

The role of entrepreneurship in promoting innovation

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Abstract

The role of an entrepreneur goes beyond the idea of working for results and instead focuses on fostering deliberate innovation in order to improve quality of life. Entrepreneurs have a vision that enables them to take advantage of opportunities and available capabilities, such as technology, to enhance their position in the economic arena for development.

In this academic paper, we will attempt to present theoretical arguments that support the contribution of entrepreneurship to the promotion of innovation and the significance of this relationship to economic and social development, as well as the counterarguments to this claim.

Keywords: Entrepreneur, innovation, development, local community.

1. Introduction

The issue of technology became relevant to any realistic analysis of society due to the scientific acceleration in the pace of technology development and use as well as the

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comprehensiveness of its role in all aspects of normal human life. As a result, as technology changed, our intellectual presumptions and what we should think about changed along with it. This explosion of technological innovation and digital transformation provides countless opportunities for business development, research opportunities, and the local and global development of societies. This is achieved not only through the growth of new companies and industries seeking to tap new markets but also through the creation of new business models that change our view of the world.

When Champlain talked about his first exploration of the St. Lawrence River in 1603, the term "*entrepreneur*" had already made its literary debut in 1253 "to see the country and what entrepreneurs would do there" (Filion, 2021), he says, entrepreneurs have been the focus of attention. their communities as visionaries of change and that their mission is to "seek opportunities beyond the resources under our control" Howard Stevenson (SETH, 2021)

So, we will work on this scientific paper in order to renew our perspective on entrepreneurship, and how can entrepreneurs contribute to promoting innovation. And how does this relationship contribute to the development of societies?

2. Research Methodology

In this study, we presented a careful theoretical reading of the role of entrepreneurship in promoting innovation, through an extensive review of many sources and theoretical and experimental studies that examined the subject and extracted the most important results and realistic analyzes, as well as the problems that may face the integration of the entrepreneur's vision to create and promote innovation in local communities.

3. Results

3-1- Entrepreneurship and innovation

Starting with the definitions of the subject may seem straightforward, but discussing entrepreneurship in an academic setting runs the risk of compromising this axiom (Kheiri et al., 2022, p. 351), so what if we link the topic of entrepreneurship with innovation, it will become more interesting!! Innovation and entrepreneurship are the main drivers of economic growth today. Innovation is the implementation of a new or significantly improved product or service, process, new marketing method, or new organizational method in business practices, workplace organization or external relations, Whereas "*entrepreneurs*" are visionaries who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets" (Abid Bashir & Akhtar, 2016, p. 91).

An innovator or promoter of novel pairings is an entrepreneur (Smith, Schumpeter, Bentham, Mangoldt, 2005; Pereira, 2007; Chakrikhanov, 2017) (Quintero et al., 2019, p 105), and innovative entrepreneurship is an innovative entrepreneurial enterprise that "provides a product or a new service or...develops and uses new ways to produce or provide existing goods and services at a lower cost," and thus innovation includes any economic change that expresses a creative aspect, and innovative projects have been shown to create a higher economic impact (Amini Sedeh et al., 2022, p. 1200).

Innovation-driven entrepreneurship and new businesses built on cutting-edge concepts are the results of combining entrepreneurship and innovation. Due to intense competition, innovation serves as the foundation for new businesses, jobs, and productivity growth. Innovative economies are more resilient to change, more productive, and better able to support higher living standards. It is thus an important driver of economic growth and development (Abid Bashir & Akhtar, 2016, p. 91).

3-2- The role of entrepreneurs in promoting innovation

In an effort to boost competitiveness, innovation is viewed as the "golden element" of entrepreneurship, and at the highest level, it serves as this function. When attempting to ascertain the effects of entrepreneurship and innovation on economic development, researchers started to use the concept of innovative entrepreneurship quite frequently (Crudu, 2019, p. 39).

Entrepreneurs innovate and develop untested technology (the ability to create). The role of the creative entrepreneur is to respond to economic gaps according to Schumpeter (Kheiri et al., 2021, p. 207), and some researchers call it "*Schumpeterian entrepreneurs*." Because it is inspired by Schumpeter, one of the most influential economists of the twentieth century, his theory of economic development (1911), and his conception of the "entrepreneur as an innovator" and key to accelerating economic development (Crudu, 2019, p. 39).

Based on the integrative skills of the entrepreneurial individuals, Schumpeter emphasized the significance of innovative entrepreneurs as a key tool for advancing the economy from a state of static equilibrium in his own words:

And what they did: they did not acquire any kind of commodity, nor did they create any original means of production, but used the means of production differently and more advantageously, they made new combinations! Risk is "entrepreneurial" profit (Braunerhjelm, 2010, p 7).

Schumpeter, for example, viewed opportunity as being outside the realm of entrepreneurship, rather, it is the identification and exploitation of these opportunities that distinguish them, that is, exploiting an opportunity in a certain way is an innovation in itself, also in this respect, Schumpeter's original ideas about entrepreneurship were A great influence on the next generation of researchers in entrepreneurship, and Schumpeter did not view entrepreneurs as addressees of risk, although he did not reject the idea completely, and he was aware that innovation contained elements of risk for the entrepreneur, but mainly that task was attributed to the capitalists who Finance the contracting projects (Kheiri & Herairia, 2021, p. 150).

Entrepreneurs can play an important role in economic development through the practice of innovation, through the points made by (Riswanto, 2016, pp. 729–730):

Therefore, the presence of entrepreneurs in a country has a significant impact on its growth and economic development. In other words, the entrepreneur is the primary force behind the economy. The goal of this study is to identify the innovative entrepreneur who has a significant impact on the economy. According to Audretsch, Max Keilbach, and Jagannadha PawanTamvada in Economic Development, areas with more entrepreneurs demonstrated higher levels of innovation and economic growth.

Consequently, a country's level of economic development will be higher the more entrepreneurs there are in that country. Entrepreneurs begin by identifying the needs of their societies and work to fill those needs, giving them the advantage of being familiar with the workplace.

Because innovation is the core of a new company and knowing how to integrate knowledge is crucial to innovation in new businesses, employers view experience in releasing ideas in a fresh, daring, and even unconventional way as essential.

Innovation is also a specific tool used by business owners to seize opportunities presented by the change to launch a new product or service. The businessperson can explain his plan as a flexible system that can grow and change.

The level of their communities' and countries' development will depend on how many entrepreneurs live there, and this level of development will be driven by innovative entrepreneurs.

(Riswanto, 2016, pp. 729–730)

The following table lists the approaches that many governments and countries are using to increase the number of entrepreneurs in their populations and to promote innovative entrepreneurship. These approaches and methods are ones that governments set as general policies and work to put into practice through well-researched programs:

Table 1. Methods to Promote Innovative Entrepreneurship

Direct promotion	Aims
Investment in industrial infrastructure and facilities	Construction, reconstruction or renovation of industrial facilities to be used by small and medium size enterprises in the manufacturing and processing industry.
Direct funding (innovation vouchers)	Intended for small and medium size enterprises involved in the development of new products and technologies.
Indirect promotion	Aims
Centers of competence	Support of R&D and innovative activity (elaboration of new products and technologies) based on specific industrial needs.
Transfer of technology programmes	Increase in the earnings of scientific entities due to commercialization of their research funded by the government, assistance in marketing the results of such research by converting it into practical entrepreneurship.
Support of innovative product implementation	Measures to facilitate the increase of efficiency and competitive edge of enterprises by implementing new products and technologies and by increasing private investment in R&D.
Innovation motivation programme	Provision of publicity and stimulating the public, young people in particular, to become entrepreneurs and to participate in innovative activity.
Staff search support	Supplying skilled labour force to entrepreneurs to promote

	higher efficiency as well as development and implementation of new products and technologies.
Competitive edge globally	Support of participation in international fairs and exhibitions.
Business incubators	Support of viable start-ups with high competitive ability in Latvian regions by providing business environment, consultancy services and access to funding.
Clusters	Support of export and turnover in a specific industry to promote specialization and cooperation in the development of new products or creation of value chain (inter-industrial cooperation)
Corporative income tax	To encourage the purchase of new technological equipment.

Source: Odinkova, T., Bozhinova, M., & Petrova, M. (2018). Promotion of Innovative Entrepreneurship Under Sustainable Development. *E3S Web of Conferences*, 41, 01–06. <https://doi.org/10.1051/e3sconf/20184104015>, PP 04-05.

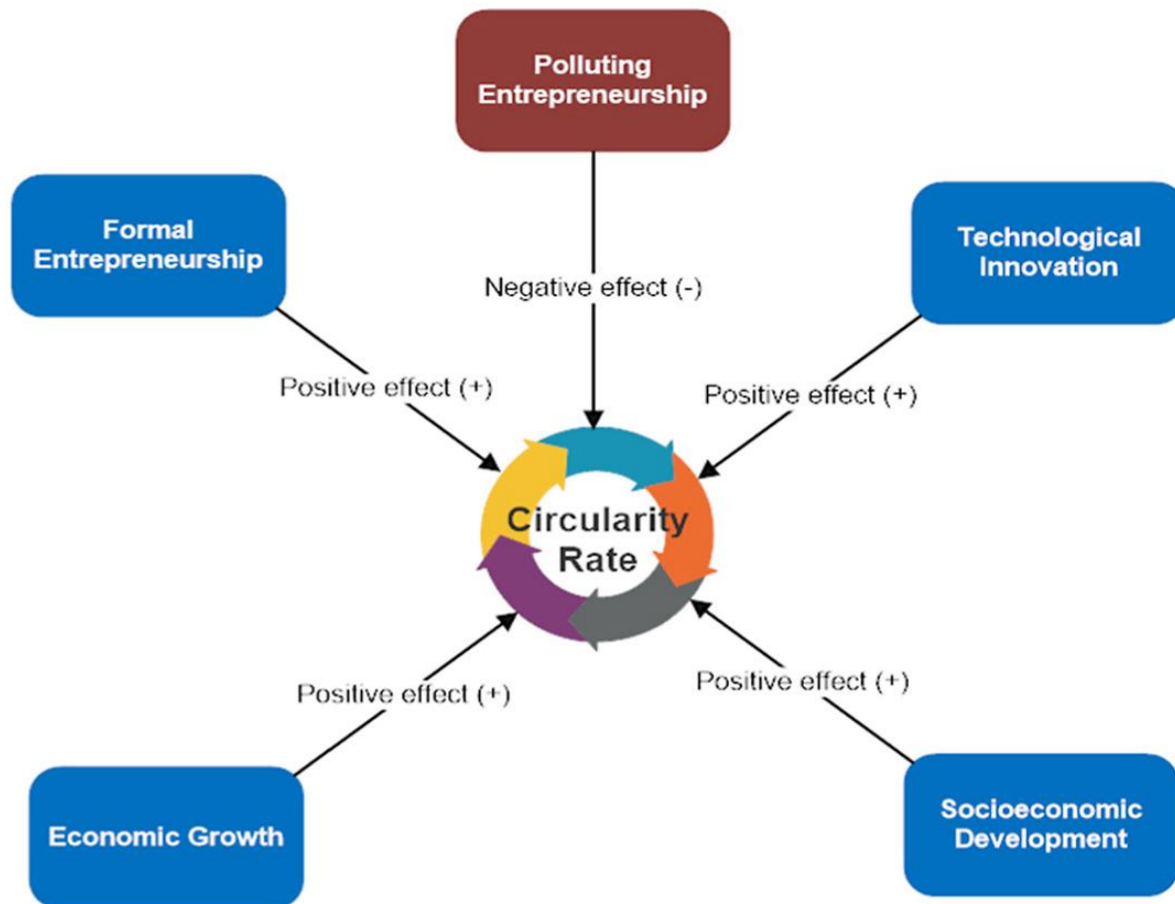
4. Discussion of the results

Entrepreneurs are visionaries who are able to promote innovation, and thus enhance the development of their societies and countries. They are credited with economic progress, improving the competitive position of their countries, introducing new industries, and innovative ways of living. The impact of these transformations extends beyond the economic dimension, so that the role of entrepreneurs is to influence social life as a whole.

Sometimes innovation comes at a hefty price. Technological innovations, in particular, often create disruptions, challenge existing cultural values, and undermine existing relationships within industries, organizations and societies in general. Advanced and emerging economies alike with such innovations have experienced significant changes in family structures, gender roles, and a set of indicators of social harmony such as violent crimes, theft, divorce and alienation (Zahra & Wright, 2016, p. 615).

However, this does not preclude that entrepreneurship promotes innovation and contributes significantly to economic development, and it is a vigorous societal demand. Therefore, these elements regret in an interactive relationship, which can be clarified in the following figure:

Figure 01: The Interactive Relationship between Entrepreneurship, Innovation and Socioeconomic Development



Source: Kostakis, I., & Tsagarakis, K. P. (2022). The role of entrepreneurship, innovation and socioeconomic development on circularity rate: Empirical evidence from selected European countries. *Journal of Cleaner Production*, 348, 131267.

<https://doi.org/10.1016/j.jclepro.2022.131267>.

In contrast, Mazzucato offers an interesting simplified argument: the state was the main driver behind industrial innovation, and independent entrepreneurs and large corporations have only tracked and benefited from the courageous efforts of governments over the years, so economic policy, and innovation policy in particular. It was misleading, that innovation and innovation does not happen through independent entrepreneurial endeavors and innovations that are launched in a free market economy. On the contrary, Mazzucato argues that prosperity comes instead from great government efforts aimed at solving the great challenges facing humanity. Wennberg & Sandström, 2022, p. 04).

Within this polemic, one view, led by scholars such as Crossan and Apaydin (2010), has posited that entrepreneurship is a tool for innovators, while the other view is more common in the literature led by researchers such as Lewrick, Omar, Raeside and Sailer (2010) Zhaou (2010). 2005) hypothesize that innovation is a tool for entrepreneurs, arguing that innovation is the result of entrepreneurship, and based on the argument that innovation is often a logical symptom of entrepreneurship, and Mcfadzean, O'Loughlin and Shaw (2005) acknowledged that without entrepreneurship within For organizations, innovation remains an aspiration rather than a possibility (Arshi & Burns, 2018, p. 2).

Conclusion

As a conclusion, the success of development must be emphasized by the support of public and government policies, both entrepreneurship and innovation, because this support is necessary for organizations while designing programs and developing policies for growth and sustainability (Galbraith et al., 2017), and in this context, the "Duke Center for International Development emphasizes the Sanford School of Policy The general view is that through the right practices of research and development, entrepreneurs bring in new innovations that open the door to new projects, markets, products and technology, and entrepreneurs play a role in solving problems that existing products and technology have not yet solved, by producing new products and services or bringing innovation to Existing products and services, which makes entrepreneurship able to improve people's lives (Dave, 2020).

On the same line of thought, we should not ignore the social dimension of entrepreneurship. Entrepreneurship is a social practice that inherits its past, and transcends it towards an indefinite future. This transgression leads to the emergence of a "new" enterprise in the sense that it refers to the production of a new social link (Spurk, 1998, pp 17- 18), to create a new social situation, in search of the hope of a better life.

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