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Impact of a Country's Economic Condition on Entrepreneurship

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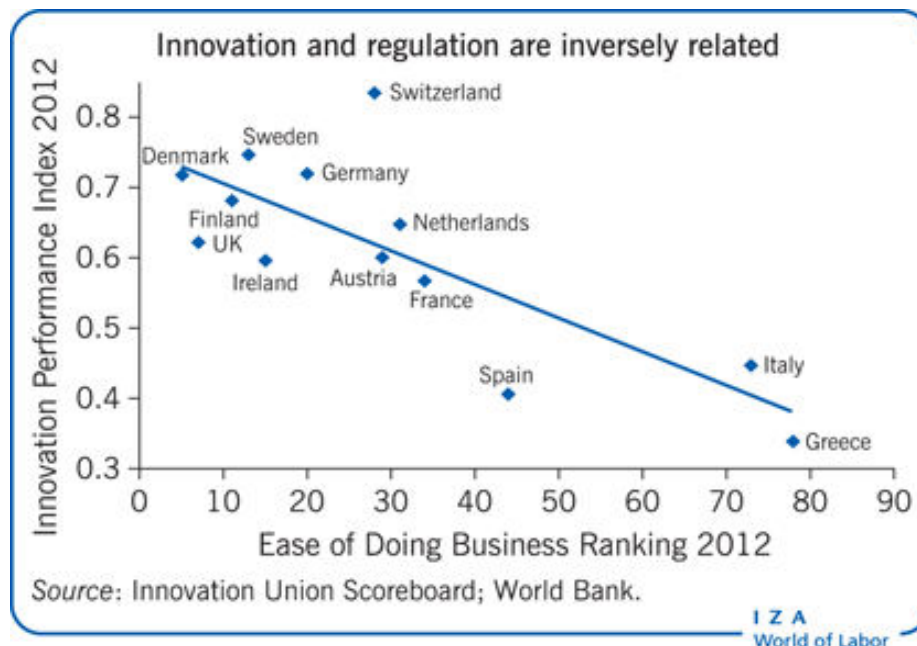
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ABSTRACT: The relationship between entrepreneurship and economic growth is complicated and can vary from one country to another based on their level of economic development. In highly developed economies, entrepreneurs can accelerate growth, while in less-developed ones they may have less of a positive effect.

KEYWORDS: economic, country, entrepreneurship, relation, impact

I.INTRODUCTION

Entrepreneurs are a rare species. Even in innovation-driven economies, only 1–2% of the work force starts a business in any given year. Yet entrepreneurs, particularly innovative entrepreneurs, are vital to the competitiveness of the economy. The gains of entrepreneurship are only realized, however, if the business environment is receptive to innovation. In addition, policymakers need to prepare for the potential job losses that can occur in the medium term through “creative destruction” as entrepreneurs strive for increased productivity[1,2,3]



When an economy is doing well, there is less incentive to encourage new, entrepreneurial firms. When people and firms are making money, why take a risk on something new and untested? Entrepreneurs often challenge incumbent firms, and while this might seem undesirable, unchallenged, established firms tend to become complacent, content to take their profits without investing in research and development to improve their business. These stagnating firms are the first to suffer when imports arrive—withering rapidly, unable to respond to the competition. Thus, challenging incumbents to do better during good economic times is a benefit of entrepreneurship.

Entrepreneurs are equally, if not more, important when the economy is doing badly. When unemployment is high and the economy is contracting or stagnating, dynamic entrepreneurship could help turn the economy around. By developing novel products or increasing competition, new firms can boost demand, which could in turn create new job opportunities and reduce unemployment.



If entrepreneurs are consistently encouraged, in bad economic times as well as good, then all businesses are kept on their toes, motivated to work continuously to improve and adapt (see Different types of entrepreneurs). Entrepreneurs are the fresh blood that keeps economies healthy and flourishing even as some individual firms fail.[4,5,6]

Capitalist economies are not alone in encouraging entrepreneurs. Managed economies, such as China's, are beginning to encourage and facilitate entrepreneurship. They have discovered that entrepreneurial activities, once viewed as a threat to the established system, are crucial for maintaining economic competitiveness and for achieving long-term success

Entrepreneurs often create new technologies, develop new products or process innovations, and open up new markets [1]. There are many examples of radical innovations introduced by entrepreneurs such as Pierre Omidyar (eBay), Larry Page and Sergey Brin (Google), Larry Ellison (Oracle), Dietmar Hopp and Hasso Plattner (SAP), Bill Gates (Microsoft), Steve Jobs (Apple), and Stelios Haji-Ioannou (easyJet), to name just a few.

Radical innovations often lead to economic growth [2]. Entrepreneurs who bring innovations to the market offer a key value-generating contribution to economic progress. Compared with incumbent firms, new firms invest more in searching for new opportunities. Existing firms might be less likely to innovate because of organizational inertia, which numbs their responsiveness to market changes, or because new goods would compete with their established range of products. Incumbent firms often miss out, sometimes intentionally, on opportunities to adopt new ideas because of the fear of cannibalizing their own markets. For inventors and innovators (who sometimes come from established firms) setting up their own business often appears to be the only way to commercialize their ideas.[7,8,9]

Entrepreneurs increase competition

By establishing new businesses, entrepreneurs intensify competition for existing businesses. Consumers benefit from the resulting lower prices and greater product variety. Researchers have developed a measure of market mobility, which identifies the effects of new business formation on existing firms [3]. A change in the ranking of established firms by number of employees indicates a transfer of market share and higher market mobility. This effect is particularly strong when considering entrepreneurial activity five years prior to the start-up, which points to a substantial time lag in the effect of start-ups on market mobility. Furthermore, new business formation has an indirect competition-enhancing effect by pushing established firms to improve their performance.

Entrepreneurs have positive employment effects in the short and long term, and negative effects in the medium term[10,11,12]

Entrepreneurs stimulate employment growth by generating new jobs when they enter the market. Research has shown (after disentangling all the potential effects) that beyond this immediate effect there is a more complicated, S-shaped effect over time. There is a direct employment effect from new businesses that arises from the new jobs being created. Following this initial phase, there is usually a stagnation phase or even a downturn as new businesses gain market share from existing firms that are unable to compete and as some new entrants fail. After this interim phase of potential failure and displacement of existing firms, the increased competitiveness of suppliers leads to positive gains in employment once again. About ten years after start-up, the impact of new business formation on employment has finally faded away. This type of wave pattern has been found for the US and for a number of European countries, as well as for a sample of 23 Organisation for Economic Co-operation and Development (OECD) countries [5].

II.DISCUSSION

New businesses boost productivity

Competition between new and existing firms ideally leads to survival of the fittest. Even though overall employment may decline, new firms can foster productivity [6]. The productivity-enhancing effect of business formation occurs in the medium term, when the employment effect is dominated by the displacement of existing firms (area II of the "wave" shown in Figure 1). This happens for two reasons. First, new firms increase competition in the market and thus diminish the market power of incumbent firms, forcing them to become more efficient or go out of business. Second, only firms with a competitive advantage or firms that are more efficient than incumbents will enter the market. The subsequent selection process forces less efficient firms (both entrants and incumbents) to drop out of the market.

Entrances, exits, and "turbulence" (the sum of entries and exits of firms in a given year) have been shown to have a positive overall effect on productivity, as measured by various indicators of productivity in several European countries. These effects were found for a sample of 23 OECD countries [6], and in single country studies for Germany, the Netherlands, and Sweden.



In the initial years following entry, the productivity effect can sometimes be negative, probably a result of adjustments to routines and strategies in response to the new entrants. The overall positive relationship is particularly strong for entrepreneurs with high-growth ambitions and a high degree of innovation; the effect on productivity is weaker for entrepreneurs with low-growth ambitions. This pattern indicates that entrepreneurs generally increase the productive use of scarce resources in an economy, with the strongest impact coming from innovative entrepreneurs. [13,14,15]

Entrepreneurship encourages structural change

Existing firms often struggle to adjust to new market conditions and permanent changes, getting locked into their old positions. They fail to make the necessary internal adjustments and lack the ability for “creative destruction,” famously described by Schumpeter in 1934 [7]. The entry of new businesses and the exit of worn-out firms can help to free firms from a locked-in position. Moreover, entrepreneurs may create entirely new markets and industries that become the engines of future growth processes.

Only a few people have the drive to become entrepreneurs

Entrepreneurs share certain traits, such as creativity and a high tolerance for the uncertainty that comes with developing new products. Four personality characteristics are particularly important for becoming an entrepreneur: willingness to bear risks, openness to experience, belief in their ability to control their own future (internal locus of control), and extraversion [8]. Entrepreneurs are significantly more likely to have these traits for the following reasons:

- The success of each investment, particularly in innovative activities, is unpredictable. Every entrepreneurial decision is risky, and success is never assured. In contrast to ordinary managers, entrepreneurs often put their own funds on the line and risk losing money if the investment fails. They have to be willing to bear risks.
- People who are open to experience—who seek new experiences and are eager to explore novel ideas—are creative, innovative, and curious. These attributes are vital for starting a new venture.
- Locus of control measures generalized expectations about internal and external control. People with an external locus of control believe that their future is determined randomly or by the external environment, not by their own actions. People with an internal locus of control believe that they shape their future outcomes through their own actions. Entrepreneurs need to have an internal locus of control to propel them. [16,17]
- People who are assertive, ambitious, energetic, and seek leadership roles (in the so-called “Big Five” approach this trait is called extraversion), tend to be sociable as well, enabling them to develop social networks more easily and to forge stronger partnerships with clients and suppliers. All of these traits—being assertive, seeking leadership, and developing networks—are important if an individual aims to become an entrepreneur.

While these personality traits affect a person’s decision to become an entrepreneur, different traits or parameter values of these traits affect the success of entrepreneurship and the decision to abandon or persevere in the new endeavor. Empirical research reveals that the most important personality characteristics influencing entrepreneurial success are lower levels of agreeableness, higher levels of need for achievement, higher levels of (internal) locus of control, and medium levels of risk acceptance:

- Agreeableness refers to having a forgiving and trusting nature and being altruistic and flexible. Lower scores on agreeableness might help entrepreneurs survive by enabling them to bargain more for their own interest with their partners.
- For entrepreneurs, a need for achievement is expressed in the search for new and better solutions and the ability to deliver these solutions through their own performance.
- The same holds for having higher levels of internal locus of control. Believing that one shapes one’s own future through one’s own actions is a very useful trait for entrepreneurial success.
- Entrepreneurs with a medium range of risk tolerance have the lowest exit probabilities. The relationship between risk tolerance and the probability of entrepreneurial success is not linear but an inverse U-shape [8]. Too low a risk tolerance leads to low-risk projects with low expected returns, which makes entrepreneurship an unattractive option to dependent employment, and excessive risk tolerance leads to projects that are very high risk with high failure rates.

The level of self-employment is not necessarily an indicator of entrepreneurial activity [8,9,10]

Self-employment is not synonymous with entrepreneurship. The level of entrepreneurial activity offers information about the dynamics of an economy, while the level of self-employment is not necessarily correlated with economic development. In fact, most economies with high levels of self-employment are less developed. Less developed economies have fewer large firms (which deliver economies of scale and scope) and a greater number of small firms



and self-employed individuals (delivering fewer economies of scale and scope). Thus, a high level of self-employment does not necessarily correspond with a high level of entrepreneurial activity.

High regulatory burdens and unsecured intellectual property rights are detrimental to innovative entrepreneurship

Regulatory obstacles to setting up a business, such as the need to buy permits or licenses and other entry barriers, may discourage entrepreneurship. Overregulation of commerce prevents entrepreneurship from flourishing because it increases the costs of starting a business and decreases flexibility and the ability to react quickly to opportunities as they arise, thus reducing experimentation. Similarly, frequently changing, complex, unclear, or opaque regulations make it difficult to understand the legal environment for entrepreneurial activity.

Sometimes, overregulation can even make entrepreneurship impossible by restricting or prohibiting entry into certain sectors of the economy through strict control of licenses. Permits and licenses can act as noncompetition agreements. Overregulated markets can turn potentially productive entrepreneurs toward unproductive non-wealth-creating activity. And because there are many potential markets for high-tech innovations all over the world, innovative businesses deterred by overregulation in one market can go elsewhere.

A high level of corruption can be a side effect of overregulation, with direct negative impacts on innovative activities [10]. Success in entrepreneurship and innovation—which are about new products or services—is uncertain. Thus if intellectual property rights are not adequately enforced, this adds to the uncertainty, which can build up to prohibitively high levels that discourage any potential innovators. Corruption may make entrepreneurs unwilling to trust the institutions that are necessary to protect intellectual property rights.

Limitations and gaps

Not enough is known about the differences in innovation between entrepreneurs and large (often multinational) firms. While entrepreneurs are hailed as the source of radical innovations, it may well be that large firms, which can make huge investments in research and development, are the real innovators. Both parties undoubtedly contribute to innovation, but whether they complement each other is still unknown.[5,6,7]

Further empirical analysis is also needed of the relationship between entrepreneurial firms and economic growth rates. But while some truly innovative entrepreneurs create fast-growing businesses (so-called “gazelles”) that have an important impact on economic growth, whether replicative entrepreneurs (see Different types of entrepreneurs) have a measurable effect on economic growth seems less likely. Only further study can answer this question.

There is also inadequate understanding of the kind of economic environment that influences innovative entrepreneurs not only to start their businesses, but also to expand them. This is an important issue since the quality of start-ups—their persistence, growth rate, and innovation— influences their effect on the economy.

And we do not know enough about failure rates. About half of all businesses close in their first five years. Yet recent research finds that survival rates could be higher. It is not yet clear whether innovative entrepreneurs survive more often than noninnovative entrepreneurs. Research preceding that reported here found the opposite to be the case. It is also not clear whether the relationship between failure/closure and years of survival is linear. Some empirical analyses find a linear relationship, while others find a higher failure/closure rate in the first year.

Policy advice

Entrepreneurship is considered crucial to a dynamic economy. Entrepreneurs create employment opportunities not only for themselves but for others as well. Entrepreneurial activities may influence a country’s economic performance by bringing new products, methods, and production processes to the market and by boosting productivity and competition more broadly.

Realizing these advantages requires institutions that contribute to an environment that is friendly to entrepreneurs. In particular, it is important to protect intellectual and other property rights, streamline and enforce commercial laws, improve the business climate, reduce regulatory burdens, and create a culture of second chances for entrepreneurs who fail. More specifically, the following policy measures should be considered:



- Government policies and legislation on property rights are important in shaping a country's innovativeness. Protecting material property rights ensures that any wealth creation stays with the entrepreneur, while protecting intellectual property rights fosters entrepreneurship and innovation.
- Bureaucratic obstacles constrain innovation-driven activities in many economies. Entrepreneurial opportunities will be greater in deregulated economies with freely operating markets and efficient licensing, because entrepreneurs can operate flexibly and their entrepreneurial activities can respond to changes in the market. It is also important that laws and regulations be enforced fairly and evenly.[12,13,14]
- Administrative burdens for start-ups need to be low, including the time needed to register a business, the number of bureaucratic steps, and the number of regulations, fees, and reporting requirements. As a benchmark, leading business-friendly countries enable companies to register for business within one day, without the need for regular renewal. This can be achieved by setting up a state-of-the-art online e-administration for all standard businesses.
- Conflicting legislation creates uncertainty, and uncertainty discourages business activity. Codification means bringing all amendments to a given law, adopted at different times, into a single legal code. Swift and comprehensive codification of the legislation eliminates contradictions. It should also include reducing and unifying administrative procedures relating to a particular activity.
- In many countries, a single failed business effort brands a person for life as a loser. The opposite experience in the US, where entrepreneurs are more readily given a second chance, even following a bankruptcy, makes clear that destigmatizing failure is crucial to the development of a rich entrepreneurial culture. Creating such a culture also reduces the fear of failure, which is still the most important impediment to entrepreneurship.
- The negative effects of layoffs in firms that are unable to compete can be eased by improving search options for new jobs and by supporting vocational training for workers who lost their jobs.
- Start-up subsidies should be considered to foster entrepreneurial activities. These can reduce the risk of early business failure.

If regulatory burdens are reduced and corruption is eliminated, countries will encourage and retain their own entrepreneurs and even attract innovators from other countries. Thus, policy can influence the volume of entrepreneurial activity most effectively by adjusting the regulatory environment in favor of entrepreneurship.[7,8]

III.RESULTS

Economic growth is a very important indicator, that shows the progress or the regress that a country experiences. It becomes a mean of comparison along with other countries in the world. There are many factors that contribute in this indicator. Entrepreneurship is a factor, one of those concepts which are very hard to define clearly and properly. Many interpretations can be given, and yet none that can summarize in one description. In this paper, it will be introduced the impact of entrepreneurship in the economic growth of a country. There is an assumption stating that entrepreneurship or the formation of new enterprises has got a positive impact on the employment levels. Furthermore, the decrease in unemployment rates creates a very positive climate in the economic aspect of a country. It will be analyzed how these two: entrepreneurship and economic growth are interrelated in transitional economies like Albania. The model is going to comprise countries like: Albania, Macedonia, and Bulgaria; in order to make the comparison of the correlation's result within them. The data interval is going to include years from 2000 to 2010, and the main source of information will be INSTAT and World Bank.

Recently, the concept of entrepreneurship has been explored and viewed from different perspectives (Ranville and Barros, 2021). One of the ways through which entrepreneurship can be seen is how it affects the economic growth of the country. Higher economic growth leads to a higher rate of employment and better living standards for the people in the society, especially when the economy is down (Doran et al., 2018). This justifies that entrepreneurship is directly related to the economic growth of the country. Thus, policymakers can intervene and add social entrepreneurship as a significant indicator that boosts sustainable economic growth. Moreover, innovation and human capital are also closely linked with social entrepreneurship. Statistical analysis showed that these variables greatly contribute to economic sustainability and growth (Rayamajhee et al., 2022).

Specifically, social entrepreneurship has recently grabbed the attention of researchers and practitioners and this concept has emerged as a prominent factor that contributes to the betterment of society (Kannampuzha and Hockerts, 2019). Businesses have devised policies toward social well-being to mitigate several social issues such as human welfare, poverty, and employment (Lall and Park, 2020). Social entrepreneurship is a significant factor that can boost social change. Additionally, social entrepreneurs work for society without expecting any direct monetary benefit from society in return (Adro and Fernandes, 2021). Moreover, every type of entrepreneurship has some kind of social function,



however, social entrepreneurship and traditional entrepreneurship are different in terms of value creation (Stirzaker et al., 2021). Social entrepreneurship creates social value, while, traditional entrepreneurship aims to generate private economic value. Gupta et al. (2020) opined that entrepreneurial venture promotes economic value that is inseparable from social benefits because commercial and social activities are closely related in the real world. Furthermore, in a larger system, opportunity, entrepreneurship, and philanthropy boost economic sustainability and institutional development. Social entrepreneurship is regarded as novel activity and an amalgam of entrepreneurship (developing new ideas) and social cause (working for society; Bozhikin et al., 2019). Extant literature shows that various studies have attempted to examine the phenomenon of social entrepreneurship and its effect on the perspectives of social enterprises, social entrepreneurs, and social ventures (Dwivedi and Weerawardena, 2018).[12,13]

Important contributions have also been seen in the field of entrepreneurship by the psychologists for providing clear understanding of the behavioral factors that drive the career choices of the entrepreneurs and their success (Gorgievski and Stephan, 2016). As a result, entrepreneurship research has also offered new insights and avenues to the field of behavioral psychology. For example, entrepreneurial practices have set many examples in identifying the different aspects that have characterized the continuous changes in the work domain, i.e., responsibility, uncertainty, flexibility, time pressure, and the insecurity are yet to be addressed with the help of individual proactive behaviors (Mu et al., 2020). Furthermore, the initial stages of a business have observed no or less standards in the daily or routine work roles. This gives the researchers an opportunity to investigate how entrepreneurship shapes the innovation, careers, organizations, and the overall effect on the environment that could affect the growth of the organization. The field of entrepreneurship, social entrepreneurship in particular, shows a high potential for delivering the innovative and novel solutions to the challenges that societies are facing today, for example, climate change and social exclusion (Stephan et al., 2016). Social entrepreneurship is a driving force for innovation (Kickul et al., 2018). Innovation is stemmed from social entrepreneurship because entrepreneurs intend to work on the opportunities that emerged in the market and produce novel products or services (Douglas and Prentice, 2019). In the context of social entrepreneurship, innovation has been highlighted as a significant factor that boosts innovation in society. This study has considered innovation as an essential construct because innovation in the production process is a competitive advantage for firms and societies. This competitive advantage comes when environmental constraints are minimized and economic growth along with technological progress is enhanced (Ho and Yoon, 2022).

Entrepreneurial activities are conducted to solve societal problems and boost sustainable development in the country. Thus, social value is created through innovation, progressiveness, social responsibility, and competitiveness (Adro and Fernandes, 2021). Innovation, in this regard, significantly helps society to grow and achieve sustainability in long term. Moreover, social entrepreneurs are capable of bringing innovation to society to improve the living standards of the people. Innovative activities not only benefit the society of a country but also improve the overall reputation of the state (Doran et al., 2018). Various social causes are regarded as opportunities for social entrepreneurs so that they work on those opportunities and develop new innovative products and services for mitigating those social problems (Crupi et al., 2022).

Sustainable economic development and economic stability are crucial for the country's growth (Al-Qudah et al., 2022). The social problems such as poverty, food scarcity, unemployment, and human welfare gradually deteriorate the sustainable economic development of the state (Méndez-Picazo et al., 2021). However, social entrepreneurs intervene to mitigate these problems to bring economic prosperity without compromising the ability of future generations (Morales et al., 2021). Sustainable economic development can be brought about through devising favorable and effective economic policies and development strategies. Additionally, scholars argued that there should not be a trade-off between sustainability and economic growth, therefore, studies have been conducted to examine the factors affecting sustainable economic development and how in turn sustainable economic development influence the country's economy.[16,17] The political decision-makers of different countries have been devising policies for sustainable economic development (Morris et al., 2020). Sustainable economic stability can be developed through social entrepreneurship as social entrepreneurs work for the betterment of society, which results in better economic conditions (Abad-Segura and González-Zamar, 2021). Furthermore, the increasing interest in societal or social problems faced by economies has led to attention being paid to ways that could mitigate or reduce these issues. For this reason, economic growth has become a prominent debate and the arguments for such debates are built upon sustainable economic development (Aquino et al., 2018).

The Global Entrepreneurship Monitor defined the social entrepreneurial variable as the activities initiatives or organizations that have a certain objective regarding environmental, social, or community aspects (Gupta et al., 2020). These factors cover new ventures that focus on new value creation and social nature (van Lunenburg et al., 2020).



Value creation in terms of social entrepreneurship is developed when the resources are combined in a new way for meeting the needs of the society, creating new organizations, and stimulating social change (Douglas and Prentice, 2019). The countries that encourage value creation can create a competitive advantage and have a better and improved reputation. The role of social entrepreneurship in value creation is critical for the economies. Social entrepreneurship is a phenomenon that boost value creation for better living standards of the people. Value creation emerges when the social problems in society are mitigated. Some examples of social problems are poverty, unemployment, homelessness, gender inequality, and unavailability of health care services. Moreover, innovation as a result of social entrepreneurship is also a significant factor that contributes to value creation. Social innovation boosts value creation which in turn improves the living standard of the society. Moreover, the value created by social entrepreneurship is generally in terms of social value. Also, higher sustainability ensures value creation through social entrepreneurship (Bozhikin et al., 2019).

Social entrepreneurship is a novel concept that needs attention as fewer studies have been conducted to understand this concept (Lall and Park, 2020). Al-Qudah et al. (2022) investigated the impact of social entrepreneurship on sustainable economic development and suggested exploring how social entrepreneurship and innovation would influence sustainable economic development. Moreover, the authors also suggested inculcating value creation in the existing model. Moreover, Méndez-Picazo et al. (2021) found that limited studies have been conducted and investigated the factors that boost sustainable economic development. Additionally, lack of evidence present with regard to innovation as a mediator in the context of social development. Therefore, this study aimed to fill the gap in the literature by examining the impact of social entrepreneurship on sustainable economic development and value creation with the mediating role of innovation. Certain objectives have been developed to fill the gap in the social development literature. The objectives of the study are (1) to examine social entrepreneurship on sustainable economic growth, (2) to investigate the role of social entrepreneurship on value creation, (3) to analyze the influence of social entrepreneurship on innovation, (4) to determine the role of innovation on sustainable economic growth, and (5) to examine the effect of innovation on value creation. The objectives to address the mediating role of innovation have also been established and the objectives are (1) to examine the mediating role of innovation in the relationship between social entrepreneurship and sustainable economic growth and (2) to investigate the mediating role of innovation in the relationship between social entrepreneurship and value creation.

Entrepreneurship is great for the economic growth of one country. The numbers of entrepreneurs in one country have a correlation of the wealth of the country as it generates cash flow and creates jobs opportunity it also increase competition in the market. All this benefits the economy of the country and is the essence of capitalism. Entrepreneurs are responsible for a huge part of the small business sector and the small business sector is a huge industry by itself. Entrepreneurship contributes to social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity. Increases in wealth in return will help government...show more content...

But a significant part of any successful entrepreneurial sector or locale is the dense set of relationships that help entrepreneurs tap expertise, resources, and support. For instance, in Kuala Lumpur, a student run incubator group called VentureSense performs surveys and experiments to support startup ideas so that they can be started with less risk and successfully run if they launch their project.

Education

It is important for people to be educated to know about first the general economy, second about financial intelligence and third about the cashflow quadrant.

The education system could play a big part in this, not only by equipping students to be great employees, but also to create business owners and entrepreneurs that drives the economy in a positive way . School should be teaching the essentials of entrepreneurship such as writing a business plan, pitching to investors, registering a company, and economics knowledge skills and other necessary.

Talk about how they are sometimes double taxed, tax breaks for startup companies could help foster growth in economy. Cultivate Promising Talent[11,12]

It could be helpful to encourage school organizations to create positions that enable teachers to gain business skills and explore entrepreneurial paths. Although some individuals with considerable. Entrepreneurial potential certainly do enter K-12 as teachers, the teaching job offers few opportunities for them to develop their entrepreneurial skills. The creation or subsidization of hybrid jobs would allow these individuals to continue to work part-time as classroom teachers, while building skill sets and gaining experience in non-classroom contexts. This would permit educators to explore alternatives and gain diverse experiences, while reducing the pressure on energetic and highly capable young teachers to decide at a young age whether to become an administrator or leave education. Such positions would allow potential entrepreneurs to



undergo some seasoning, connect with like-minded individuals and potential mentors, and get a taste of an alternate career path.

IV.CONCLUSION

India is a country with a population of over 1.4 billion people, making it the world's most populous country surpassing China. India, a country where 50 percent of the population is under 30, is anticipated to have the world's fastest-growing major economy. The country is also one of the fastest-growing economies globally, with an estimated Gross Domestic Product (GDP) of over \$3.8 trillion in 2022. However, the country still grapples with issues like unemployment and poverty, with millions of people still living below the poverty line.

Entrepreneurship has been identified as a critical driver of economic growth and development, and the Indian government has been taking significant steps to foster entrepreneurship in the country. One of the ways the government has been doing this is through entrepreneurship education.

Entrepreneurship education is the process of imparting knowledge, skills, and attitudes required to develop and manage a business venture successfully. The education system in India has been offering various entrepreneurship courses and training programs, and their impact on job creation and economic growth is significant.

The Impact of Entrepreneurship Education on Job Creation and Economic Growth in India[10,11,12]

Entrepreneurship education has a positive impact on job creation and economic growth in India. Here are some of the ways entrepreneurship education contributes to job creation and economic growth in India:

1. Encourages Entrepreneurial Thinking

Entrepreneurship education encourages entrepreneurial thinking among individuals. By imparting entrepreneurial knowledge and skills, individuals are more likely to identify opportunities and take the necessary steps to start and grow their businesses. This mindset shift is critical in fostering entrepreneurship, and it contributes to job creation and economic growth.

2. Develops Critical Skills

Entrepreneurship education equips individuals with critical skills required to start and grow a business. These skills include creativity, problem-solving, leadership, communication, and decision-making. Individuals who possess these skills are better equipped to start and run a business, contributing to job creation and economic growth.

3. Fosters Innovation

Entrepreneurship education fosters innovation by encouraging individuals to think outside the box and come up with new ideas. Innovation is essential in creating new products and services, which contribute to economic growth. Entrepreneurship education provides individuals with the necessary knowledge and skills to bring their innovative ideas to fruition.

4. Enhances Job Opportunities

Entrepreneurship education enhances job opportunities by encouraging individuals to start and grow their businesses. As businesses expand, they require more human capital, resulting in increased job opportunities. Entrepreneurship education, therefore, contributes to job creation in the country.



5. Stimulates Economic Growth

Entrepreneurship education stimulates economic growth by encouraging the development of small and medium-sized enterprises (SMEs). SMEs contribute significantly to economic growth by creating jobs, increasing competition, and promoting innovation. Entrepreneurship education provides individuals with the necessary knowledge and skills to start and grow SMEs, contributing to economic growth in India.

6. Promotes Self-Employment

Entrepreneurship education promotes self-employment by encouraging individuals to start their businesses. Self-employment is an essential aspect of entrepreneurship, and it contributes to job creation and economic growth in the country. Entrepreneurship education provides individuals with the necessary knowledge and skills to become self-employed, which can have a significant impact on the economy.[13,14,15]

How Can Entrepreneurship Education Be Improved in India?

While entrepreneurship education has been gaining popularity in India, there is still room for improvement. Here are some ways that entrepreneurship education can be improved in India:

1. Encourage Practical Learning

Entrepreneurship education should focus on practical learning by providing students with real-world experiences. This can be achieved through internships, apprenticeships, and other experiential learning opportunities.

2. Foster Mentorship Programs

Mentorship programs can play a crucial role in entrepreneurship education by connecting students with experienced entrepreneurs. This can help students learn from the experiences of others and gain valuable insights into starting and growing a business.

3. Provide Access to Funding

Access to funding is a significant challenge for many entrepreneurs in India. Entrepreneurship education should, therefore, focus on providing students with knowledge and skills to secure funding for their businesses. This can include teaching students about different funding options, such as grants, loans, and venture capital.

4. Create Entrepreneurial Ecosystems

Entrepreneurial ecosystems can play a crucial role in fostering entrepreneurship in India. This can include creating incubators, accelerators, and coworking spaces that provide entrepreneurs with the necessary resources and support to start and grow their businesses.

5. Promote Digital Entrepreneurship

Digital entrepreneurship is becoming increasingly popular in India, and entrepreneurship education should, therefore, focus on promoting digital entrepreneurship. This can include teaching students about e-commerce, social media marketing, and other digital tools that can help them start and grow their businesses.[16]



6. Collaborate with Industry

Entrepreneurship education should collaborate with industry to provide students with the necessary knowledge and skills required to start and run a business. Industry collaborations can provide students with real-world experiences and help bridge the gap between academia and industry.

Thus, entrepreneurship education is an essential component of India's economic development strategy. By investing in education and training programs that prepare students to become successful entrepreneurs, India can create a more dynamic, innovative, and prosperous economy. Let's continue to work together to promote entrepreneurship education and unlock the full potential of India's entrepreneurial spirit.[17]

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