



## **A Study of Management as an Entrepreneur in context to Small Scale Industry (SSI)**

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**Introduction** - Giving precise definition of management is not so simple because the term management is used in a variety of ways. Being a new discipline it has drawn concepts and principles from a number of disciplines such as Sociology, Economics, Psychology, Statistics, Anthropology and so on. The contributors from each of these groups have viewed management differently. For example economists have treated management as 'a factor of production'; Sociologists treated it as 'a group of persons'. Hence, taking all these view points, it becomes difficult to define management in a comprehensive way and no definition of management has been universally accepted. Many definitions were given by various contributors; one popular definition is given by Mary Parker Follet. According to Follet management is 'the art of getting things done through people'. This definition clearly distinguishes between manager and other personnel of the organization. A manager is a person who contributes to the organization's goal indirectly by directing the efforts of others, not by performing the task by him. A person who is not a manager makes his contribution to the organization's goal directly by performing the tasks by himself. Sometimes a person may play both roles simultaneously. For example, a sales manager plays managerial role by directing the sales force to meet the organization's goal and plays non-managerial role by contacting an important customer and negotiating deal with him. The principal of an institution plays the role of manager by directing the heads of the departments and plays non-managerial role by teaching a subject. There are two weaknesses of this definition. The first weakness is that the definition states that management is an art. Art deals with application of knowledge. But management is not merely application of knowledge. It also involves acquisition of knowledge i.e., Science. Managing using intuition or thumb rule is not correct management. The second weakness of this definition is that it does not explain the various functions of management.

sometimes performed quite well and some times not so well. These statements imply that management is a process involving certain functions and activities that managers perform. Management.

**2. Management is a discipline:** Discipline refers to the field of study having well defined concepts and principles. Classifying management as discipline implies that it is an accumulated body of knowledge that can be learnt. Thus, management is a subject with principles and concepts. The purpose of studying management is to learn how to apply these principles and concepts at right circumstances at the right time to produce desired result.

**3. Management is a human activity:** If you say that "the restaurant has an entirely new management" or "He is the best manager I have worked for", you are referring to the people who guide, direct and thus manage organizations. The word 'management' used here refers to the people who engage in the process of management. Managers are responsible for seeing that work gets done in organization.

### **CHARACTERISTICS OF MANAGEMENT.**

**(1) Management is a continuous process:** The process of management consists of planning, organizing, directing and controlling the resources to ensure that resources are used to the best advantages of the organization. A single function alone cannot produce the desired results. Management involves continuous planning, organizing, directing and controlling.

**(2) Management is an art as well as science:** Management is an art in the sense of possessing managing skill by a person. Management is science because certain principles, laws are developed which are applicable in place where group activities are coordinated. This will be discussed in detail later in this chapter.

**(3) Management aims at achieving predetermined objectives:** All organizations have objectives that are laid down. Every managerial activity results in achievement of these predetermined objectives.

### **There are four views of management:**

**1) Management is a Process:** A process is defined as systematic method of handling activities. Often we hear the statements "that company is well managed" or "the company is miss-managed". These statements imply that management is some type of work or set of activities, these activities

**(4) Universal application:** The principles and concepts of management are applicable to every type of industry. The practice of management is different from one organization to another according to their natures.

### **CONCEPT OF ENTREPRENEUR:**

As said above entrepreneur is used in various ways and various views. These views are broadly classified into three groups, namely risk bearer, organizer and innovator.

Entrepreneur as risk bearer: Richard Cantillon defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. He illustrated a former who pays contractual incomes, which are certain to land owners and laborers, and sells at prices that are 'uncertain'. He includes merchants also who make certain payments in expectation of uncertain receipts. Hence both of them are risk-bearing agents of production.

Entrepreneur as an organizer: According to J. Bapst Say "an entrepreneur is one who combines the land of one, the labor of another and capital of yet another, and thus produces a product. By selling the product in the market, he pays interest on capital, rent on land and wages to laborers and what remains is his/her profit". Say made distinction between the role of capitalist as a financer and the entrepreneur as an organizer. This concept of entrepreneur is associated with the functions of coordination, organization and supervision.

### **DISTINCTION BETWEEN ENTREPRENEUR AND MANAGER:**

Often the two terms namely entrepreneur and manager are considered as synonym. However the two give different meaning.

Points	Entrepreneur	Manager
Motive	The main motive of an entrepreneur is to start a venture for his personal gratification	Main motive of a manager is to render services in an enterprise already set by someone else
Status	Owner	Servant
Risk	Assumes risk and uncertainty	Manager does not bear any risk involved in enterprise.
Innovation	Entrepreneur himself thinks over what and how to produce goods to meet the changing needs of the customers. Hence he acts as innovator / change agent	A manager simply executes plans prepared by the entrepreneur.
Qualification	An entrepreneur needs to possess qualities and qualifications like high achievement motive, originality in thinking, foresight, risk bearing ability etc.	A manager needs to possess distinct qualifications in terms of sound knowledge in management theory and practice.

### **FUNCTIONS OF AN ENTREPRENEUR**

An Entrepreneur has to perform a number of functions right from the generation of idea up to the establishment of an

enterprise. He also has to perform functions for successful running of his enterprise. Entrepreneur has to perceive business opportunities and mobilize resources like man, money, machines, materials and methods. The following are the main functions of an Entrepreneur.

**1. Idea generation:** The first and the most important function of an Entrepreneur is idea generation. Idea generation implies product selection and project identification. Idea generation is possible through vision, insight, keen observation, education, experience and exposure. This needs scanning of business environment and market survey.

**2. Determination of business objectives:** Entrepreneur has to state and lay down the business objectives. Objectives should be spelt out in clear terms. The Entrepreneur must be clear about the nature and type of business, i.e. whether manufacturing concern or service oriented unit or a trading business so that he can very well carry on the venture in accordance with the objectives determined by him.

**3. Rising of funds:** All the activities of the business depend upon the finance and hence fund rising is an important function of an Entrepreneur. An Entrepreneur can raise the fund from internal source as well as external source. He should be aware of different sources of funds. He should also have complete knowledge of government sponsored schemes such as PMRY, SASY, REAP etc. in which he can get government assistance in the form of seed capital, fixed and working capital for his business.

### **OBJECTIVES OF THE STUDY:**

1. Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
2. To provide immediate large-scale employment.
3. To reduce unemployment in the country.
4. To provide balanced regional development.
5. To help reduce the concentration of economic power.
6. To stimulate the equitable redistribution of wealth, income and even political power in the interest of the country.
7. To encourage effective mobilization of capital and Management skill which might otherwise remain unutilized and idle.
8. To also induce backward and forward linkages which stimulate the process of economic development in the country.



### **Concept and Role Small Scale Industries (SSI):**

The definition of small scale industry varies from one country to another and from one time to another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country. There are at least 50 different definitions of SSI's found and used in 75 countries. In some of the countries of the world the criterion for defining small enterprise is related to the size of employment. For example in USA a small enterprise is one which has employment of 500 people. In UK it is less than 20 skilled labors, in Germany, less than 300 and in Italy less than 50 people. However, in most of the countries the definitions of SSI are related to either investment or size of employment or both. The definition of small scale industry is an important aspect of government policy as it identity the target groups. The first official criterion for small scale industry in India dates back to second five year plan when it was in terms of gross investment in land, building, plant, machinery and the strength of the labor force.

### **SOME KEY CHARACTERISTICS OF SSI**

- (1) A small unit is generally a one-man show. Even if SSI is run on partnership or company, the activities are carried by one of the partners or directors; the others are as sleeping partners.
- (2) In case of SSI, the owner himself or herself is a manager also and hence an SSI is managed in a personalized fashion. The owner takes effective participation in all matters of business decision making.
- (3) The scope of operation of SSI is generally localized, catering to the local and regional demands.
- (4) The gestation period i.e., the period after which return on investment starts is relatively lower when compared to large units.
- (5) SSI's are fairly labor intensive with comparatively smaller capital investment.

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