

# Entrepreneurship

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## Abstract

Entrepreneurship is generally described as the ability of an individual or a group of individuals to create an opportunity and utilize it to the benefit of the society. It will bring success to the innovators and their organization. According to Dau and Cuervo-Cazurra <sup>1</sup> the authors take a legalistic view of entrepreneurship and define it 'as the creation of fresh businesses a stable collection of people who coordinate their efforts to produce fresh value-added economic activity'. Entrepreneurship, that influences the economy of a nation either directly or indirectly. The economists and policy makers recognize the effect of entrepreneurship on the economy of a country. In fact, entrepreneurship has been considered as the engine of economic growth and it has come to be perceived as a catalytic agent for expansion and promotion of productive activities in every sphere of economic life all over the world.

Keywords : Entrepreneurship, poverty alleviation, economic growth

## Introduction

The role and significance of entrepreneurship development in numerous nations worldwide were quite significant. Numerous countries leaders and scholars have proposed that entrepreneurship can be for empowerment, job creation, economic transformation, and poverty reduction. For the past decades, numerous nations in developed and developing nations have moved their policies from being directed towards a managed economy to an entrepreneurial economy. In addition, entrepreneurship largely contributes to proper utilization of resources, the establishment of a developed self-sufficient society, and creation of employment opportunities.

## The role of entrepreneurship in economic development

Entrepreneurship boosts economic growth by introducing innovative technologies, products, and services. Increased competition from entrepreneurs' challenges existing firms to become more competitive. It also provides new job opportunities in the short and long term. Entrepreneurial activity raises the productivity of firms and economies. They also accelerate structural change by replacing established, sclerotic firms and this is what is really needed for the economic growth. According to Audretsch et al. <sup>2</sup>, the

authors assert that “the significant contribution of entrepreneurship to economic growth lies in its serving as a medium for the spillover of knowledge that might otherwise have stayed un-commercialized. However, empirical evidence on the relationship between entrepreneurship and economic growth is conflicting”. According to Van Stel et al. <sup>3</sup> the authors assert that “while entrepreneurship has a positive correlation with per capita GDP growth in wealthy countries, its relationship with growth in poor countries is negative”.

### **Entrepreneurship as an intervention strategy to poverty alleviation**

Poverty had been a prolonged challenge in the planet. Currently, Africa is the largest continent with the highest number of people living in extreme poverty which accounted for about 383 Million people living with less than \$1.90 per day. According to World Bank, eradicating extreme poverty by 2030 seems to be a distant target as UNICEF and World Bank figures show almost 383 million people survive on less than \$1.90 a day <sup>(4)</sup>. This data shows that Nigeria is rated with the highest number of poverty of 86 million seconded by Democratic Republic Congo which accounts for about 55.1 Million people according to World Bank. Across the planet, the number of people living in extreme poverty has dropped by more than half since 1990; China is one of the remarkable success stories in poverty reduction. China cut down the level of the poverty line to 15.9 percent from 84 percent. (2014). <sup>(5)</sup>

### **Entrepreneurship as a catalyst for economic prosperity not aid**

Entrepreneurship is crucial to economic development because of her demography dividend at the same time it large population which creates a huge market. Entrepreneur paves the way to industrialization; industrialization strategies could better target high-potential entrepreneurial activities to accelerate industrialization. Entrepreneurs play an essential role in bringing innovation to an economy, notably innovative technologies and production methods. Entrepreneurship also pushes up total productivity through the process of “churning”. New innovative firms put pressure on older firms to innovate. Entrepreneurship encourages diversification into new economic sectors and adapts foreign technologies to local markets for its growth. It’s bolstering industrialization by efficiently shifting resources away from traditional sectors into more modern one. Entrepreneurship contributes to economic growth and diversification. It drives structural transformation and industrialization leading to inclusive and sustainable socio-economic development.

### **Entrepreneurship introduce innovations that induce economic growth**

Over the last four decades, the level of government interest in entrepreneurship and small business development as potential solutions to fading economic growth and rising unemployment has increased. It helped to generate a new field of academic study and research. Innovation is the key to modern theories of

development and growth. It is evident that with factors such as technological product, costs, and process, innovations have graduated to become one of the keys to competitiveness and business success. Governments need to support entrepreneurship and innovation as a way of removing people from poverty because innovative entrepreneurship acts about changes in the structure of the economy, technological upgrading in production.

### **Entrepreneurship provides new job opportunities in the short and long term**

Entrepreneurship stimulates employment growth by generating new jobs when entrepreneurs enter the market. Job creation for the younger generation is still lingered to be a bottle neck and it is the most critical issue for the future. According to the World Bank 2015, 600 million Jobs are required in the next one and half decades in other for catching up with the growing global workforce majorly among mainly in Asia. Entrepreneurship helps in poverty reduction when it is creating employment through the establishment of new entrepreneurship or the developing of existing ones which increase economic wealth by creating new markets, new industries, innovative technology, new institutional forms, new jobs and net increases in real productivity, increases income which pick higher standards of living for the population. This simply implies that the more the number of entrepreneurs in each country the poverty line will automatically be at a minimal rate.

### **THE NEED FOR ENTREPRENEURSHIP IN INDIA**

India is a young country. According to a UN report 2014, world's largest youth population with 356 million (10 years to 24 years old) is in India. The 2011 census shows that around 41% of population of India is below the age of 20 years, 50% of population is in the 20-59 age groups and remaining 9 % is above the age of 60. While at the same time, only 32 % of the country's youth (15-24 years) population is employed yet (World Development Indicator, World Bank Data 2014), which is also far below than the 41% global average. On the other hand, According to NSSO (National Sample Survey Organization) figures at every level of education, the unemployment rate is higher among the 15 year to 29 year old age groups as compared to the broader population as a whole. The annual population growth rate of India is 1.2% (World Bank data, 2015) and a report from the United Nations Development Programme (UNDP) released in April 2016 showed that India will face a serious challenge of finding jobs for a growing population over the next 35 years.<sup>(6)</sup>

The major causes for unemployment, the lack of employment opportunities, skill crisis, high growth of population, and slow growth of industrialization, seasonality of agricultural and allied sectors at the top. The rate of unemployment has grown faster for people with little or no education than for those with some education. The Government has been unable to provide enough job opportunities to all the unemployed and

at the same time the unemployed youth population has been increasing day by day. At all levels, unemployment rates are higher in rural than urban areas and the rate of female unemployment exceeded the rate of male unemployment.

India needs job makers instead of job seekers. Instead of looking for jobs youth can try to find new opportunities where they can start their own enterprises with their new ideas. It can be a probable solution for our unemployment problem by creating employment for one's own self and others. An entrepreneur is a person who collaborates all resources, takes the initiative to start something new, takes risks, provides employment to many and fills the gaps (provides solution for people's problems in the form of goods or services) to make lives easier. An entrepreneur helps a country to reduce its unemployment rate (through self employment and providing employment to others), to become financially and technologically self sufficient (through trading and innovations), to raise the standard of living of citizens (by providing valuable and quality products/services at right time and place) and to reduce the regional imbalances (by setting up enterprises and providing products/services in remote locations). One single entrepreneurial unit, impacts so many lives and agencies directly or indirectly, it provides financial security to its employees (directly); value and satisfaction to customers (directly); support system and trading to other businesses and industries (directly and indirectly); revenue to government by paying taxes (directly); income to financial houses by paying interests for loans (directly); contribution to schools, colleges, health institutions, infrastructure etc. (directly through CSR and indirectly through paying taxes); foreign currency to the economy through exports (directly).

In short, an entrepreneur helps a country in its overall economic development. In such a situation promotion of entrepreneurship is very much needed in the country like India.

## Conclusion

This paper revealed that entrepreneurs play a huge and significant role in India by creating jobs and stimulating both competition and innovation. It also informed us that the Indian entrepreneur is the key player toward poverty elevation and employment. As a key driver of employment growth, the government and all other stakeholders must do everything they can to aid entrepreneurs and enhance economic prosperity. Hence, most importantly, entrepreneurship creates regional blocks, inter-firm linkage. This creates development towards economic leading to poverty reduction; stimulating employment as well as fast-tracking poverty reduction within the regions. Finally, we found that innovation, entrepreneurship curriculum training and education, individual entrepreneurial characteristics, the participation of micro, small and medium enterprises, youth empowerment, the collaboration of government-university-industry are the key tool for entrepreneurship development which is stimulating employment are eventually alleviating

poverty. Maximizing and capitalizing on SMEs is essential because of all the factors relating to economic growth that if ignored might be fatal for its rising economy. With a very young population and not enough jobs to offer, SMEs are the only solution for the regions.

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