

Entrepreneurship's Role in SME Growth and Economic Impact

In the eighteenth century (1755), French economist Richard Cantillon created the word "entrepreneur," which literally means "to undertake." It is derived from the French verb *entreprendre* and the German word "*unternehmen*." According to Cantillon, an entrepreneur is a person who buys at fixed prices and sells at variable prices. Later on, though, the Cantillon "entrepreneurs" were referred to as innovators or change agents. The publication of "The Wealth of Nations", a seminal treatise on economics and growth, in 1776 signaled the start of the modern period of growth and commercial expansion. This age of growth is ascribed to Adam Smith and his *laissez faire* worldview (Amponsah & Ahmed, 2017). It is acknowledged in the literature that the essential components unquestionably include a willingness to take calculated risks and an awareness of the entire entrepreneurial process because the goal is typically the establishment of a new company (Kuratko et. al, 2009).

Hence, entrepreneurs are individuals who are innovative in their ideas, and they are risk takers to introduce their ideas in the society so they may be at the very initial phase of start-up of their business. The big industrialists who are well established generally do not qualify for entrepreneurship based on the characteristics set by literature on the subject. It is no need to mention that Steve Job, Bill Gate, Mark Zuckerberg, Jeff Bezos, Elon Musk etc. are the best examples of entrepreneurs of the Modern World. They changed the lifestyle of the Today's World through their innovative ideas. This article briefly discusses entrepreneurship, entrepreneurial orientation, small and medium enterprises, and the role of entrepreneurship in the economic growth of a country with the support of existing literature on the subject.

SMEs, Entrepreneurship, and Entrepreneurial Orientation

Schumpeter (1947) and Sternberg and Wennekers (2005) recognize entrepreneurs as transformers or change agents as they introduce new ideas or new methodology for producing something. As a result, true entrepreneurs should be creators, risk-takers, and innovators. It is worth

mentioning that entrepreneurship, innovation, and new risks are increasingly seen as essential sources of fuel for the development engines of the modern world. Hence, entrepreneurial behaviour is seen by economists and entrepreneurship researchers as an entrepreneurial finding that permeates all economic and human endeavours (Analoui et al. 2009).

The literature on this subject also highlights the significant role of entrepreneurial orientation (EO). For instance, Covin and Slevin (1991) and Wiklund and Shepherd (2005) document that entrepreneurial orientation (EO) is seen as a strategy component that addresses the entrepreneurial characteristics of the company. Covin and Slevin (1991) further explain that proactiveness, innovation, and taking risks are components of EO. Abd Aziz et al. (2013) discovered a strong correlation between EO and performance among SMEs in Malaysia, while Shehu and Mahmood (2014) identified a favourable correlation between EO and performance among SMEs in Nigeria.

While SMEs are simply businesses run by one person, or owner-managers as they are sometimes referred to, SMEs are created via the process of entrepreneurship. Entrepreneurs therefore find, invent, and start enterprises with a purpose. Because small companies and entrepreneurships are two concepts that are frequently mixed up and used synonymously, it's critical to comprehend their distinct meanings. Although most entrepreneurships begin as small enterprises, not all small firms are entrepreneurial endeavours. The potential contribution of smaller businesses is increased as a result of new technology and globalization that lessens the significance of economies of scale in many operations. They have particular advantages and disadvantages that may call for particular governmental responses.



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The lack of funding, challenges to utilizing technology, limited management talents, low productivity, and regulatory restrictions are just a few of the typical issues that SMEs face.

Role of Entrepreneurship in Economic Growth

The research acknowledges that SMEs play a crucial role in economic growth as effective and prolific job producers, the beginnings of large corporations, and the fuel for national economic engines. Less value addition results from these SMEs' reduced size since there may be fewer industrial processes engaged. Governments all over the globe are aware of the crucial role that small and medium-sized firms (SMEs) play in promoting and bolstering economies (Albalushi & Naqshbandi, 2022). SMEs are recognized as the foundation of the economy in both developed and developing nations. According to Juniarti and Omar (2021), SMEs have a significant economic impact; as a result, SMEs must use technology if they are to develop. Technology adoption may provide businesses with a competitive edge over their rivals.

Previously, major corporations were thought to being the main job creators, but the trend changed. A turning point and a clear understanding in this area was established by Professor David Birch's 1981 paper "Who Creates Jobs?" His research revealed that the vast majority of new employment are produced by businesses with less than 100 employees. Since that time, SMEs have come to be recognized as reasonably steady economic actors and as the "backbone of the economy." According to Audretsch and Thurik (2001 & 2004), the shift away from huge corporations and towards small, primarily new enterprises represents a major shift and not merely a brief diversion from the general trend. In their definition of this new economic era, these writers refer to this new economic era as an "entrepreneurial economy" since it is less dependent on the conventional contributions of natural resources, labour, and capital and more dependent on the input of information and ideas.

Conclusion

A small business is a constrained size company owned and operated by a single person or by a small group of individuals while entrepreneurship is the act of designing, creating, and starting a new business. Skills associated with entrepreneurial orientation, such as the capacity to manage uncertainty, the capacity to innovate in response to new opportunities and threats, the capacity to foresee the direction and nature of business change, and the capacity to tolerate, are crucial for the survival and sustainability of SMEs in the face of the complex and rapidly changing business environment. The study admits that SMEs, which serve as the foundation for major firms, the primary source of

employment, and the fuel for national economic engines, are vital to economic progress. A few of the issues SMEs typically face include a lack of funds, challenges using technology, a lack of management competence, low productivity, and legal restrictions. A globalized, technologically advanced civilization exacerbates these problems; therefore, these areas need priority attentions on public policy makers.

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