



Shri Dharmasthala Manjunatheshwara Institute for Management Development, Mysuru, India

10th International Conference on

Economic Growth and Sustainable Development: Emerging Trends – November 27-28, 2025

Entrepreneurship: Catalyst for Economic Growth and Innovation

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Abstract

Entrepreneurship has become a key component of innovation and economic progress, promoting industrial expansion, job creation, and sustainable development. Entrepreneurs make a substantial contribution to the socioeconomic change of countries through resource mobilization, the creation of new business possibilities, and the progress of technology. This essay explores how entrepreneurship contributes to innovation, productivity, and competitiveness in the context of economic growth. Additionally, it looks at government programs and legislative actions that promote entrepreneurial ecosystems both domestically and internationally. The theoretical and empirical underpinnings of entrepreneurship's contribution to development are highlighted in the literature review. The study comes to the conclusion that entrepreneurship serves as a catalyst for social advancement and creativity in addition to promoting economic prosperity.

Keywords: *Entrepreneurship, Economic Growth, Innovation, Employment, Sustainable Development*

Introduction

An entrepreneur is someone who has the drive, aptitude, and initiative to start and run a company or venture while aiming for great success. Entrepreneurs are social change agents who seek to improve society by seeing, grabbing, and using opportunities—often for financial benefit. They also function as risk-takers by contributing risk money and actively observing and controlling company operations to guarantee long-term success.

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It is often acknowledged that innovation and economic growth are powered by entrepreneurship. It entails the process of locating, creating, and seizing chances to produce products and services that satisfy consumer demands and provide value to the economy. By bringing in new technology, energizing competition, and mobilizing resources, entrepreneurs are change agents. They have an impact on social change and sustainable development in addition to generating profit.

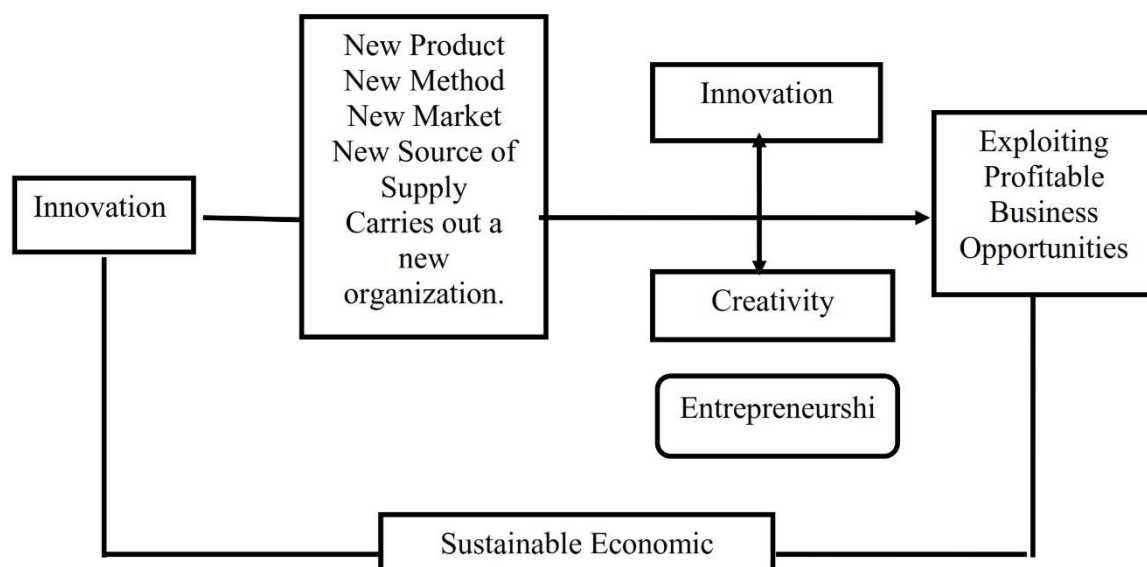
With the growth of startups, micro, small, and medium-sized businesses (MSMEs), and government initiatives like Startup India and Made in India, the entrepreneurial ecosystem in India has accelerated. Around the world, entrepreneurship is seen as a vital tool for attaining the Sustainable Development Goals (SDGs), promoting equitable growth, and lowering unemployment.

Review of Literature

The inventive function of entrepreneurs as producers of "new combinations" that result in economic progress was highlighted by Schumpeter (1934). According to Kirzner (1973), entrepreneurship is a process of discovery in which businesspeople take advantage of market imbalances. Recent research highlights the importance of entrepreneurship in determining GDP growth and job creation (Audretsch & Thurik, 2001).

According to Bhome and Jha (2013), technology entrepreneurship and green banking play a major role in supporting sustainable business and financial practices. Volz (2018) highlighted how financial governance, through sustainability disclosures and legislative frameworks, may boost entrepreneurship, especially in Asia. According to Sharma (2017), entrepreneurship in India stimulates industrialization and innovation, which in turn promotes regional development. Overall, research shows that entrepreneurship promotes social and economic transformation, which is consistent with international goals for sustainable and equitable growth.

Conceptual Framework



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Role of Entrepreneurship in Economic Development

Creation and Distribution of Wealth

In addition to investing their own money, entrepreneurs also raise money from lenders, investors, and the public. In addition to creating new wealth, this method makes sure that it is distributed to broader societal segments, which promotes inclusive economic growth.

Creation of Employment

By starting new businesses, entrepreneurs boost labor markets and lower unemployment by directly creating job opportunities and indirectly stimulating supporting industries.

Capital Formation

By converting idle resources and personal savings into profitable ventures, entrepreneurship boosts industrial expansion and speeds up the development of the national economy.

Numerous Employment Possibilities

Entrepreneurial endeavours frequently offer significant and immediate employment in emerging countries, assisting in addressing long-term underemployment.

Regional Development That Is Balanced

Entrepreneurs contribute to the reduction of regional imbalances and the promotion of more equitable growth across a nation by establishing industries in undeveloped and backward areas.

Economic Power Decentralization

By promoting many company actors, lowering monopolistic tendencies, and guaranteeing a more equitable distribution of income, entrepreneurship distributes economic power.

Rising National Income

Growing Gross National Product (GNP) and per capita income are the results of entrepreneurs' exploration of possibilities, efficient use of resources, and production of products and services.

A rise in the standard of living

Entrepreneurs increase customer options and raise living standards by developing cutting-edge goods, services, and technology.

Export Trade Promotion

In order to increase exports, generate foreign cash, and improve the nation's balance of payments, entrepreneurial endeavors frequently enter overseas markets.

Growth in Industry and Sectors

New companies promote the expansion of associated industries, suppliers, and service providers, which in turn promotes economic growth in general.

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An Initiator of Development

Entrepreneurs are change agents. Following their establishment, businesses set off a domino effect of modernization, urbanization, and industrialization.

Promoting Innovation

Entrepreneurs accelerate technical innovation and competitiveness by offering novel concepts, procedures, and resource combinations.

Effective Use of Resources

Entrepreneurs ensure efficient allocation and increase national production by converting idle resources—land, labor, and capital—into productive assets.

Fair Investment and Wealth Distribution

Entrepreneurship guarantees a wider distribution of investments across areas and industries, coordinating the success of individual businesses with the advancement of society as a whole.

Discussion

A meeting of possibilities and difficulties shapes the course of entrepreneurship. The Indian government has made the atmosphere more favorable for entrepreneurship with programs like Startup India, Digital India, and MSME assistance schemes. Entrepreneurs still face obstacles, nevertheless, such as limited financial resources, complicated regulations, and enduring talent shortages.

Entrepreneurship has become a significant force behind innovation-driven growth on a worldwide basis. Startups have used digitization, AI, and green technology to transform sectors in developed economies. On the other hand, by empowering underprivileged groups and encouraging grassroots ideas, entrepreneurship is essential to inclusive growth in emerging economies.

Coordination between governments, financial institutions, academic institutions, and industry players is necessary to create a sustainable entrepreneurial ecosystem. Better financial access, infrastructure development, capacity training, and innovation promotion should be the top priorities of effective policies. Additionally, promoting social entrepreneurship and supporting women entrepreneurs are essential avenues for enhancing diversity and wide-ranging economic growth.

Conclusion

More than just an economic endeavor, entrepreneurship fosters development, creativity, and societal advancement. Entrepreneurs support both domestic and international development by creating jobs, encouraging innovation, and making efficient use of resources. Although there are still obstacles to overcome, entrepreneurship's contribution to economic change may be reinforced by encouraging laws, institutional frameworks, and an innovative culture. In addition to being crucial to attaining sustainable development, entrepreneurship is also necessary for India to remain competitive in the global economy.

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