. Role of entrepreneurship in economic development

Enterprise is defined as the act of creating, innovating and setting up a business, taking financial risks expecting profits. The enterprise in company form offers a product, a process or service for sale or hires to professionals or individuals, contributing to a community’s overall economic development.

[Entrepreneurship](https://dreamersorwinners.com/blog/1/lean-startup-by-eric-ries-in-a-nutshell) is known for the high risks involved in launching a startup. The fact is people often suffer failures along the their path to success, and some businesses have to close, due to a lack of fund, sales decisions, or a lack of demand in the market. That’s why entrepreneurship is mostly viewed as something risky and out of the comfort zone. Enterprise takes courage to make ones dreams come true and see possibilities, solutions and opportunities for the future where others see only problems.

### **Why Enterprise is the Driver of Economic Development**

Over the past several decades the role of entrepreneurship in economic development has become an essential factor of employment, and innovations bring enhanced the market competition. Entrepreneurship is the primary factor in the growth of economies. Each new business launched has an impact on an economy and affect people around it. The Theory of [Kirzner](https://en.wikipedia.org/wiki/Israel_Kirzner) (1973-2005) about entrepreneurship explains how the improvement of economic health affects individuals in the first world. The creation of new goods and services improves the quality of living of companies and individuals.

Entrepreneurs acquire capital from their equity sources or loans from banks to build their business which adds value to the creation of wealth, influencing the economy and industrial structure of a country directly.

### **Entrepreneurship Spreads Economic Power**

The power of economy is, in fact, the natural consequence of industrial and commercial activities. The industrial development at times builds to a concentration of economic power of only a few, while entrepreneurship and the growth of companies acts to counter that concentration. Enterprise is a force that multiplies the players of an economy and reduces the concentration of economic power.

### **Entrepreneurs Create and Distribute Wealth**

New businesses stimulate the fair redistribution of wealth and incomes for the interest of the country through a large population covering a larger geographical area and thus offering benefits to larger sections of society. Entrepreneurship leads to the emergence of secondary activities and therefore allows a multiplier effect in the economy.

Entrepreneurs are always seeking new opportunities. They explore and exploit various possibilities encouraging the active mobilization of funds and skills. They contribute to new products and services and develop new markets which grow an economy.

An enterprise contributes to increasing the Gross Domestic Product (GDP) and income per resident, which results in economic growth.

Improving the quality of life of a population is a characteristic of a country’s economic development. Entrepreneurs play a vital role in improving the quality of our communities and individuals’ lifestyles; they adopt the last innovations in the production of vast and various goods and services on a large-scale to reduce the cost.

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