achieve success.

Motivational Factors: An individual's motivation may be defined as 'the desire, temperament, dedication, and drive that motivates one to undertake entrepreneurial endeavour and achieve the enterprise's performance goals via the establishment of exceptionally efficient

work practises.' "Therefore, inspiration is crucial for business growth."

Business Environment: All Aspects, Including the Economic, Legal, Political, and Technical Factors such as economic stability, raw material availability, competition and price practises, income and investments, trade cycles, infrastructure and technical advancement, etc. have significant effects on the growth of new businesses. Economic policies, political stability, defence policies, foreign policies, etc., combined with the laws and regulations relevant to trade and industry, such as the business laws, industrial laws, labour laws, income tax, sales tax, etc., construct the political and administrative systems. When simple regulations and norms are administered by honest officials, a favourable ecosystem for business growth is created. Significant growth and innovative entrepreneurship are the results of government initiatives to introduce cutting-edge technology, finance research, and foster a culture of innovation.

Normative Behavior: An individuals' risk bearing ability, family expectations and pressures, self-dependence and work culture, etc. determines the normative behavior of that individual. This behavior impacts the entrepreneurship development.

Role of Banks and Financial Institutions: The banks and the financial institutions play a vital role in the development of the entrepreneurs. The nationalized banks and the commercial banks support the entrepreneurs by giving timely credit facilities at concessional rates.

Entrepreneurship Oriented Education System: Instilling a desire to become an entrepreneur and training an individual for the same is the responsibility of an educational institution by including several entrepreneurial development courses along with their formal education. Unless the potential entrepreneurs are identified and supported, the entrepreneurship cannot be developed.

Government Policies and Incentives: The government like industrial policy, Licensing policy, agriculture policy, monetary and fiscal policy, Labour policy, Export-Import policy, etc. effect entrepreneurship development. The government also provides incentives and special facilities for enterprise development.

2.2 Importance and Role of Entrepreneur in Modern Economy

Each country's economic system has its own nucleus, where businesses are founded. Entrepreneurs are the risk-takers who take a chance on a new venture and see it through to fruition, therefore boosting the economy via the creation of new employment and higher standards of life. Entrepreneurs are discussed in further depth, along with their significance and function:

Increase in Employment and Removal of Poverty: When business owners take the initiative to bring their visions to life, they generate new job possibilities. When the number of available jobs rises, the country's per capita income rises as well, indicating that all available resources are being put to good use. This facilitates economic growth, which aids in the fight against poverty.

Construction of Industrial Environment: Entrepreneurs are always researching the industrial prospects for their industrial growth. This outlook encourages more people to start their own industrial endeavours. By taking such an inquiring stance, a productive business setting may be established.

Eliminate Regional Disparities: When it comes to establishing businesses in India's underdeveloped and underserved areas, the central government offers attractive tax breaks and other incentives. In order to facilitate the growth of their respective industries, business owners set up shop in these areas. In this way, we are able to lessen the gaps between different regions..

Support Capital Formation: The increase in the rate of capital formation is an integral part of the economic development of a country. An entrepreneur stimulates the economic forces in capital formation through his undertakings.

Prompts and Balances the Economic Growth and Development: Employment is created, regional inequality is decreased, and a higher standard of life is attained when there is economic growth via the establishment of new industries in various regions. A company owner is thus not only the driving force behind any economic growth, but also a key factor in ensuring that it is steady, sustained, and broadly distributed.

Encouragement to Investigation and Research: As a general rule, business owners take risks and try new things. As a result, one of an entrepreneur's primary roles is to promote study and inquiry into issues of innovation and improvement in areas such as

technology, manufacturing methods, new products, and the identification of potential markets.

III. ENTREPRENEURIAL MOTIVATION

In today's economically interconnected globe, the creation and growth of entrepreneurship is a pervasive phenomena. There is a direct correlation between the success of emerging countries and the expansion of the global economy. These economies have recently shown remarkable economic development, as well as entrepreneurial spirit and cultural innovation. Small and medium-sized businesses (SMEs) are the lifeblood of economies in both emerging and mature markets, and they are inextricably related to entrepreneurialism. Over ninety-five percent of all businesses in industrialised nations are small and medium-sized companies (SMEs), and these businesses employ sixty percent of the labour force. Understanding what inspires people to participate in entrepreneurship is crucial in the study of firm formation. Without considering what drives people to start businesses, we can only build a partial theory and policy framework. "Kuratko and coworkers stated that in order to comprehend entrepreneurship, one must first comprehend what drives prospective and current business owners." According to the research, there is a correlation between a person's level of motivation and their level of business success, as proposed by Carsrud and Brannback.

In order to start a firm from scratch and make it successful, entrepreneurs are willing to take on enormous personal and financial risks. It's a terrifying experience if you really think about it. For what possible reason would someone want to do that? In spite of the challenges, there are bright spots that may fill you with contentment and happiness, and if you stick with it, you'll be rewarded handsomely for your efforts. Each entrepreneur is motivated by a unique set of factors, but a thorough examination reveals five common forces at work in the minds of those who choose to strike out on their own:

Flexibility: Some people decide to go into business for themselves because they are fed up with the constraints of conventional employment. Working long hours, bending to the whims of your superiors and customers, and being mired in the same routine day in and day out are just some of the stresses that come with a position of authority. When you're your own boss in

the business sector, you don't have to worry about those kinds of constraints. You're free to work whenever you want, from anywhere you want, and on anything you choose. Working for yourself doesn't always imply less time in the office or less stress, particularly in the early phases of a company's development. Actually, many individuals discover that as entrepreneurs they work harder, longer, and under tighter restraints than they did as employees, but the payoff is worth it.

Money: You may try to pretend otherwise all you want, but the fact remains that the great majority of entrepreneurs are drawn to the field by the promise of massive financial gain. The success stories of people like Richard Branson and Mark Zuckerberg give the impression that anybody with drive and an idea can become a millionaire overnight. While this may not be entirely accurate, any devoted entrepreneur with a strong concept and wonderful timing may earn far more money than they might in a typical career. There's nothing wrong with wanting to become rich, but if that's your main motivation, you can get discouraged if your business doesn't succeed right away..

Personal Growth: Running your own company forces you to face your own character head-on. Daily struggles of any type force you to reflect on who you are and how far you've come as a person. When you're on your own, there's no one to rely on except yourself. Fixing your flaws is crucial for your company's success. For instance, if you're not already proficient in web marketing, you should make it a priority to become so. If this is your situation, you may find a variety of useful internet marketing resources, such as an Australian online company directory. "To reach more Australian consumers, you should get started now on compiling a list of the best online business directories to advertise in." There are numerous additional internet marketing techniques available besides online business directories, Australia. Ultimately, the goal should be to stretch and develop..

Teamwork: Some individuals thrive in team settings. They like working in an environment that encourages collaborative problem solving, where they can exchange ideas with other bright individuals whom they respect. Although there are opportunities to supervise others as part of your job description at certain companies, nothing beats starting your own business and assembling your own team from

beginning. When starting out on your own, you get to choose your strategic partners, mentors, core team members, and even your first few employees. That means you'll never have to worry about working on a team that you don't like or can't be productive with since you'll get to choose the skill sets, talents, and personalities you want to work with. Your company's crew is like a family in many respects. Keep in mind that it is normal for families to have arguments from time to time.

Feeling of accomplishment: One of the most important factors in starting a business for some of us is the sense of accomplishment we get from helping others. One's pleasure and feeling of success from providing needed services to others is what draws them to entrepreneurship. Many individuals want to be their own boss because they see themselves feeling fulfilled at the end of each day. Starting a business is motivated by a desire to provide the greatest possible service to one's clientele.

Control: Many business owners who have ambitions of leadership are motivated by a need to exert authority. When you're the one in charge of your own firm, you get to decide everything, from who gets employed and at what wage, to the next steps the company takes. In particular, this may inspire employees who are fed up with their current company's performance or who are working under a CEO who is unable to get anything done. When an entrepreneur establishes himself in a company, they have last say over all operational matters. But there's also the strain and anxiety that come with increased responsibilities. You will be given the opportunity to steer the direction of your company, but you will be solely responsible for its success (or lack thereof) in your own hands..

Self-Reliance: Let's speak about being self-reliant, which is another significant motivating reason that motivates more than half of the world's population towards entrepreneurship. One of the main drawbacks of working for someone else is that you are virtually never given the flexibility to tackle a problem on your own. It is constantly about gaining permits from higher authorities along with filling obscure paperwork for the same. For others, it turns out precisely to be the fundamental motivation for beginning their own firm. Entrepreneurs are naturally inventive individuals who resist attempts to curb their originality. They are

driven to start their own businesses by a need for autonomy.

Legacy: Some business owners care more about leaving a legacy than making a profit. They may be seeking notoriety and financial gain by being the public face of a product or service. They may want to be remembered by something of value. They may even be thinking about passing the company on to the next generation. The idea is that they want to leave a legacy that will live on after they are gone. One of the most potent sources of drive for business owners, this inspiration has a far longer shelf life than either financial gain or expertise and is thus much more difficult to replace.

It's the best feeling in the world to launch your own business. However, it is only sustainable if there is sufficient enthusiasm and drive. It's not wise to start a business with the sole intention of generating money, since that desire tends to lag behind the demands of running the firm. To succeed in business, you need to put in a lot of time and effort, and only then will you be able to persevere through the inevitable rough patches. You need to be able to appreciate the intangible benefits of company ownership. Taking the plunge and starting a company on your own is an enormous act of trust. However, the everyday benefits of contentment and fulfilment make the effort worthwhile.

IV. ENTREPRENEURIAL MOTIVATION THEORIES

What drives an entrepreneur is what we refer to when we talk about entrepreneurial motivation. "The Latin root of the English word 'motivation' is 'movere,' which means 'to move.'" In psychology, it refers to a cause or motivation for doing something, as well as the underlying processes or variables that set in motion and maintain that behaviour. The sheer volume of ideas put out in an effort to explain human behaviour is indicative of motivation's significance in both everyday life and the workplace. They use wants and human nature as explanations for why people do what they do. Maslow's Need Hierarchy Theory and McClelland's Achievement Motivation Theory are two of the most well-known and applicable of these theories to the realm of business.

McClelland's Achievement Motivation Theory: David McClelland is most noted for describing three types of

motivational need, which he identified in his 1961 book, *The Achieving Society*: His three motivational needs are given below and have been depicted in Figure: 1.

- ✚ Affiliation motivation (n-affil)
- ✚ Achievement motivation (n-ach)
- ✚ Power motivation (n-pow)



Figure: 1: McClelland's Achievement Motivation Theory

To various degrees, all workers and managers have these wants, and this combination of needs defines an individual's or entrepreneur's style and conduct in terms of their own motivation and the management and motivation of others.

Abraham Maslow's Need Hierarchy Theory: Abraham Maslow's thesis of a 'hierarchy of needs' is often cited as a popular explanation for human motivation. Maslow saw human wants as a hierarchy (see Figure: 1.10.1.5), rising from the most basic to the most complex, and he reasoned that the motivation provided by the satisfaction of the lowest level of needs declines when higher levels are attained.

V. CONCLUSION

Independent start-ups and the development of 'great ideas' in individualistic cultures generate business variety, with the ultimate goal being maximisation of profits. A strong demand for achievement, as measured by economic success and money, probably occurs in societies where masculinity is emphasised. Businesses in collectivist societies tend to be evolutionary rather than revolutionary since economic success is considered as a method to achieving social objectives and realising ideals. Market economies rely heavily on entrepreneurs, who oftentimes serve as the fuel that drives the economy forward. New product

and service development leads to more employment, which speeds up economic growth. There is a lot of study looking at what drives entrepreneurs, but much of it has been done in the industrialised world. Given that many entrepreneurs have comparable motivational elements, there may be opportunities to learn more about the similarities and contrasts between the cultural motivations of entrepreneurs in developing and industrialised nations.

REFERENCE

- [1] Alam, J. and Hossan, M.A. (2003) 'Linking between franchising networks for entrepreneurship and economic development – looking for a new model', EMNet Conference, p.1.
- [2] Bhola, R., Verheul, I., Thurik, R. and Grilo, I. (2006) Explaining Engagement Levels of Opportunity & Necessity Entrepreneurs, pp.1–33, Scientific Analysis of Entrepreneurship and SME's, EIM Business and Policy Research.
- [3] Carsrud, A. and Brannback, M. (2011) 'Entrepreneurial motivations: what do we still need to know?', Journal of Small Business Management, Vol. 49, No. 1, pp.9–26.
- [4] Danes, S.M., Lee, J., Stafford, K. and Heck, R.K.Z. (2008) 'The effects of ethnicity, families and culture on entrepreneurial experience: an extension of sustainable family business theory', Journal of Developmental Entrepreneurship, Vol. 13, No. 3, pp.229–268.
- [5] Dimitratos, P., Buck, T., Fletcher, M. and Li, N. (2015) The Motivational of International Entrepreneurship: The Case of Chinese Transnational Entrepreneurs, International Business Review, Corrected Proof.
- [6] Hessels, J., van Gelderen, M. and Thurik, R. (2008) 'Entrepreneurial aspirations, motivations, and their drivers', Small Business Economics, Vol. 31, No. 3, pp.323–339.
- [7] Hsu, D.K., Shinnar, R.S. and Powell, B.C. (2014) 'Expectancy theory and entrepreneurial motivation: a longitudinal examination of the role of entrepreneurship education', Journal of Business and Entrepreneurship, Vol. 26, No. 1, pp.121–140.
- [8] Mirabela, M. and Madela, A. (2013) Cultural Dimensions and Work motivation in the European, pp.1511–1519, Union the University of Oradea, Co-funded by the European Social Fund.
- [9] Pang, J.S (2008) The Achievement Motive: A Review of Theory and Assessment of N Achievement, Hope of Success and Fear of Failure, pp.1–65, Nanyang Technological University, Singapore.
- [10] Zimmerman, T.W. and Scarborough, N.M. (2008) Essentials of Entrepreneurship and Small Business Management, p.5, Pearson Education Inc., Upper Saddle River, New Jersey.