



ENTREPRENEURIAL DEVELOPMENT IN THE ECONOMIC GROWTH OF NATION WITH REGARDS TO SOCIO-ECONOMIC FACTORS INFLUENCING IT

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Article Info: - Received : 16 September 2023

Accepted : 20 September 2023

Published : 30 September 2023

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Entrepreneurship contributes to global economic development by creating new businesses, which create jobs, provide people with a variety of products and services, intensify competition and increase productivity through technological change, and positively impact individual lives on multiple levels. Entrepreneurship development is a prominent priority nowadays since it has enormous potential for providing jobs and self-employment, therefore contributing to economic growth. In recent years, India has experienced an exponential increase in the number of start-ups and new-age entrepreneurs. Both the Central and State Governments have taken significant initiatives to promote entrepreneurship in the country. To attract investors and establish a healthy atmosphere for entrepreneurship, the government has developed a number of schemes and programmes. Entrepreneurship is critical to the economic prosperity of any country. Entrepreneurship serves as a cornerstone for a nation's economic growth by generating jobs, contributing to national income, rural development, industrialisation, technical development, export promotion, and so on. The purpose of this study is to study the economic and social environment factors that affect entrepreneurial growth and also to highlight the role of EDPs (Entrepreneurial Development Programs) in it.

Keywords: *Entrepreneurship, Entrepreneurial Development, Socio-Economic Factors, Economic Growth.*



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1. INTRODUCTION

Entrepreneurs control the economic fate of nations by creating wealth and employment, supplying products and services, and generating tax revenue for the government; hence, entrepreneurship is inextricably linked to a nation's economic

development. Inventions, which are viewed as the fundamental source of competitiveness in a globalising world economy, are utilised by entrepreneurs to transform ideas into economic opportunities. As a result, most governments throughout the world are working to increase the supply of skilled and

internationally competitive entrepreneurs in their respective countries. Entrepreneurial growth is the deliberate and structured transformation of an individual into an entrepreneur. The development of an entrepreneur refers to instilling entrepreneurial abilities in ordinary people by giving necessary information, improving technical, financial, marketing, and management skills, and instilling an entrepreneurial mentality. Entrepreneurship development programmes are designed to assist a person in enhancing his entrepreneurial drive and acquiring the skills and competencies necessary to fulfil his entrepreneurial function effectively.

"Entrepreneurship is the deliberate effort of an individual or a group of linked individuals undertaken to begin, develop, or organise a profit-oriented business unit for the production or distribution of economic products and services," stated by A.H. Cole. Entrepreneurship has three major conceptual approaches. The first approach is functional, and it is concerned with the dynamic actor who takes crucial decisions on investment, production, innovation, location, and R&D. According to this viewpoint, entrepreneurship is a psychological quality that refers to energy, innovation, and uniqueness. Managers of MNCs, state-owned companies, profit/non-profit organisations, and a range of dynamic entrepreneurs inside organisations are also included in the approach. The second approach emphasises the company as the most important economic component. Owner-operated businesses, incorporated joint stock companies, state-owned joint ventures, and subsidiaries of international corporations are all covered. They are the units that make the main choices about investment, diversification into activities or industries, and relocation to other countries. The third method focuses on privately held businesses. The entrepreneur is the owner and is actively involved in the operation of the firm under this manner. This mostly applies to small and medium-sized businesses, start-ups, and self-employment. Small businesses continue to dominate entrepreneurship in India. They've also grown more efficient. Small firms in tradable sectors have accounted for the majority of job growth in the manufacturing sector; they have shrunk in the non-tradable sector. Entrepreneurship is related with the development of something fresh and scalable via the use of time and effort. Entrepreneurship is seen as difficult and involves tremendous financial, social, and mental effort, yet it is also extremely rewarding. Psychological, social, personal, environmental, and economic factors have profound effects on entrepreneurship.

1.1 Meaning Entrepreneurship

Entrepreneurship is the skill of establishing, cultivating, and sustaining a business unit in order to generate profits in the future. An entrepreneur seeks to make a good difference in society while also bringing people together via enterprise. Entrepreneurs take their ideas and put them into action. Entrepreneurship is the collection of an entrepreneur's talents, which includes the willingness to take risks and the desire to generate riches. Entrepreneurship is a dynamic activity committed to the development of wealth. It refers to doing anything new that requires time, effort, and the willingness to take financial, emotional, social, and psychological risks. In exchange, entrepreneurship provides both monetary and non-monetary rewards to the individual in the form of personal fulfilment and independence.



Figure 1 – Entrepreneurial Process

2. REVIEW OF LITERATURE

Following literature were reviewed for the purpose of this study –

Alakel, Marwa. (2019) said that the Entrepreneurship Development Programme (EDP) is a programme designed to facilitate the development of entrepreneurial abilities. The programme in question is designed to cultivate the essential skill set necessary for the successful operation of a business enterprise. At times, individuals may possess certain aptitudes that necessitate refinement and cultivation. This particular programme is highly suitable for the intended individuals. The present programme comprises a methodical regimen aimed at cultivating an individual's entrepreneurial acumen. The acquisition of skills and necessary capabilities is instrumental in enabling an individual to effectively assume the role of an entrepreneur.

Naji, Amat Alsalam. (2019) stated that the realm of entrepreneurship is subject to the influence of four distinct factors, namely economic development, culture, technological development, and education. In regions where these aforementioned factors are prevalent, one can anticipate observing robust and unwavering entrepreneurial expansion. It is plausible that the prevailing circumstances could exert a dual effect on the inception of entrepreneurial activities,

with both favourable and unfavourable outcomes. The presence of positive influences can create a favourable environment for the emergence of entrepreneurship, while negative influences can hinder its development.

Khan, Firdouse. (2013) mentioned that the development of entrepreneurship exerts a potent influence on the economic advancement of the nation. The triumph of an entrepreneur is contingent upon a multitude of environmental factors, including but not limited to social, economic, legal, political, and technological influences. These factors play a pivotal role in shaping the entrepreneur's activities, ultimately leading to successful entrepreneurship. The predominant determinants that exert a significant impact on entrepreneurial conduct and business operations are the socio-economic factors.

3. OBJECTIVES OF THE STUDY

- To investigate the social and economic factors influencing the development of entrepreneurship.
- To stress the importance of Enterprise Development Programmes (EDP) to a nation's economic progress.

4. METHODOLOGY OF THE STUDY

The study's primary data source is secondary data. The current study is a conceptual survey comprising exploratory and descriptive components. The study-related information was gathered from websites, journals, periodicals, newspapers, and books.

5. SOCIO-ECONOMIC FACTORS THAT INFLUENCE ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship is influenced by a number of economic, social, political, psychological, and other factors. We will discuss two of these factors here as stated in the objective of this study.

5.1 Social Factors

Social factors also have a crucial role in shaping entrepreneurial behaviour, which results in the growth of entrepreneurship. Some of these major factors are as follows:

- **Background** - A manufacturing family background provides a source of industrial entrepreneurship. The family's occupational and social position affected mobility. There are situations when only a small number of people would have to be brave. For example, in a culture where the joint family system is common, people who work hard to get rich aren't able to enjoy the fruits of their labour because they have to share their wealth with the other people in the family. The family makeup and economic condition have an impact on entrepreneurial behaviour. When it comes to business, the employment, background,

and social position of the family all contribute. This component involves family size, family type, and family economic condition.

- **Education System** - It is also essential for fostering an entrepreneurial spirit in a person. Entrepreneurship has been prioritised and is now part of the curriculum. Education fosters the discovery of meaningful answers to societal challenges through creativity while also developing intellectual ability. Education helps people understand the outside world and give them the basic knowledge and skills they need to handle day-to-day problems. In any community, the educational system plays an important role in instilling entrepreneurial principles.
- **Culture** - A competitive culture is one that recognises entrepreneurs. It inspires men to strive for perfection. It drives people to be ambitious and tenacious in their aspirations of success, recognition, and social standing through entrepreneurial endeavours. Motives drive folks to do action. The degree of these motivations is determined by the culture of the society. Entrepreneurship would be recognised and commended in an economically or financially focused culture, and money acquisition as a way of life would be valued. People in less developed countries are not economically driven.
- **Society** - It has a significant impact on entrepreneurial behaviour. Societies with a pro-entrepreneurship mind-set advance via innovation and new ideas. A connected facet to this is society's attitude towards entrepreneurship. Some civilizations foster novelties and inventions, and hence approve of entrepreneurs' actions and incentives such as profits. Others are resistant to change, and entrepreneurship cannot thrive in such environments. Similarly, some communities have a natural aversion to any form of money-making activities.
- **Caste** - The value system of a civilization that has grown over time impacts people's activities. Consider the Hindu caste system, in which society is split into four castes: the Brahmana (priest), the Kshatriya (warrior), the Vaishya (trade), and the Shudra (artisan). For a long time, the Vaishya community dominated economic activity because the other three varnas were not engaged in the same (**Gupta, 2000**). This is also true in other regions of the world where particular ethnic groups are more prevalent in business activity. Every culture has distinct cultural traditions and beliefs that impact people's actions. These behaviours and values have evolved over many centuries.

5.2 Economic Factors

Economic factors have a considerable influence on the success of entrepreneurship in the following ways:

- **Market** - The market determines a company's survival. For a business to succeed, the quality of its services must be both high and reasonable. This will aid in the enterprise's favourable market placement and provide a competitive edge. Market and marketing play a critical part in the development of entrepreneurship. In today's competitive environment, no entrepreneur can imagine living without current industry knowledge and numerous marketing tactics.
- **Capital** - For the creation of a business, capital is one of the most crucial variables of production. Increased capital investment in feasible projects leads to increased profitability, which aids in the acceleration of the capital creation process. The simple availability of cash for investment boosts entrepreneurship activity as well. Greater capital investments in feasible projects result in higher earnings and aid in the growth of entrepreneurship. Sufficient finance allows the firm to compete in the market, introduce innovation to its services, and ensure its long-term viability. The availability of finance makes it easier for the entrepreneur to gather together land from one, machinery from another, and raw materials from still another to manufacture items. Capital is thus seen as a lubricant in the industrial process.
- **Raw Material** - It is one among the essential elements needed for production. A lack of raw materials might have a negative impact on the entrepreneurial environment. Without an appropriate supply of raw materials, no industry can function correctly, and the creation of entrepreneurship suffers. In any business, raw materials or production inputs are the antecedents. Entrepreneurs must assure an on-going supply of inputs in order to maintain manufacturing uniformity and quality. There should be sufficient systems in place to map the state of the enterprise's current raw materials or inputs.
- **Labour** - Another aspect that impacts the formation of entrepreneurship is the quality rather than quantity of workers. Because of their large and even growing populations, most less developed countries are labor-rich. Yet, entrepreneurship is fostered when the work force is mobile and flexible. Labor is critical to the enterprise's providing quality and affordability. Skilled labour guarantees the

enterprise's productivity and long-term viability. Entrepreneurs significantly value the availability of low-cost labour with flexible mobility. The easy availability of the correct sort of personnel has an impact on entrepreneurship.

- **Infrastructure** - Sufficient network connectivity and transportation options are critical for the advancement of entrepreneurship. The availability of services such as drainage, power, and water encourages entrepreneurs to launch their own businesses. Entrepreneurship expansion needs well-developed communication and transportation infrastructure. It not only serves to broaden the market, but it also broadens the perspectives of business.

6. ROLE OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDP) IN THE ECONOMIC GROWTH OF A NATION

The Entrepreneurship Development Programme (EDP) is a programme that assists in the development of entrepreneurial skills. This curriculum helps students acquire the skills needed to manage a successful business. Sometimes pupils have abilities that need to be polished and incubated. The Entrepreneurial Development Programme (EDP) plays a vital role in a country's economic development and prosperity. It is via the EDP that entrepreneurs obtain the necessary information and skills for successfully operating their businesses, which eventually contribute to economic advancement in the following ways:

- **Provides employment opportunities:** EDPs contribute to the solution of the unemployment crisis by establishing small and large industrial units where the unemployed may be absorbed. The Government of India has launched a number of programmes and plans to combat poverty and unemployment, including the Prime Minister's Rozgar Yojana, the National Rural Employment Project, and the Integrated Rural Development Programme.
- **Assists in attaining Balanced Regional Development:** EDPs that work well help to speed up the industrialization of backward areas and keep too much economic power from being in the hands of one person. Many discounts and subsidies from the state and central governments made it easier for entrepreneurs in rural and poor areas to start their own small and medium industrial units. With the help of EDPs, more and more industrial units are set up in underdeveloped areas. This helps the rural sector grow, which

in turn helps achieve balanced regional development.

- **Prevents industrial slums:** Entrepreneurial development programmes help get rid of industrial slums by giving entrepreneurs in non-industrialized areas a wide range of schemes, incentives, subsidies, and infrastructure facilities they can use to start their own businesses.
- **Utilization of Local Resources:** Several locally accessible services are underutilised due to a lack of initiative and comprehension on the part of enterprises. Using these resources efficiently will contribute in establishing a solid basis for rapid industrialisation and economic progress. EDPs may aid aspiring entrepreneurs in maximising the use of locally accessible resources by providing training, mentoring, and education.
- **Economic Independence:** Entrepreneurs may contribute to a nation's economic independence by producing a vast array of superior goods and services at competitive prices. Entrepreneurs may also earn and save foreign currency through export promotion and import substitution, which is essential for the economic growth and development of any nation.
- **Raises the standard of living and per capita income:** EDPs help businesses by training them on how to test innovation and production processes in order to provide a wide range of high-quality goods and services at reasonable rates. EDPs also aid in the establishment of new businesses, which aid in the creation of additional job possibilities and the increase of people's earnings. It will result in an increase in per-capita income, which will assist to enhance people's standard of living.

7. CONCLUSION

To conclude, entrepreneurs should conduct a proper environment scanning, especially external environment to extract the factors affecting entrepreneurship development and then proceed accordingly. The socio-economic factors play a very crucial role in entrepreneurial activities and should be given importance in EDP programs too. The entrepreneur, with his vision and willingness to take risks, has the potential to reshape the country's economic landscape. They are critical in launching and sustaining a nation's economic growth process. The ultimate goal of an entrepreneurial development course is to encourage a person to pursue entrepreneurship as a profession and to prepare him to discover and effectively exploit possibilities for new companies. Entrepreneurship serves as a catalyst for a

country's economic progress by generating jobs, contributing to national revenue, rural development, industrialisation, technical development, export promotion, and so on. The government of India has taken numerous steps for the growth of entrepreneurship in the country from time to time.

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Cite this article as: Ayushi Agarwal et al., (2023). Entrepreneurial Development in the Economic Growth of Nation with regards to Socio-Economic Factors Influencing it. *International Journal of Emerging Knowledge Studies*. 2(9), pp. 324-328.