

# ENTREPRENEURSHIP: A LEADING & POWERFUL PARAMETER TO DETERMINE SUSTAINABILITY IN ECONOMIC GROWTH

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## Abstract

*Entrepreneurship is what people do to take their career and dreams into their hands and lead it in the direction of their own choice. It's about building a life on your own terms. Entrepreneurship also generates new wealth in an economy. New ideas and improved products or services from entrepreneurs allow for the growth of new markets and new wealth to be created in an economy. This paper is mainly based on secondary data. The secondary data has been collected by referring various research papers, journals, magazines, case studies, conference proceedings and various web sources. To make this paper more reliable some primary data has been used also. The primary data has been collected by personal interactions or interviews with some learned people and entrepreneurs. The main objectives of this study are to familiarize with the concept of Entrepreneurship, to realize the importance of entrepreneurship as a major parameter to determine sustainability in economic growth, to know what the contribution of entrepreneurs to the economy is and to present entrepreneurship as a future career choice of individuals.*

**Key Words:** Globalization, Economy, Employment, Entrepreneurs, Entrepreneurship, Risk Taking, Wealth.

## Introduction:

Today, in the present scenario of globalization, Entrepreneurs are some of the world's most powerful transformers who are transforming the world by solving big problems by creating an innovative product or presenting a new life-changing solution. Entrepreneurship is what people do to take their career and dreams into their hands and lead it in the direction of their own choice. It's about building a life on your own terms. No bosses. No restricting schedules. And no one holding you back. Entrepreneurs are able to take the first step into making the world a better place, for everyone in it. Education through entrepreneurship also adds value to people, as well as people being encouraged to help each other, to seek how to develop the society, and acquire positive values, discouraging the corruption.

Entrepreneurship also generates new wealth in an economy. New ideas and improved products or services from entrepreneurs allow for the growth of new markets and new wealth to be created in an economy. Adding to that, increased level of employment and earnings add to the national income.

From the point of view of finance researchers, according to Denis (2004), entrepreneurship has long been regarded as a field that is totally separated from corporate finance; this has been said based on the assumption that the issues encountered in entrepreneurial finance are sufficiently different from those encountered in listed companies.

## **Entrepreneurship and Business History: Renewing the Research Agenda**

(Source: 2006 by Geoffrey Jones and R. Daniel Wadhwani)

During the 1940s and 1950s business historians pioneered the study of entrepreneurship. The interdisciplinary Center for Research on Entrepreneurial History based at Harvard Business School which included Joseph Schumpeter and Alfred Chandler, and its journal *Explorations in Entrepreneurial History* were key institutional drivers of the research agenda. However, the study of entrepreneurship ran into formidable methodological road blocks, and attention shifted to the corporation, leaving the study of entrepreneurship fragmented and marginal. Nevertheless, business historians have made significant contributions to the study of entrepreneurship through their diverse coverage of countries, regions and industries, and – in contrast to much management research over the past two decades - through exploring how the economic, social, organizational, and institutional context matters to evaluating entrepreneurship. Since the 1980s entrepreneurship has emerged as a topic of growing interest among management scholars and social scientists. The subject has grown in legitimacy, particularly in business schools (Cooper 2005). This scholarly interest has been spurred by a set of recent developments in the United States: the vitality of start-up firms in high technology industries, the expansion of venture capital financing, and the successes of regional clusters, notably Silicon Valley. Motivated by the goal of understanding these developments, management scholars and social scientists interested in entrepreneurship have tended to focus their attention on studying new business formation, which provides a homogeneous and easily delimited basis for quantitative empirical work (Thornton 1999; Aldrich 1999, 2005; Gartner and Carter 2005). These studies commonly use large data sets of founders or firms and employ rigorous social science methodologies, but give little analytical attention to the temporal or geographical context for entrepreneurial behavior.

## **What is Entrepreneurship?**

According to **Peter Drucker**, “Entrepreneurship means searching for a change responds to it and exploits it as an opportunity”

According to **Richard Branson**, “Entrepreneurship is a mission worth pursuing in business and then makes people’s lives better.”

According to **Naveen Jain**, “Entrepreneurship means finding a visionary solution which goes out and does something.”

According to **Scott Branson**, “Entrepreneurship is not about ideas; it’s about making ideas happen.”

According to **Stevenson**, “Entrepreneurship is defined as a process that brings people to consider owning a business as an option or a solution of viable career, to create business projects, to learn how to become an entrepreneur and to launch and grow a business.”

### **Objectives of the study:**

- To familiarize with the concept of Entrepreneurship
- To realize the importance of entrepreneurship as a major parameter to determine sustainability in economic growth
- To know what is the contribution of entrepreneurs to the economy
- To present entrepreneurship as a future career choice of individuals.

### **Research Methodology:**

This paper is mainly based on secondary data. The secondary data has been collected by referring various research papers, journals, magazines, case studies, conference proceedings and various web sources. To make this paper more reliable some primary data has been used also. The primary data has been collected by personal interactions or interviews with some learned people and entrepreneurs.

### **Who are Entrepreneurs?**

- **They’re risk-takers:** Calculated risk taking and entrepreneurship go hand in hand. Entrepreneurs don’t apply to jobs, they create them. With that comes risk. Whether it’s the financial risk of starting your first brand or the risk from not knowing what to expect, business is

risky. Entrepreneurs are often taking risks by trying things the average person won't, to do things the average person can't.

- **They can't get a job:** Many stumble into entrepreneurship when they can't get a job. Getting fired, a lack of experience or a criminal record can prevent the average person from getting a job when they're desperate. Instead of being defeated by their situation, they create new opportunities for themselves. A new graduate might start an online store the summer after graduation to build up their resume. A parent who is seasonally laid off each winter might start a business to ensure they can continue feeding their family while keeping a roof over their heads.
- **They don't fit into the corporate environment:** Entrepreneurs don't often thrive in corporate environments. It's often very restricting for their growth. They may dislike the lack of control they have in their role or the office politics. In general, you can spot an entrepreneur in a corporate environment as they're usually trying to gain more control in their role and learning their coworker's responsibilities to better understand how everything fits together.
- **They're curious:** Entrepreneurs love finding out the answer to the question, 'what will happen if...' They're experimental. Entrepreneurs love learning. They regularly read business books to advance their knowledge. So naturally, entrepreneurship appeals to them because *doing* allows them to learn the most in the shortest amount of time. Their curiosity allows their continued growth.
- **They're ambitious:** Those who love reaching difficult goals and milestones are made to be entrepreneurs. There's no limit to how much an entrepreneur can make and so they can always work to achieve higher levels of greatness. Since there's no limit to what they can achieve, entrepreneurs constantly find themselves growing and achieving more than they ever imagined. When obstacles get presented in front of them, they find the workaround to their goal. Entrepreneurs are unstoppable.

## **Indicators of Contributions to Economic Outcomes with respect to Entrepreneurship**

### **a) Employment**

Firms may contribute to the amount of employment generated or to the quality of employment. Firm growth, measured by the number of jobs created (relative to the size of the firm), is often used

as an indicator of the quantity of employment generated. The quality of employment is measured in terms of the remuneration offered to employees. The primary indicators used are wage levels, benefits (e.g. health insurance), and the use of productivity-related-pay (PRP). Job satisfaction levels of the employees in entrepreneurial firms relative to employees in counterpart firms came up as a final indicator of employment quality.

### **b) Innovation**

Innovation is a broad concept for which a multitude of indicators is employed. Regarding a firm's innovative output, i.e. the production of innovations, both measures of its quantity and quality are used. For quantity, commonly used empirical measures include research and development expenditures – although it measures input rather than output – patents, and the introduction of new products or technologies. The quality of those innovations is indicated by patent citations and the importance of the innovations, however measured. Moreover, the commercialization of innovations as well as the adoption of innovations are used as measures of contributions to economic value through innovation.

### **c) Productivity and growth**

Productivity and growth are measured by (a firm's or region's contribution to) a country's gross domestic product (GDP) or GDP growth. Therefore, studies are included in our review if they measure a firm's (or region's) value added, labor productivity – i.e. a firm's (or region's) contribution to the GDP per worker – or total factor productivity (TFP), i.e. output per unit of capital and labor input combined. Studies measuring the value and/or growth of each of these indicators of productivity and growth are considered relevant and are discussed.

### **d) Utility**

Utility indicators for an entrepreneur's individual utility relative to employees relate to specific sources of utility. The first source is any form of remuneration, i.e. expected incomes. Risk is another element affecting the utility of risk-averse individuals (negatively). Finally, job satisfaction levels are used as an indicator of utility.

## **Importance of Entrepreneurship to the Economy**

Entrepreneurs are known as national assets of the nation and even worldwide. They need to be cultivated, motivated, and remunerated to the greatest possible extent. Great entrepreneurs can change the way we live and work. Their innovations and new ideas may work upon the improvement of living standards. In addition to this they also do the needful for creating wealth with entrepreneurial ventures not only for the entrepreneurs, but also for related businesses. Lastly they also help on national problem named as unemployment by creating various jobs for the young ones and thus contribute to a growing economy. Economy wise entrepreneurship can help boost national income and tax revenue. Entrepreneurs contribute in other ways as well, such as investing in community projects and supporting local charities. Too much entrepreneurship (i.e, high self-employment) can be detrimental to economic development.

### **1. Entrepreneurs Spur Economic Growth**

New products and services created by entrepreneurs can produce a cascading effect, where it stimulates related businesses or sectors that need to support the new venture, furthering economic development.

For example, a few information technology companies made up the IT industry in India during the 1990s. The industry quickly expanded and many other sectors benefited from it. Businesses in associated industries - such as call center operations, network maintenance companies, and hardware providers - flourished.

Education and training institutes nurtured a new class of IT workers who were offered better, high-paying jobs. Infrastructure development organizations and even real estate companies capitalized on this growth as workers migrated to cities where employment was growing.

Similarly, future development efforts in underdeveloped countries require robust logistics support, capital investments, and a qualified workforce. From the highly qualified programmer to the construction worker, entrepreneurship benefits a large part of the economy.

### **2. Entrepreneurs Add to National Income**

Entrepreneurial ventures help generate new wealth. Existing businesses may remain confined to existing markets and may hit the glass ceiling in terms of income. New and improved products, services or technology from entrepreneurs enable new markets to be developed and new wealth to be created.

Additionally, increased employment and higher earnings contribute to better national income in the form of higher tax revenue and higher government spending. This revenue can be used by the government to invest in other, struggling sectors and human capital. Although it may make a few existing players redundant, the government can soften the blow by redirecting surplus wealth to retrain workers.

### **3. Entrepreneurs Create Social Change**

Through offering unique goods and services, entrepreneurs break away from tradition and reduce dependence on obsolete systems and technologies. This results in an improved quality of life, improved morale, and greater economic freedom.

For example, the water supply in a water-scarce region will, at times, forces people to stop working to collect water. This will impact their business, productivity, and income. Imagine an innovative and automatic pump that can fill people's water containers automatically. This type of innovation ensures people are able to focus on their jobs without worrying about a basic necessity like water. More time to devote to work translates to economic growth.

For a more contemporary example, smart phones and apps have revolutionized work and play across the globe. Smart phones are not exclusive to wealthy countries or people. As the growth of the smart phone market continues, technological entrepreneurship can have a profound, long-lasting impact on the world.

Moreover, the globalization of technology means entrepreneurs in lesser-developed countries have access to the same tools as their counterparts in richer countries. They also have the advantage of a lower cost of living, so a young entrepreneur from an underdeveloped country can compete with a multi-million-dollar existing product from a developed country.

### **4. Community Development**

Entrepreneurs regularly nurture ventures by other like-minded individuals. They also invest in community projects and provide financial support to local charities. This enables further development beyond their own ventures. Some famous entrepreneurs, such as Bill Gates, have used their money to finance good causes, from education to public health. The qualities that make one an entrepreneur are the same qualities that help motivate entrepreneurs to pay it forward.

**Case Studies:** *(Source: [www.businessdictionary.com](http://www.businessdictionary.com))***Walt Disney**

Walt Disney cofounded the Walt Disney Company one of the leading motion picture studios. He was also the visionary of theme parks like Disneyland and Walt Disney World. His brand started with the creation of the Mickey Mouse character and eventually expanded to include characters like Snow White, Cinderella and more. As an entrepreneur, he had to overcome adversity with challenges such as people stealing his work, commercial failures and more. However, he kept pushing through staying committed to his vision.

**Mark Zuckerberg**

Mark Zuckerberg created several products before building Facebook. He created an instant messaging tool that his father used in his dentistry practice to communicate with his receptionist. Zuckerberg also created music software that Microsoft and AOL were interested in buying even though he was only a teenager. Within the year he first founded Facebook, he had already had 1 million users. Today, Mark Zuckerberg has a net worth of \$68.3 billion.

**Sara Blakely**

Sara Blakely first started her Spanx brand in 1998. She was one of the first creators of women's leggings. Her brand specializes in shape wear and also includes bras, panties, hosiery and more. She's also the inventor of arm tights which allows women to wear their summer clothing year-round. At one point, Blakely was the youngest self-made female billionaire.

**Findings & Conclusion**

- Entrepreneurship is a powerful attitude that, in such a way, in the last years, has become a discipline increasingly transversal to different areas of knowledge, science, and organizations.
- Entrepreneurship must have a necessity to be operationalized more and more.
- Entrepreneurship has stabilized the economy through its new emerging trends



- Entrepreneurship has also been a motive for men and women bringing together in equal opportunities, positioning, and organizational justice, throughout the globe.
- Entrepreneurship is also more and more technological these days as many industries use big databases, strongly supported on knowledge capital, for growth through innovation and where products and processes are often evaluated within knowledge-based frameworks.

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