

THE MODERN ENTREPRENEUR AS A DYNAMIC FACTOR IN PRODUCTIVE ACTIVITY

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Entrepreneurial activity and the problems associated with it are one of the pre-eminent fields in economics. A substantial part of economic theory and policy is devoted to matters relating to the business firm. Nevertheless, several aspects of business activity remain outside the sphere of action of pure economic theory. On the other hand, although applied economics has a greater affinity for business activity, its main concern is to provide all sorts of incentives and measures aimed at establishing a favourable environment for business enterprise.

Business firms, however, constitute special and distinct entities. They are self-contained cells in the economy. Many of them display pioneering dynamism, which can be accounted for neither by the knowledge imparted by economic theory nor by the frame of action provided by economic policy. Full responsibility for the success or failure of the firm's activities in the context of overall economic developments or unforeseen events must necessarily rest with its leadership. This is why disciplines specifically concerned with the problems of the business firm have been developed. These include Business Economics, disciplines of a more technical nature such as Organisation and Management, and other more specialised fields such as Operations Research, Marketing, Inventory Control, Cybernetics etc.

In our times, economic processes in general and business transactions in particular are highly complex and many-sided operations, which have reached enormous proportions. International economic activity is feverish and turbulent,

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exhibiting continuous changes which often have dangerous repercussions on the firm. International competition is becoming increasingly stronger, posing an ever greater threat to the existence of individual firms. It would therefore seem pertinent to ask what form modern business leadership should have and where it should seek support to ensure the firm's survival in the face of growing competition.

The traditional *captain of industry* was an individual who usually supplied the funds for the enterprise. He was a man of many talents and with a wide range of capabilities. In today's far more complicated world, however, no single individual can hope to possess all the knowledge required in a variety of disciplines, e.g. economics, commerce, organisation, administration, law etc.; nor can he possess the requisite vast stock of experience originating in practice. The abilities of human beings are finite. It would therefore be almost unattainable for a single individual, however gifted he might be, to become a *superman* capable of coping with the demands of modern business leadership.

A new type of business leadership has therefore evolved. Its main characteristic is that, while the physical person who is the founder or owner of the firm is kept at its head, he is now surrounded by a host of experts who can bring to it all sorts of specialised knowledge and experience, e.g. technical, legal, economic, administrative etc. It is to this pool of experts that the firm's principal seeks recourse. In this way, traditional *monodynamic* leadership assumes a new *multidynamic* form, in which the firm's head joins forces with those possessing specialised knowledge and expertise. A power centre is thus set up and there is a transition from individual to group leadership. While the entrepreneur remains at its core, he is no longer alone but is aided by a panel of top executives. This coalition of forces gives rise to what has come to be known as the concept of *plural executives*.

This combination of the business leader, endowed with the traditional virtues of inventiveness, imagination, creative ability and an expansionary mentality, and the panel of top executives, each endowed with specialised knowledge and expertise and with attributes and qualities similar to those of the firm's principal, creates a pool of organised talent. Professor J.K. Galbraith describes this situation as a *technostructure*. The Galbraithian notion of the technostructure involves the combination of several experts, each of whom possesses scientific knowledge and specialised skills.

Administration, forecasting, decision-making, planning and development-oriented activity all now originate in this multidynamic leadership. The financier maintains his links with the enterprise, primarily in his capacity as a source of capital. Both he and the business promoter can retain a leading position in the firm if, in addition to the attributes that helped them found the firm, they are endowed with the qualities of a top executive.

The overall aim of multidynamic leadership is to fulfil the firm's objectives, which are primarily focused on the attainment of but a single goal: the success-

ful outcome of its business plans. This goal is dual in nature. On the one hand, it involves an element of private gain to the firm; on the other, it entails an element of gain to society at large. The aspect of social gain emanates from the firm's role in the social context and its responsibilities to society as a whole.

The successful outcome of the firm's plans presupposes its survival and progressive development. This is not a static condition, but a dynamic phenomenon based on the firm's continuing and unremitting ability to adjust and its power to develop.

It has been observed that firms headed by the traditional type of entrepreneur — the captain of industry — often become static after reaching a given plateau of business activity. They seek to maintain their *status quo* by somehow fossilizing their organisational set-up. Hence, they become vulnerable to the inroads of dynamic, progressive and expansionary competitors. The perils surrounding them multiply. Their position becomes highly precarious because, even though they may increase their output, they will remain in a virtually static condition unless they improve their productivity.

Certain economic events may favour competition originating in foreign economies. These include changes in currency parities, preferential treatment in the supply of raw materials, cheap capital and labour, tax and other social burdens etc. The very nature of these causal factors is such that they are usually beyond the control of the businessman working within the boundaries of a national economy.

On the other hand, the individual business firm can cope with the pressures stemming from the increased productivity of its domestic or foreign competitors by improving its own productivity. If this can be increased substantially, it can often neutralise to some extent competitive pressures originating in the causal factors previously mentioned. Consequently, the strategy of multidynamic business leadership will have to rely on *increasing productivity*, which more clearly expresses the dynamic aspect of entrepreneurship. In the strict sense of the term, increasing productivity expresses the results achieved during the production process by adhering to the principle of output maximisation through cost minimisation in terms of utilised inputs.

Productivity experts are mainly, if not entirely, occupied with the measurement of results and are constantly devising and applying various methods for doing so. The increasing productivity concept is much broader, however. It is a positive, indispensable and fundamental concept in the overall context of entrepreneurial dynamism. The attainment of increasing productivity presupposes a deep understanding of its significance, the intention and the will to strive for it, and a concerted effort to achieve its ultimate goals which, far from having definite limits, are constantly moving in a clearly expansionary and development-oriented direction. Increasing productivity is not just a technical term, but a principle. It is a concept composed of a variety of forces co-operating towards the realisation of entrepreneurial dynamism to the fullest possible extent.

Hence, it is a principle and a concept which determines the essence of economic life and whether or not the individual business firm is going to survive within it. Moreover, it is on increasing productivity that what we mean by the term *biological evolutility* of the firm has to depend. The basic implication of this term is that the firm must escape from a static condition by an ongoing process of operational readjustments as regards both its intrinsic form and structure and its projection into the economic environment through a multitude of business transactions.

There thus emerges a functional scheme of interlinked forces, concepts, activities and targets, whose substance and unity are dynamically existential. This can be represented in terms of successive component parts and forces as follows : *Multidynamic leadership* (individual entrepreneur + host of top executives) — *Collective action* — technostructure — Principle of *increasing productivity* — *Targets* — achievements : *escape from static condition*, ensuring of the *dynamic existence* of the firm (*biological evolutility*), continuous structural readjustment (regenerative power), — *Prospects*: development, expansion, increased competitiveness, increased output, cost minimisation, profit maximisation, hence : increase in the reward to capital, increase in the reward to leadership (collective), increase in the reward to labour and improvement in the working conditions of the human factor — supply of increased output at lower prices = benefit of the community (consumers) = increased incomes and a better standard of living.

This functional scheme of forces, concepts, activities and targets must be regarded as holding for all firms, from the enormous national and multinational concerns down to the smallest enterprises. Nevertheless, an exception is conceded in the case of small or medium-sized business firms which, as empirical findings show, can co-exist with the larger concerns. It is conceded that in their case substantial difficulties arise in organising a system of multidynamic leadership. Hence their need to be headed by a physical person, the entrepreneur. Their survival, however, depends on whether they are capable of constantly adapting their operations and increasing their productivity commensurately with their size. For the required technostructure, which is essential to them as well, they will have to resort to the specialised knowledge and expertise of productivity centres, data banks, technical and business consultants, and other similar institutions professionally engaged in the provision of such assistance to small and medium-sized concerns.

Inspired by the prospects previously outlined and by the inner experience and awareness gained from them, individual business leaders become true factors of development, cultural advance and economic welfare for the community at large.

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The postulates which have just been expounded, namely the need of development, biological evolutility, continuous adaptation, increasing productivity and

the prospect of gain to the firm, the entrepreneur and the community at large, are not based merely on technical, economic, organisational and administrative functions, which constitute the outer appearance, the purely empirical aspect of economic and entrepreneurial events and operations. There is a more profound, penetrating and analytical aspect relating to the inner substance of things. This takes our thinking into the sphere of philosophical reasoning, it transcends phenomena and becomes existential as well as ontological. By such reasoning, practical views and expectations are provided with unassailable foundations, they become convictions, and doubt ceases to exist. According to the philosophical approach, just as man is both a distinct entity and a part of the *Whole*, so business firms and their leadership are units connected with the *Whole*; their existence is part of a more general Existence, a broader Being. They are subject to the qualities inherent in the universal Existence and Being and are responsive to their influence.

According to Parmenides, the World appears motionless and at rest, as a Whole (*One*). According to Heraclitus, however, the Whole — understood in terms of its component parts as a plurality of distinct beings and existences, of which it is composed and constituted — is in a continuous state of flux, which is expressed by the perpetual and eternal *becoming*. No substantive contrast exists between the two views. Parmenides' Whole, a purely ontological concept, in conformity with its absolute character, is conceived of as integrated, perfect and motionless. As a function of a multiplicity of realities, however, it yields to existential forces, through which individual existences perpetuate their position within the Whole. This view is expressed in such concepts and terms as: *ever becoming* (Heraclitus), *élan vital* (Bergson), *overcoming of the static condition and realisation of Being by man* (J. Theodoropoulos, member of the Academy of Athens), and *more-being* as contrasted with the concepts of *obsolescence* and *less-being* (E. Moutsopoulos, Professor of Philosophy, University of Athens). From these terms it is possible to accept that the concepts of «all is flux», «more-being», «overcoming of the static condition and the realisation of Being» constitute in nature and substance the course of every ontological entity combining human beings and lifeless matter, such as the business firm. Thus, mobility and continuous change, which provide us with evidence of regenerative forces and activities — the concept of «all things flow» — determine the nature and substance of beings. This contrasts with the static condition, which is equivalent to a refutation of the real essence of existence. This static condition, as opposed to the continuously evolving Being, brings the part, the unit, before a non-future, an existential void, which is tantamount for the business firm to a developmental and evolutionary biological void.

Persistence with the past means living in the past. What is of vital significance, however, is the prospect of the future as the only support available against the existential void. From this philosophical approach to future prospects ema-

nates the necessity for biological evolutility, continuous adaptive change, intense regenerative mobility, and the overcoming of static conditions by means of increasing productivity.

For man in general, the pessimistic aspect is the existential void. For the businessman, it is the «developmental void» or the «entrepreneurial biological void». The pessimistic view and the transition from the dying past to the ontologically approaching future can be counterbalanced by the business firm through an awareness of the deeper meaning and implications of the increasing productivity concept, which expresses the dynamic capacity for change, i.e., the essence of Being and the reality of Existence. It corresponds to the absolute necessity of maintaining the Being and Existence itself, i.e., it is founded on a philosophical value of ontological order, which brings to mind the Aristotelian *Entelechy*.

A deep awareness of these values prevents the business leader from assuming an attitude of static negativism, which would be tantamount to obsolescence. It gives rise to a conviction — a *credo* — of biological development prospects. This is the only path that can lead the firm away from the pessimistic state of operational persistence in a dying past — the void — towards the optimistic prospect of founding, building and maintaining existence through a continual «becoming»; towards a «more-being» and the «fulfilment» of the firm's existence.