

## **Role of Entrepreneurship in Economic Development**

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### **Abstract**

Entrepreneurship is the process of discovering opportunities, allocating resources and taking calculated risks to establish and manage new business plays a crucial role in economic development. Through innovation, entrepreneurs launch new products, services, technologies, growing, competitiveness and productivity. This innovation spurs job creation, as expanding businesses hire employees, boosting consumer spending and reducing unemployment. Entrepreneurship promotes a culture of self- reliance, inspiring others to embark on similar paths and fostering a cycle of growth. Successful entrepreneurs contribute substantially to economic development by generating income and paying taxes, thereby supporting public services and infrastructure. Overall, entrepreneurship acts as a catalyst driving economic development through innovation, job creation and sustainable growth. This research paper affirms that the extent of entrepreneurship within a specific country exerts a notable and positive impact on the country's economic advancement. Entrepreneurs plays a beneficial role in fostering economic growth by efficiently utilizing key resources such as labor, land and capital to create international revenue and wealth through the provisions of goods and services. The research suggests fostering an environment conducive entrepreneurship to encourage entrepreneurial activity as a tactics for enhancing employment. Moreover, providing assistance to current entrepreneurs and preventing business closures could contribute to the attainment of economic growth. Concluded this study, entrepreneurship serves as a dynamic force that drives economic progress, stimulates innovation, and brings about change is societies and economies.

**Keywords-** Entrepreneurship, Economic Development, Employment, Value Creation, Role of Entrepreneurship

### **Introduction**

In simple words entrepreneurship means “setting up business with aim to make a profit”. Entrepreneurship refers to the steps of creating, developing and to managing a new business, generally considering invention, risk taking, and ability to take on challenges in order to accomplish financial or social success. It considers identifying alternatives, organizing

resources and taking the decision to introduce a new product, services or ideas to the market. Entrepreneurs play a significant role in encouraging economic development. Great entrepreneurship consists understanding the needs of the customers, research on market, careful planning and preferences. Entrepreneurs may need to generate marketing plans, develop a team, assured funding, manage finance and monitor legal and regulatory needs. In current years, the concept of social entrepreneurship has gained prominence, where entrepreneurs focus on developing businesses that have a positive impact on society address or address social and environmental obstacles. Overall, entrepreneurship is a significant force to back the economic development and has the prospective to drive positive change and shape the markets and industries. Entrepreneurship can help a country's economy grow and improve.

### **Literature Review**

**Sagar et.al (2023)** highlights the role of entrepreneurship in economic progress and how entrepreneurs influences the creation of job and opportunities for employment. Moreover, to recognize the obstacles and hurdles faced by entrepreneurs in enhancing economic development. In this paper researchers were used qualitative and quantitative methods. Primary and secondary source was used in this study. The results indicate that entrepreneurs play important part in triggering economic growth and advancement through drives mechanisms. Furthermore, entrepreneurship promote comprehensive expansion, diminishes income disparity, fosters innovation, elevates productivity, generate value and facilities social mobility. **Mani (2021)** findings reveal that a nation's industrialization and its path of economic progress rely on entrepreneurs while a country might be endowed with abundant natural resources achieving economic development becomes unattainable without capable entrepreneurs. Entrepreneurs identified and seized opportunities. They transformed potential and theoretical resources such as labor and capital into national income and wealth through the creation of goods and services. They played a crucial role in boosting national income and per capita income within countries. Thus, entrepreneurship played a vital role in fostering economic development by initiating new businesses generating employment and contributing to advancements in various key objectives.

**Ehsaanullah (2020)** this research paper has been assertion that entrepreneur economic growth through the amplification of innovation a specific society. Concluded the study affirmed that the extent of entrepreneurship in a particular country had a notable helpful impact on the level of economic growth within that nation.

**Sudha (2015)** purpose of the study was to outline the contributions of entrepreneurship to the progress of the economy. Concluded from this study that entrepreneurship stands as a cornerstone of economic development, innovation, job creation and market expansion. Its dynamic contributions drive sustained growth and prosperity, shaping vibrant and dynamic economies.

**Simth (2010)** study focused on the entrepreneurship and its role in economic development. The researcher concluded that the extent of entrepreneurship had a significant positive impact on the level of economic growth.

### **Research Methodology**

**Research Design-** Descriptive research design is used in this research. Descriptive research design is a design that answers how, what, when and where. But descriptive research design does not answer the why questions.

**Objective-** To explore the role of entrepreneurship in economic development.

### **Characteristics of Entrepreneurship**

**Risk Appetite-** Entrepreneur has to bear a lot of risks while running the business because there are risks and uncertainties in the business. Entrepreneurs have the ability to take risks. Some risk can be avoided by taking insurance and some risk entrepreneurs can overcome with their abilities. If an entrepreneur does not have the ability to take risk, then he will not consider successful entrepreneur.

**Search for new Opportunities-** Entrepreneurship inspires a person to discover new opportunities, think and come up with new ideas.

**Innovation-** Entrepreneurship is an innovation process. It means introducing new products, new technology, searching new market and discovering new sources of raw material etc.

**Decisions- making** – Entrepreneurs have to take various types of decisions to select the product, labor, raw material, technology and site etc. Decision- making depends on how your business will be, the sooner the decisions are taken, the more business will run.

**Dynamic Process-** Entrepreneurship is a dynamic process. Along with time, nature of business is also changing, nature of technology is becoming dynamic. The business which is not opting for new technology, those enterprises are getting closed and new enterprises are entering the market. Hence one of the characteristics of entrepreneurship is that it is a dynamic process.

**Organizing Process-** Entrepreneurs has to create an organization structure, to organize several factors of product. Assign the responsibilities and roles of personnel and manage the business.

**Persistence-** The ability to keep going despite difficulties and facing challenges and setbacks, entrepreneurs demonstrate determination.

**Flexibility-** Entrepreneurs need to adjusting their strategy based on feedback and market conditions and to adopt the circumstances.

**Vision-** Successful entrepreneurs have a long- term plan and clear vision of their goals for their business.

**Resourcefulness-** Entrepreneurs are skilled at finding and utilizing resources effectively, whether its funding, talent or partnerships.

**Networking-** Creating relationship and connections within the industry or market helps entrepreneurs to gain valuable information and support.

**Accepting Challenges-** Highlighting the importance of embracing challenges, entrepreneurs in today's era of globalization and rapid change are compelled to confront a greater number of hurdles, requiring heightened adaptability and determination.

**Continuous Process-** Entrepreneurship is a continuous process. Entrepreneurs learn updated about market trends, new technology and industry growths.

**Financial management-** Management and effective financial planning are very important to sustain the business.

Remember, these characteristics can vary from one entrepreneur to another and a successful entrepreneur may process a combination of traits.

### **Role of Entrepreneurship in Economic Development**

Certainly, here are the key roles of entrepreneurship in economic development summarized in bullet points:

**Increasing the standard of living-** Entrepreneur has a very important role in economic development by elevating living standards. Through the establishment fresh enterprises and employment opportunities, entrepreneurship enhance the well- being of individuals and societies providing avenues for generating wealth. This in turn bolsters employability, fostering economic competitiveness, leading to improved goods, services and ultimately, greater consumer satisfaction.

**Creation of Employment-** Entrepreneurship serves as a substantial catalyst for generating employment. Through the initiation of novel enterprises, entrepreneurs forge pathways for job

prospects benefiting not only themselves but also others. This process aids in curbing unemployment rates and enhancing the overall economic prosperity of the local community.

**Economic Autonomy-** Entrepreneurship offers a route to achieve economic autonomy for both the entrepreneur and the nations. It diminishing dependency on external products and services, enhancing self- sufficiency. The products and services produced can be traded abroad, resulting in growth, autonomy, foreign currency inflow and economic self – sufficiency. Similarly, entrepreneurs attain full authority over their financial destiny. By means of diligent effort and originality, they generate earnings and accumulate resources, enabling them to attain economic self- sufficiency and financial stability.

**Promote the formation of new capital-** Through the unused savings of people entrepreneur enhance capital formation. Moreover, the establishment of new enterprises and the expansion of current firm can likewise add to establishment of a varied and flexible economy, stimulating capital formation and unveiling an array of investment possibilities.

**Reduced Economic Power Concentration-** Natural results of company and business activity is the economic power. Industrial progress often leads to the centralization of economic influence within a select few, giving rise to the emergence of monopolies. To address this concern a significant increase in the entrepreneurs is essential. This surge in entrepreneurial activity would aid in diminishing the concentration of economic authority between of the population.

**Reduces the Poverty-** The practice of entrepreneurship can uplift individuals from poverty through job creation and the stimulation of economic vitality. Besides, entrepreneurship increases the progress of regional economy and contributes to an overall development in quality of life.

**Development of Community-** Entrepreneurship drives economic growth, ensure accessibility to products and services and increases the general quality of life numerous entrepreneurs enhance their societies and well- being by providing to undeserved areas and developing environmentally conscious products their work play a pivotal role in promoting strong, vibrant societies and enhancing both social and economic development.

**New Competitors Prompted Market Innovation-** Entrepreneurs who bring new idea to the market are like engines that drive change. They are good at spotting gaps in what's available and finding clever ways to fill those gaps. This does not just help them succeed, it also benefits the whole economy. When these entrepreneurs focus on making new and better things or improving what's already there, it makes companies complete more. This competition means

things become cheaper and better for us as customers. Moreover, these creative entrepreneurs also find ways to make things without spending too much money. This helps the whole economy because it means we can make more product and sell it to other countries. This is really important for countries that are still growing and need money from selling thing to other places.

**Effective use of resources-** Entrepreneurs assume the responsibility of optimizing resource usage by identifying new business prospects and implementing innovative production methods. This leads to more effective resource utilization, benefiting not only the entrepreneurs but also the economy at large by reducing waste and increasing productivity. Besides, entrepreneurship has the potential to spark the creation of new markets. Entrepreneurs introduce new products and services, generating demand in previously unexplored areas. This can lead to the emergence of entirely new industries playing a vital role in the overall growth of the economy.

**Increase Gross National Product and Per Capita Income-** Entrepreneurship stands as pivotal drive of economic growth and progress. By enhancing the creation of new business and the generation employment, entrepreneurship plays a crucial role in elevating both gross national product and per capita income. This impact is especially noteworthy in developing countries, where addressing issues such as poverty and unemployment is of paramount importance.

**Rural Development-** Entrepreneurship can uplift rural areas by creating businesses and opportunities, reducing urban migration.

**Infrastructure Development-** Entrepreneurial activities drive demand for infrastructure, leading to improvements in transportation, communication, and logistics.

Overall, entrepreneurship serves as a catalyst for economic development, spurring innovation, growth, and prosperity in societies.

## **Conclusion**

This study emphasis the essential role of entrepreneurship in shaping economic growth and development. Through the establishment of new businesses, job creation and the subsequent increase in gross national product and per capita income, entrepreneurship emerges as a powerful tool for addressing critical challenges, particularly in developing countries. By enhancing innovation, driving investments and contributing to market expansion, entrepreneurship contribute significantly to the overall development and well-being of communities and economies. At last, the performance level of its entrepreneurs greatly

influences the dynamics of an economy. As nations continue to recognize and support the vital role of entrepreneurs, they pave the way for a future marked by progress, prosperity, and inclusive economic transformation.

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