

A Study on Role of Entrepreneurship in National development

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Abstract

Entrepreneurship is the process of creating and running a new business venture in order to generate profits. It is a crucial factor in driving economic growth and development in both developed and developing countries. Entrepreneurial activity helps create new jobs, fosters innovation, and drives market competition, which ultimately benefits consumers. The role of entrepreneurship in national development cannot be overstated. This article will examine the ways in which entrepreneurship contributes to national growth and development, and explore its various benefits.

Key Words: Entrepreneurship, Development, Generate, Crucial

Introduction:

The spirit of enterprise is essential to the expansion of a nation's economy. Creating new jobs, fostering innovation, and expanding the economy are all outcomes that can be attributed to entrepreneurial activity, as stated in a report by the Global Entrepreneurship Monitor. In point of fact, entrepreneurs are credited for the creation of more than fifty percent of all new jobs. In addition to this, entrepreneurial activity encourages innovation because it leads to the introduction of new goods and services that are tailored to the evolving requirements of customers. In emerging countries, entrepreneurial activity also plays an essential part in the process of economic growth and expansion. Entrepreneurs have the ability to boost productivity, generate new jobs, and stimulate economic growth through the establishment of new firms.

Concept of Entrepreneurship

The discipline of entrepreneurship generally studies the why, when, and how of opportunity creation, recognition, and utilization. Hence, a widely quoted definition of entrepreneurship is that it is about the 'discovery and exploitation of opportunities'

(Shane and Ventakaraman 2000).² Baumol (1990) recognized that not all opportunity exploitation will necessarily be in society's best interest, and he defined entrepreneurs very broadly as 'persons who are ingenious and creative in finding ways that add to their own wealth, power, and prestige' (ibid.: 987). Thus entrepreneurial talent can be allocated in ways that retard economic development. Although we recognize that the 'reward structure' of a society can lead to such a destructive allocation of entrepreneurial talent, we will in this book be focusing on productive entrepreneurial activity. This consists of the creation, recognition, and utilization of positive opportunities within existing firms (or through creation of new firms) in such a way that involves 'innovation'—or the provision of 'new combinations'. Before defining what is meant by this 'innovation' (see section 1.2.2) we should note that three main conceptual approaches to entrepreneurship can be distinguished in the literature. The first approach focuses on the entrepreneurial function, the second on the performance of enterprises and the third on owner-operated enterprises. The functional perspective is concerned with the dynamic actors that make key decisions on investment, production, innovation, location, or research and development. This conception of entrepreneurship is broader than that of entrepreneurs who run their own businesses. It also includes managers of multinational firms, state enterprises, or non-profit organizations and a variety of dynamic entrepreneurs' within organizations. In this perspective, entrepreneurship is a psychological trait referring to dynamism, creativity, and originality. As in the early Schumpeterian tradition, the difference between entrepreneurial behaviour and innovation is blurred: entrepreneurial behaviour is innovative behaviour. If one is not innovative, one is not entrepreneurial.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.

- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
- **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
- **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
- **Know your Product-** A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Role of Entrepreneurship in National Development

Entrepreneurship plays a crucial role in promoting balanced national development. By creating new businesses and job opportunities in areas that were previously underdeveloped, entrepreneurship can help to reduce regional disparities and promote overall development. The following essential factors describe specifically the role of Entrepreneurship in national development.

1. Raising the Standard of Living

One of the most significant benefits of entrepreneurship in national development is that it raises the standard of living. By creating new businesses and jobs, entrepreneurship improves the quality of life for both individuals and communities, enabling paths for wealth creation. Entrepreneurship enhances employability, which in turn drives economic competitiveness. The result is better products and services, and ultimately, happier consumers.

2. Creation of New Jobs

Entrepreneurship is a significant source of job creation. By starting new businesses, entrepreneurs create employment opportunities for themselves and others. This helps to reduce unemployment rates and improve the overall economic well-being of the community. According to the [Global Entrepreneurship Monitor](#), entrepreneurship is

responsible for creating millions of jobs worldwide. This is particularly important in developing countries, where job creation is critical for economic growth and poverty reduction

3. Helps to Eliminate Poverty in Local Areas

Entrepreneurship can help to eliminate poverty in local areas. By creating new businesses and jobs, entrepreneurship provides opportunities for people to improve their financial situation. This is particularly important in developing countries, where poverty is often widespread. Entrepreneurship provides a way for people to improve their economic well-being, which can ultimately lead to social change and overall development

4. Helps with Community Development

Entrepreneurship is important as it also plays a critical role in community development. By creating new businesses, entrepreneurs contribute to the economic vitality of their communities. This can lead to increased investment in the community, which can result in improved infrastructure, services, and amenities. Entrepreneurship can also help to foster a sense of community pride and ownership, which can contribute to the overall development of the community

5. Provides Economic Independence

Entrepreneurship provides economic independence for individuals, towns, and countries. By creating new businesses, entrepreneurs are able to generate income and contribute to the overall economic well-being of their community. This is particularly important for developing countries, where economic power is often concentrated in the hands of a few large corporations. Entrepreneurship provides an opportunity for individuals and small businesses to compete in the market, which can lead to increased economic diversity and stability

6. Benefits of New Start-ups Entering the Market

New start-ups entering the market drive innovation and competitiveness. They challenge existing businesses to improve their products and services, which ultimately benefits consumers. The importance of new start-ups cannot be overstated, since they provide new job opportunities and contribute to overall economic growth. They are essential for creating a dynamic and vibrant business environment, which fosters innovation and growth. Without new entrants, existing firms aren't motivated to innovate and can increase prices due building a large scale monopoly in the industry

7. Encourages Capital Investment

Entrepreneurship encourages capital investment in both cities and countries. By creating new businesses, entrepreneurs attract investment from both local and foreign sources. This can even unlock their ability to access different labor markets and even enter foreign markets further down the line. This investment can contribute to the overall economic growth of the community, as well as provide new opportunities for entrepreneurs and job seekers. Capital formation is essential for creating a sustainable and thriving business environment.

8. New Entrants Drive Market Innovation

Innovative entrepreneurship is the driving force behind market innovation. Entrepreneurs are known for their ability to identify gaps in the market and come up with solutions to fill those gaps. This not only benefits the entrepreneur but also the entire economy. By focusing on business innovation, such as developing new solutions, products/services, or improving existing ones, entrepreneurs increase competition, leading to a decrease in prices and an increase in quality.

Moreover, innovative entrepreneurs are also responsible for keeping costs low, which benefits the overall economy. By introducing new and more efficient production methods, entrepreneurs are able to decrease the cost of production. This leads to an increase in supply, which in turn leads to an increase in exports. This is particularly important for developing countries that rely heavily on exports for their economic growth

9. Optimal Use of Resources

Entrepreneurs are also responsible for the optimal use of resources. By identifying new business opportunities and introducing new production methods, entrepreneurs are able to create more efficient systems for utilizing resources. This not only benefits the entrepreneur but also the entire economy, as it leads to a decrease in waste and an increase in productivity.

Furthermore, entrepreneurship can also lead to the creation of new markets. By introducing new products or services, entrepreneurs are able to create demand where none existed before. This can lead to the development of entirely new industries, which can further contribute to the overall development of the economy

10. Increases Per Capita Income (PCI) and Gross National Product (GNP).

Entrepreneurship is a key driver of economic growth and development. By creating new businesses and jobs, entrepreneurship leads to an increase in gross national product and per capita income. This is particularly important for developing countries,

where poverty and unemployment are major issues. In fact, studies have shown that entrepreneurial activity is positively correlated with economic growth. According to the European Research on Management and Business Economics countries with high levels of entrepreneurial activity tend to have higher rates of economic growth.

Conclusion

The Present study has shown that entrepreneurship significantly correlated with national development. Entrepreneurship can contribute in important ways to development of Country. One way it does this is through innovation, which involves the development of new products, new processes, new sources of supply, but also the exploitation of new markets and the development of new ways to organize business. However, not all entrepreneurs innovate.

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