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A study on Entrepreneurship and Innovation in context of economic growth

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Abstract

Entrepreneurship is probably one of the most influential methods that economic development can be supported, which is among the many various ways that economic development can be pushed. The proliferation of entrepreneurial endeavours around the globe is directly contributing to the expansion of an increasing number of nations. We recognise that if you are a company owner or an entrepreneur who is just beginning to get a grasp on the idea of entrepreneurship, you may feel as like you are about to embark on a monumental adventure, and we empathise with you. You put in a lot of effort, and it could give the impression that your task is more difficult than it really is. The ability to expand one’s company into something more substantial and generate a profit for oneself are not the only goals that should motivate entrepreneurs; they should also be aware that their work has broader implications. All of this individual and professional development has an extremely beneficial effect on the community. Indeed, entrepreneurial activity is the single most important driving force behind an increase in a community’s standard of living and overall economic growth. In order for there to be economic growth, there must be gains in per capita income that are both sustainable and shared, as well as shifts in the structural makeup of an economy toward commodities with greater value added and production processes that are more efficient. By assisting the reallocation of resources from less productive uses to more productive uses, by fulfilling activities within the economy such as “cost-discovery,” “gap-filling,” and “input-completing,” entrepreneurs may make a contribution to the growth and development of the economy.

Keywords: Entrepreneurship, Innovation, Economic Grwoth, Business

1. Introduction

Recent decades have seen substantial progress, if not outright discoveries, in our understanding of the relationship between entrepreneurship and growth on the one hand, and knowledge and growth on the other. In a similar vein, we have a better grasp on the links between entrepreneurship, innovation, and knowledge development. However, a comprehensive understanding of the interplay of knowledge, innovation, entrepreneurialism, and growth is still lacking. Too little complexity has been accounted for in the modelling of the link between the microeconomic roots of growth and the macroeconomic conclusion for a complete understanding of the interaction between all of these components. As such, this research aims to provide light on how we’ve progressed in our knowledge of the processes that underpin information creation, distribution, and commercialization via innovation and the importance of the entrepreneur. This survey comes to a close with a discussion of the implications current research results have for policy. The design of regulations that influence knowledge creation and ownership, entry barriers, labour mobility, and inefficient financial markets are particularly relevant policy consequences. Every one of these factors has some bearing on how well information may be disseminated via input. The production of new knowledge must be accompanied with incentives that encourage the development of mechanisms to apply that knowledge to the satisfaction of social and practical requirements.(Braunerhjelm, 2010)

Because of its influence on the production of new products and services, as well as creation of new jobs, entrepreneurial activity contributes significantly to the growth of a nation’s economic success and its ability to compete globally. Entrepreneurship, also known as corporate entrepreneurship, may be utilised to enhance a company’s competitive stance and revolutionise the company, its market, and its industry when chances for value-creating innovations are created and pursued. There is a well-established body of empirical research that provides strong support for the hypothesis that corporate entrepreneurship is successful. This book explores the role corporate entrepreneurship plays in driving an e-business forward and how it relates to the economy, e-entrepreneurship, and e-innovation. How does ingenuity relate to starting a business? Research has demonstrated that many entrepreneurial efforts are similar to innovative corporate practices. As the entrepreneur's special weapon, innovation is used to seize the opportunities presented by new situations. Entrepreneurs use innovation as one of their many tools. Furthermore, ideas that are commercially successful must respond to market needs and be fueled by entrepreneurial spirit. Starting a company is a radical departure from the norm, not to mention an exciting and novel experience. Entrepreneurs are those who steer teams or institutions through the process of bringing new technologies. Entrepreneurs search for openings, and innovations provide them the tools to pursue those openings. Typically, when we talk about corporate entrepreneurship, we're talking about the introduction of a novel idea, product, organisational structure, or manufacturing process by (or inside) an established company. "Innovation is impossible without these three fundamental components: the infrastructure, the money, and the entrepreneurial talent required to make the first two function."(Zhao, 2009)

Innovation and entrepreneurialism have been driving forces behind economic expansion and improvements in living standards since ancient times. Researchers are looking for the most effective model to explain innovative clustering as well as the most effective strategy to increase the innovativeness of firms and the value chain as a whole. Because of global rivalry, investments in research and development as well as technology have taken centre stage. More and more people are venturing out on their own and opening their businesses as a direct result of efforts being made by smaller nations to boost the amount of money they put into research and development. The amount of time that passes between an innovation's conception and its introduction into the market has been decreased, and a methodical strategy for analysing ideas has been developed. Building networks and cultivating an innovative culture are two things that should be prioritised if we want to alter borders.(Dabic & Potocan, 2012)

1.1. Entrepreneurship and economic Growth

In today's fast-paced worldwide business climate, the qualities of entrepreneurship and innovation are generally recognised as essential foundations upon which to build a sustainable competitive edge. This improves the potential for long-term corporate expansion, economic development, and national prosperity. The entrepreneurial process entails seeing opportunities, evaluating them, and then acting on them in the form of a new venture or the growth of an existing one. The drive and initiative of entrepreneurs are crucial to any economy's revival and growth. Growth and competitiveness depend on innovation, which is defined as the development, introduction, and use of new ideas that bring value in many fields.(Maritz & Donovan, 2015)

The traditional model of global economic development is now experiencing a profound shift as a result of which entrepreneurial activities are steadily rising to prominence as a new engine of economic growth is both the driving force and a significant participant in the expansion of the world economy. However, institutions are always at the core of the problem when it comes to explaining the amount of entrepreneurial activity. The previous entrepreneurship literature indicates a myriad of diverse explanations as to why people become entrepreneurs. According to popular belief, there are a number of factors that contribute to entrepreneurial behaviour, including but not limited to clear-cut economic reasons, certain traits that are said to be characteristic of entrepreneurs, cultural influences, and pathdependency. One method to classify them is by the level of aggregation, from the most generalised to the most specific, such as macroeconomic factors, industry-specific factors, microeconomic incentive structures, and individual cognitive abilities. Alternately, comparable dynamics that spark entrepreneurialism are described in a supply and demand taxonomy. (Braunerhjelm, 2010)

Since ancient times, business experts have recognised the significance of entrepreneurial action. Over the last twenty years, there has been a meteoric rise in the amount of study conducted on entrepreneurs and the activities they engage in. The rapid spread of the World Wide Web, which made previously inaccessible seas of information readily available, has given rise to hundreds of new business initiatives. It should come as no surprise that the types of companies that are started by entrepreneurs are just as diverse as the entrepreneurs themselves. There are essentially four distinct types of entrepreneurs, which are as follows:

i. The entrepreneur who works from home.
ii. The entrepreneur with many businesses.
iii. The conventional entrepreneur.
iv. The cyber entrepreneur. There is no face-to-face interaction between them and their clients, vendors, or partners; all transaction is conducted online. They also trade in digital products and services, which don't have a physical storefront, such as warehousing and physical distribution.(Dr. Ahmed Shakir Al-Askari, 2011)

1.2. Innovation and Economic Growth

The Latin word "innovare," meaning "to become new," is the source of the English word "innovation." One possible definition of innovation is just doing things differently. "Innovation" is a buzzword in the business world, but for most companies, that term really implies taking on projects with a high degree of risk, which may be both financially and logistically prohibitive. The introduction of a brand-new idea, product, or piece of technology is yet another definition of innovation. It's a mindset, a way of thinking that extends beyond the present moment and into the potential future. Businesses can't survive without innovation, which may be a process, a strategy, and a management tool if handled properly. It's possible to define innovation as the process of coming up with and implementing new ideas in order to draw parallels between current successes and past failures in order to address an impending problem.

The tool of entrepreneurship is innovation, and both entrepreneurship and innovation need creativity as a means of effecting change in a symbolic sphere of culture. One definition of creativity is the ability to create something new. This includes the ability to produce, bring into existence, build something into a new form, and create by innovative skill, manufacture to bring into existence. To be creative is to have the power to create something brand new. Since of the changing realities of today's global business environment, companies are praised for their innovations because this is their final source of a competitive advantage point. This allows for an examination of the ways in which creativity and innovation play a role in entrepreneurial endeavours.

Those that sell items that are essentially same in today's market must find a means to set themselves apart from the competition. Differentiating oneself from the competition is crucial for the success of particular types of companies' goods and services. Entrepreneurs that think beyond the box must be able to profit from the distinctive qualities of their goods and services. These remarkable and distinctive selling elements are sure to attract a lot of new consumers. However, creativity must change through time without losing its touch or originality if it is to maintain a positive reputation over the long haul.

Research and development (R&D) has been intimately connected with technical progress for more than half a century now. The term "innovation" may be broken down even further to mean "invention." There are seven primary avenues via which chances for innovation might be found. Only one of them has anything to do with developing anything really original. Consequently, innovation is more than just invention, and it need not be technical in nature. There are many instances of inventions both in the social and commercial spheres. A suggested theory or design idea that innovates by synthesising existing information and methodologies in order to create a theoretical framework for a new notion is referred to as an innovation. As a result, innovation is both multifaceted and composed of many different aspects. The most important aspects of innovation may be described using dualisms, including I radical vs gradual, (ii) product versus process, and (iii) administrative versus technology.

Both radical and gradual approaches to innovation are possible. In this context, "radical innovations" refer to inventions that are groundbreaking, discontinuous, revolutionary, original, pioneering, fundamental, or substantial. Small modifications that are made to existing procedures, goods, or services in order to enhance or prolong their usefulness are examples of incremental innovations. On the other hand, due to the fact that "radicality is a continuum," this contradistinction does not "necessarily [correspond] to the more finely tuned reality." Product innovation, as its name indicates, "Reflects change in the end product or service supplied by the organisations," while process innovation "represents changes in the method businesses develop end goods or services," as the definition of product innovation states. The concept of innovation has been broken down by some scholars into technical innovations and administrative innovations. "The adoption of a new idea that directly influences the basic output processes" is the definition of technological innovation, while "administrative innovations include changes that affect the policies, allocation of resources, and other factors associated with the social structure of the organisation" is the definition of administrative innovation.(Zhao, 2009)

Knowledge and innovation are becoming more important to the economic development and technical competitiveness of all disciplines, and this is a major worry for scientists, managers, and governments as a whole. In the process of invention creation, each of the three aforementioned sectors—the public sector, the corporate sector, and the universities—play a vital part. The triple helix model was formed as a result of the tight cooperation that is essential to the process of developing new innovations. This collaboration is comprised of science, financial resources, and technological advancements. Companies are required to cope with the production of new goods and services since innovation has become an essential component in today's management of the global competitiveness landscape.(Stenberg, 2017)

2. Literature review

E-commerce in the modern period takes place in a highly competitive environment, one in which maintaining a competitive edge over the long term is almost difficult due to the fact that there are few obstacles standing in the way of new entries and rivals in the market. Innovation is always threatened by the continual threat of copying and decay. The literature has presented a variety of perspectives on the subject of the advantages enjoyed by early pioneers in the e-business industry. Some researchers posed the question, "Does it pay to be the first to market, or should e-commerce enterprises wait for first movers to make an investment and then cannibalise the concept with cheaper entry cost?" The answer to this question was "does it pay to be the first to market?" The core cause of the issues is the common idea that it is safer and less costly to mimic the first mover in an environment with a greater degree of technical uncertainty and a quick pace of technological progress. All of the worries that have been voiced may be traced back to this one false assumption. Many startups in the dot-com industry, for instance, copied successful models in order to launch their own online marketplaces as soon as possible, rather than coming up with their own unique ideas. To hear this author tell it, many would-be rivals in the dot-com industry failed because they lacked the necessary blend of inventive thinking and entrepreneurial drive. Introducing a novel product, process, or service to the market, as well as being responsive to environmental changes in an innovative and proactive manner by introducing a novel product, process, or service, or implementing a distinctive business model, are the essence of innovation and entrepreneurship.(Zhao, 2009)

In order for transitional countries and the EU to maintain development rates comparable to those of Japan, the Asian tigers, and the United States, it is clear that the process of their reconstitution (resource recombination) is of critical importance for the rebuilding of creative activity. This is due to the fact that firms and entrepreneurs play a crucial role in spreading innovation across a society's economy. Because of this, in a society that constantly assesses the performance of entrepreneurs and innovators, they cannot afford to stop learning lest they lose their competitive edge; failing to upgrade will result in a weakening of their power. The nature of the occupations of the future will be determined by innovators and the pace with which a society is willing to go ahead and make additional discoveries, to study, and to utilise the obtained information to convey ideals and values. This is true regardless of how evolved civilizations grow technologically. An integral part of development, labour, and operation is collaboration across interdisciplinary and multidisciplinary borders in a broad range of professions. Becoming part of the new "learning generation," which will be largely decided by a culture that prioritises learning and consistently recognises and rewards innovators, achievers, and company owners, begins with a solid foundation in education. A national innovation system is "the cluster of institutions, regulations, and practises that determine an industry or nation's potential to produce and deploy innovations," according to one definition of the word. Recent years have seen the emergence of two novel approaches to economic development: the new age, which is based on the old eastern wisdoms, and humanization, which is based on the traditions of Europe that have been disregarded. The distinctions between them are insignificant when compared to the shared premise, which is the enhancement of people's standard of life via innovative practises and the entrepreneurial endeavours that put such practises into action. To demonstrate the relevance of technologies and the growth of technical capabilities, consider the evolution of R&D funding from national to "so-called industrial R&D," which represents an enterprise's allocations to R&D. Researchers have pushed hard for the maximum feasible budget to be devoted to scientific inquiry. The linear model of innovation and its progeny even indicate that all downstream socio-economic value from development and production is determined by the amount of funding for research and by intentional R&D for generating appropriate disruptive technologies to fulfil such fast-growing but price-sensitive growth markets.(Dabic & Potocan, 2012)

3. Conclusion

Creativity and innovation are propelled by an entrepreneurial mindset. The very nature of being an entrepreneur necessitates a creative and innovative mindset, which in turn implies that these qualities are crucial to building a successful and long-lasting enterprise. A firm and its goods on the market need a dose of imagination and uniqueness to keep up with the competition. In today's cutthroat business environment, this is truer than ever. Since their inception, innovation and originality have shared inseparable ties. Organizations have a responsibility to foster an environment conducive to entrepreneurial initiative and creativity for several reasons. There's no denying that the current economic climate is tense and dangerous. Any successful business would strive to fulfill the demands of its customers while also achieving production targets. The onus is on business owners to ensure their enterprises achieve these goals. The creative aspects of the company require ongoing improvement in order to meet customers' demands and keep the company afloat. Entrepreneurs who cling to the tried-and-true "business model," which focuses entirely on making sales, will encounter more obstacles and enjoy less success. But business owners that use originality and imagination in their operations tend to do better.

The practise of looking for and taking advantage of chances that present themselves in a business setting or those possibilities that may be created via innovation in order to provide value to business organisations is referred to as entrepreneurship. The "battle to generate talents," also known as innovation, is now being fought in the realm of economics. This indicates that the company has to have an entrepreneurial mindset when it comes to the strategic planning for its marketing operations. Specifically, it needs to make use of any and all creative ideas and approaches that allow it to maintain its competitive position in a variety of marketplaces.

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