



ROLE OF ENTREPRENEURSHIP IN THE ECONOMY AND AROUND THE WORLD

Berdiyev Geldi

Instructor: Lecturer of Oguz han Engineering and Technology University of Turkmenistan
Ashgabat, Turkmenistan

Begliyeva Govher Myradovna

Student of Oguz han Engineering and Technology University of Turkmenistan
Ashgabat, Turkmenistan

Tachmammedova Ogulgerek Kerimovna

Student of Oguz han Engineering and Technology University of Turkmenistan
Ashgabat, Turkmenistan

Annayev Muhammet Jorakulyevich

Student of Oguz han Engineering and Technology University of Turkmenistan
Ashgabat, Turkmenistan

Rozyyev Serdar Gurbangeldiyevich

Student of Oguz han Engineering and Technology University of Turkmenistan
Ashgabat, Turkmenistan

Abstract

Entrepreneurship plays a vital role in economic development and growth, influencing job creation, innovation, and the efficient allocation of resources. This article examines the role of entrepreneurship in driving economic progress and explores its global significance. It delves into how entrepreneurship contributes to both developed and developing economies, the factors influencing entrepreneurial activity, and the challenges faced by entrepreneurs. Case studies from different countries illustrate the diverse approaches to fostering entrepreneurship and the impact it has on the global economy.

Keywords: entrepreneurship, economic growth, innovation, job creation, global economy, small businesses, venture capital.

1. Introduction

Entrepreneurship is one of the most fundamental drivers of economic activity and plays a critical role in the growth and development of economies worldwide.

Entrepreneurs are the individuals who create, organize, and operate businesses, often introducing new ideas, technologies, and solutions that change industries and societies. Their activities have a profound impact on employment, innovation, and wealth creation.

The global economy is increasingly shaped by entrepreneurs who identify opportunities and create businesses that fill gaps in the market. From small startups to multinational corporations, entrepreneurs are at the heart of economic transformation. In both developed and emerging economies, entrepreneurship is seen as an essential engine of progress, driving productivity and competitiveness. This article explores the role of entrepreneurship in the economy, the factors that influence entrepreneurial success, and the challenges entrepreneurs face in different parts of the world.

2. The Role of Entrepreneurship in Economic Development

2.1. Job Creation and Employment Opportunities

One of the most significant contributions of entrepreneurship to the economy is job creation. Small and medium-sized enterprises (SMEs) are responsible for a large portion of employment worldwide. According to the World Bank, SMEs account for around 90% of businesses and more than 50% of employment globally. Entrepreneurs establish businesses that not only employ people directly but also create job opportunities in supply chains, support services, and the wider community.

In both developed and developing economies, entrepreneurship acts as a buffer against unemployment. Startups and new ventures often provide alternative employment options when traditional job markets are saturated or when large corporations downsize. As a result, entrepreneurship is a key factor in reducing poverty and supporting inclusive economic growth.

2.2. Innovation and Technological Advancements

Entrepreneurs are often at the forefront of innovation, developing new products, services, and technologies that improve quality of life and increase productivity. Innovation through entrepreneurship fosters technological advancements, which contribute to economic competitiveness and global trade. Entrepreneurs create solutions to emerging challenges and open new markets by offering novel products and services that did not exist before.

For example, the development of information technology, biotechnology, renewable energy, and fintech has been largely driven by entrepreneurs who saw potential in addressing societal needs and market gaps. In many cases, startups and small businesses bring fresh perspectives and disruptive technologies that change entire industries.

2.3. Economic Diversification

Entrepreneurship helps diversify economies by creating new industries and business sectors.

For example, the rise of the tech industry in Silicon Valley, the emergence of the renewable energy sector in Denmark, and the growth of the e-commerce industry globally show how entrepreneurship can reshape economies. Diversified economies are more resilient to global economic downturns and external shocks, as they are not reliant on one or two industries.

Moreover, entrepreneurship promotes regional economic development, especially in rural or less-developed areas, by enabling local economies to tap into global markets. Entrepreneurs often harness local resources, talent, and needs to create business models that are both profitable and sustainable.

3. Global Impact of Entrepreneurship

3.1. Entrepreneurship in Developed Economies

In developed economies, entrepreneurship is typically supported by established infrastructure, access to capital, advanced education systems, and stable legal frameworks. The availability of venture capital, angel investors, and government grants facilitates the growth of startups. The entrepreneurial culture in developed countries encourages innovation, risk-taking, and the scaling of businesses to a global level.

For instance, in the United States, entrepreneurship has been a central part of its economy since the country's founding, with many of the world's largest companies—such as Apple, Microsoft, and Tesla—emerging from the entrepreneurial spirit of individuals. The U.S. has a well-established ecosystem that supports the growth of new ventures, from incubators and accelerators to a robust intellectual property regime.

3.2. Entrepreneurship in Emerging Economies

In emerging economies, entrepreneurship can be a powerful tool for driving economic development and poverty reduction. While these economies often face challenges such as limited access to capital, insufficient infrastructure, and less supportive regulatory environments, entrepreneurship remains crucial for long-term growth.

In countries like India and Brazil, small businesses and startups are a key driver of job creation and economic transformation. The rise of digital platforms, mobile technology, and social entrepreneurship in these regions is helping to address local issues such as access to healthcare, education, and financial services. Governments and international organizations are increasingly recognizing the importance of fostering entrepreneurship through policies that encourage investment, innovation, and skills development.

3.3. The Role of Global Entrepreneurship Networks

The rise of global networks and digital platforms has also allowed entrepreneurs to collaborate across borders, access international markets, and scale their businesses more quickly.

Platforms like Kickstarter, Indiegogo, and Alibaba provide entrepreneurs with opportunities to reach a global audience, fund projects, and engage with customers in real-time. These networks are bridging the gap between entrepreneurs in different countries and allowing for cross-border innovation and technology transfer.

Global entrepreneurship also contributes to the growth of international trade, as entrepreneurs introduce new products and services that stimulate demand in foreign markets. Through export-oriented businesses and international partnerships, entrepreneurship drives the global economy forward, creating new opportunities for both developed and developing nations.

4. Challenges Faced by Entrepreneurs Around the World

Despite its benefits, entrepreneurship is fraught with challenges. The most common barriers faced by entrepreneurs include:

- **Access to Capital:** In many parts of the world, entrepreneurs struggle to secure funding, particularly in the early stages of their business. In some developing countries, venture capital markets are underdeveloped, making it difficult for entrepreneurs to scale their ideas.
- **Regulatory Hurdles:** Complex regulations, high taxation, and bureaucratic obstacles can slow down the growth of small businesses. Many entrepreneurs face challenges navigating local laws, which can hinder their ability to operate efficiently and expand internationally.
- **Market Access:** Entrepreneurs in emerging markets often struggle to access larger markets due to limited infrastructure, high transportation costs, and weak supply chains. Lack of access to international networks and markets can make it difficult for small businesses to scale.
- **Risk Aversion:** In some cultures, there is a strong aversion to risk, which can limit the willingness of potential entrepreneurs to start new ventures. The fear of failure, coupled with social and financial pressures, often discourages entrepreneurial activity.

4.1. Government Support and Policy Solutions

Governments play a crucial role in supporting entrepreneurship by creating policies that promote innovation, provide access to capital, and ease regulatory barriers. For example, countries like Singapore and Estonia have become global hubs for entrepreneurship due to their favorable business environments, including low taxes, streamlined bureaucracy, and strong digital infrastructure. Governments can also help foster a culture of entrepreneurship through education, training, and support for entrepreneurs at various stages of their business development.

5. Conclusion

Entrepreneurship is not only the engine of economic growth but also a catalyst for innovation, job creation, and the transformation of industries worldwide.

From driving technological advances in developed economies to reducing poverty in emerging nations, entrepreneurs have a significant impact on the global economy. By addressing the challenges entrepreneurs face and creating environments conducive to innovation, governments and institutions can ensure that entrepreneurship continues to thrive.

As the world becomes increasingly interconnected, the role of entrepreneurship will only grow more critical in shaping the future of global economies. The continued support of entrepreneurship, through access to capital, training, and favorable policies, will be vital for ensuring economic resilience and sustainable development in the 21st century.

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