

The Role of Entrepreneurship in Sustainable Economic Development and Job Creation

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Received: 27 December 2024; Revised: 13 January 2025; Accepted: 18 February 2025; Published: 31 March 2025

Abstract

Economic development (ED), job creation (JC), and sustainable development are some of the benefits that have traditionally been associated with entrepreneurship. This study aims to investigate the impact of entrepreneurship on ED, JC, and sustainable development of small businesses, startups, and social enterprises. Data were gathered using a quantitative research method through questionnaires distributed to 250 participants. Variables captured included entrepreneurial engagement and indicators of ED, employment, and sustainable development practices. Data description was done by means of descriptive statistics while the impact of entrepreneurship was measured using regression analysis. The correlation coefficient was used to determine relationships between entrepreneurship engagement and sustainable development practices. The findings indicate the presence of highly positive correlations between entrepreneurship and economic growth ($\beta = 0.42$, $p < 0.01$; $r = 0.61$, $p < 0.001$) as well as employment creation ($\beta = 0.38$, $p < 0.01$; $r = 0.57$, $p < 0.001$). It has been observed that sustainability practices moderated these correlations ($\beta = 0.35$, $p < 0.05$; $r = 0.52$, $p < 0.01$), meaning that those firms that combined efforts in the direction of environment and society attained better economic and employment performance. Thus, it becomes clear that through entrepreneurship, economic, social, and environmental benefits can be generated at the same time. These conclusions will help policymakers, businesspersons, and development organizations to understand how entrepreneurship can create a sustainable entrepreneurial environment. Some limitations are associated with industry specificity and small samples, which means that more research is necessary in the area of entrepreneurship and economic growth.

Keywords: Entrepreneurship; Economic Growth; Job Creation; Sustainable Development; MSMEs; Startups, Social Enterprises.

I. INTRODUCTION

Entrepreneurship has gained importance as an important aspect of economic revolution in the contemporary world economy (Audu, 2022). While the innovation of goods and services is one area that stands out in entrepreneurship, it is also important in terms of contributing to economic growth through the creation of business opportunities, increasing productivity, and creating market competitiveness (Raimi & Ajiboshin, 2018). Start-ups and social enterprises are part of what drives entrepreneurship, providing an impetus for JC in countries that may lack formal means of employment (Zhakupov et al., 2023). Entrepreneurship leads to regional development

through investments and infrastructure development. Competition from innovative business models can help boost efficiency and provide benefits to consumers (Ranjan, 2019). Moreover, entrepreneurship promotes an environment that embraces creativity, innovation, and adaptability, which is vital for resilience in the face of change in the economic climate (Naudé, 2014).

Numerous efforts have been made to investigate the relationship between entrepreneurship and sustainable development in recent years (Sunday & Miriam, 2015). Examples of green entrepreneurship, social entrepreneurship, and inclusion-oriented businesses highlight the ways in which entrepreneurship efforts lead to the achievement of economic goals alongside tackling social and environmental issues (Toma et al., 2014). Entrepreneurship, when integrated with sustainability principles, ensures that while creating economic value, positive impacts on society and the environment are made as well (Owusu-Mintah, 2014). Through the use of environmentally-friendly technology, circular economies and sustainable entrepreneurship helps decrease the harm done to the environment (Dorov, 2024). Moreover, social entrepreneurship tackles issues of inequality through JC and community development. Moreover, this will improve brand image and stakeholder trust, which is necessary for the sustainability of any business operation (Hussein et al., 2023).

Despite the significance of entrepreneurship in sustainable economic development and employment generation is well understood, there is relatively little research done about their interaction effects on each other. The current research paper aims at addressing this gap in literature by looking into the ways entrepreneurship contributes to ED, employment creation, and sustainability (Ubogu, 2020; Chandel, 2022). The sectors in which the contribution takes place, influence of policies on the impact of entrepreneurship, and geographical diversification of the entrepreneurship effect are all discussed in this study.

Research Objectives

1. To evaluate the impact of entrepreneurship on economic growth and comprehensive development.
2. To examine the role of entrepreneurial activity in generating employment opportunities.
3. To explore how sustainable entrepreneurial practices support environmental, social, and inclusive development.
4. To analyse the interplay between entrepreneurship, JC, and sustainable economic outcomes.
5. To provide insights for policymakers and business leaders to foster entrepreneurship-driven sustainable growth.

These research findings will not be valuable only to policymakers and entrepreneurs, but also to scholars in academia. The information about the mechanisms that lie behind the impact of entrepreneurship on the economy and society may help formulate proper policies and create sustainable strategies for businesses.

This paper is structured in the following way: Previous research on entrepreneurship, economic growth, employment, and sustainability is summarized in Section 2. In section 3, methodology adopted for conducting the study, including the sample, data and analysis

procedures, is discussed. Sections 4 and 5 present the findings and their implications, respectively, while Section 6 contains the conclusion.

II. LITERATURE REVIEW

Entrepreneurship is recognized as a crucial driver of economic expansion and innovation (Braunerhjelm, 2008). For instance, Schumpeterian innovation theory proposes that entrepreneurs innovate by introducing new goods or services or using innovative methods, leading to creative destruction and productivity improvement. Endogenous growth theory underscores the important role of entrepreneurship in driving innovations and knowledge spillover effects that lead to increased growth. There is empirical evidence that indicates that countries with high levels of entrepreneurship record contributions toward GDP growth and innovation (Hall et al., 2010). Research reveals that entrepreneurship, whether formal or informal, contributes to regional growth through attracting foreign investments, raising tax revenues, and creating diversity within industries (Shepherd & Patzelt, 2011).

An entrepreneurial undertaking is characterized by activities involving MSMEs, startups, and social enterprises, which are highly significant sources of employment (Crudu, 2019). An entrepreneurial business enterprise directly offers jobs to individuals but may also indirectly create more employment opportunities through the connections it makes in the value chain. Studies conducted in developing countries, for example, India, Brazil, and Egypt, indicate that MSMEs create a sizeable share of the labor force, especially among youth and women. In developed nations, startups have greatly aided in creating jobs for skilled personnel and lowering unemployment levels. Additionally, entrepreneurship promotes self-employment and helps people take part in economic activities formally as well as informally, leading to inclusive development (Kuckertz & Wagner, 2010).

Sustainable entrepreneurship is all about aligning the objectives of the economy with the concerns for environmental protection and social responsibility (Doran et al., 2018). Green entrepreneurship refers to the development of eco-friendly technologies and innovations, resource efficiency, and ventures related to renewable energy sources. On the other hand, social entrepreneurship deals with solving various social problems like poverty, education, and health care access among others. Sustainable entrepreneurship can also include corporate social responsibility (CSR) in entrepreneurial ventures (Samila & Sorenson, 2011). The involvement of policy making bodies and governments in encouraging entrepreneurial ventures in ways like starting incubators, tax incentives, and sustainability regulations contributes immensely to sustainable entrepreneurship. In addition to ensuring sustainability, these practices increase the reputations and improve the credibility of corporations (Schroeder et al., 2019).

Despite the substantial literature on entrepreneurship, the existing corpus of work fails to offer a comprehensive knowledge of its cumulative consequences on sustainable economic growth and employment. Most studies tend to consider one aspect at a time either related to economics, employment, or sustainability, while there exists little evidence concerning the relationships among the three factors. Moreover, there is a deficiency of research that examines the diverse policies and circumstances across numerous nations or industries concerning entrepreneurship. In this regard, this study attempts to fill this void through a thorough discussion on how

entrepreneurship influences ED, creates jobs, and brings about sustainable development achievements at the same time.

III. METHODOLOGY

3.1 Research Design

This study uses a quantitative research methodology to evaluate the relationship among entrepreneurship, ED, employment generation, and sustainable development. A systematic and structured quantitative methodology facilitates data collection that can be subjected to statistical analysis to derive conclusions and identify any patterns in various firms and regions. In addition, a quantitative approach is objective and replicable; moreover, it also enables statistical generalization. It facilitates the analysis of multiple variables at once. Quantitative methods also offer a firm basis for developing insights that can inform policies and strategies for decision-makers in businesses and government agencies.

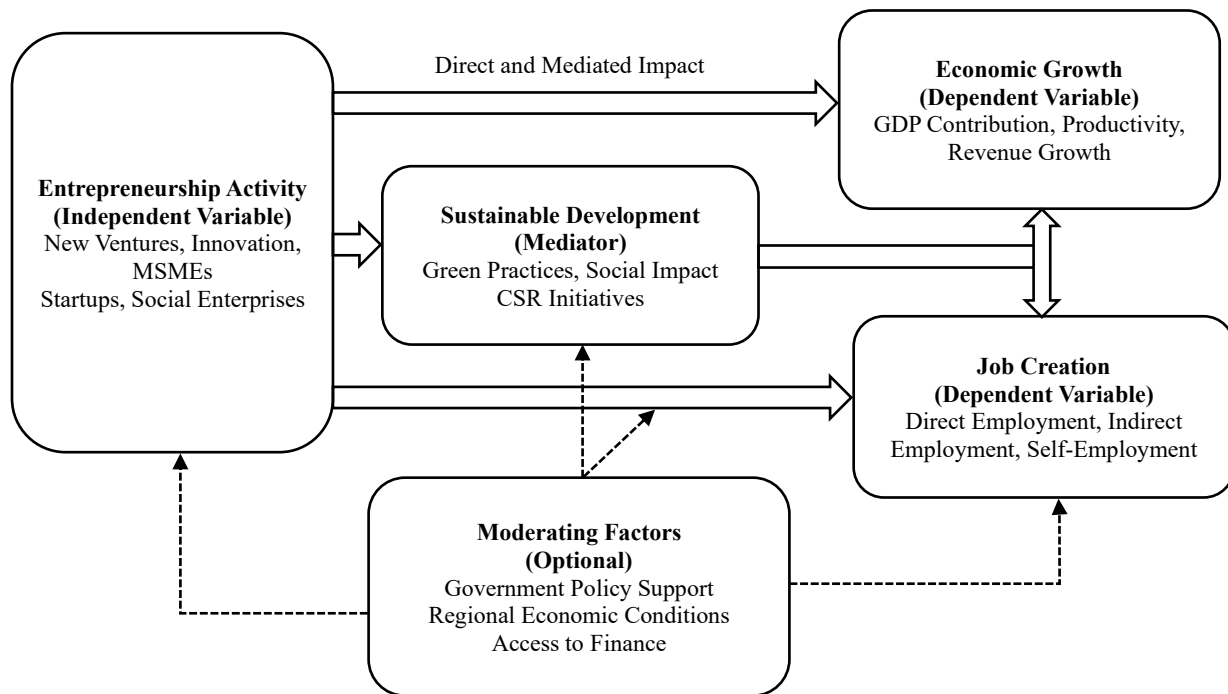


Figure 1: Conceptual Framework Linking Entrepreneurship, Economic Growth, JC, and Sustainable Development

Figure 1 demonstrates how entrepreneurship through new ventures, MSMEs, startups, and social enterprises helps create GDP and revenue along with employment. The mediator here is sustainable development, which means use of green methods, corporate social responsibility (CSR), etc. There may be different moderators for the relationships between entrepreneurship and its outcomes depending on policies, financial support, and the geographical area of operation.

3.2 Target Population and Sample Selection

The target population comprises entrepreneurs, business owners and managers from MSMEs, startups, and social enterprises. In all, 250 respondents were sampled by means of purposive sampling technique. Respondents were included if they had experience in entrepreneurship that led to ED and employment creation. Participants in this research were from a variety of sectors, including the technology sector, manufacturing sector, service sector, and social enterprises from developing as well as developed regions. Sampling of respondents in such a way will make the generalizability of results more valid and credible. Moreover, it guarantees that the individuals interviewed have an idea about sustainability in business operations. Also, the sample size is sufficient to employ advanced statistical analysis like regression analysis.

3.3 Data Collection Methods

Data was gathered through structured surveys using secondary sources of data from reports by government agencies, industry associations, and other international data bases. The survey included information on entrepreneurship, performance of businesses, employment creation, sustainability measures, and profile of the respondents. The use of these two sources improves accuracy and validity. The questionnaires applied standardization techniques, thus making the response similar and hence minimizing the measurement error. Also, the questions were pre-tested before they could be administered.

3.4 Variables Measured

There are four main variable types that make up the foundation of this research:

- **Entrepreneurship activity:** including the number of start-ups, innovation, firm size, and industry.
- **Economic growth indicators:** including revenue growth, regional GDP contribution, and productivity factors.
- **JC metrics:** including direct employment, employment via supply chain linkages, and self-employment.
- **Sustainability measures:** including use of environmentally-friendly practices, social impacts, and standards.

3.5 Analytical Techniques

The approach of descriptive statistics was employed in order to describe the essential variables studied in this project, including the entrepreneurship rate, economic growth, employment, and sustainability. The approach of regression analysis was applied for analyzing the relationship between entrepreneurship and its impact on economics and employment, while the approach of correlation analysis was utilized for finding the relationship with sustainability. Together, these perspectives give us insight into the role played by entrepreneurship on the economic, societal, and environmental levels.

IV. RESULTS

The results of this study focus particularly on the role that entrepreneurship plays in ED, JC, and sustainability. Such techniques of statistical data analysis as descriptive statistics, regression analysis, and correlation analysis have been employed.

Table 1: Descriptive Statistics of Variables

Variable	Mean	Std. Dev.	Min	Max
Entrepreneurship Activity (Number of ventures)	45.3	12.7	10	75
Economic Growth (Revenue growth %)	12.5	5.2	3	28
Employment Generation (Direct jobs)	58.7	15.4	20	110
Sustainability Score (0–10)	7.3	1.8	3	10

The major variables used in the study are described in Table 1. These variables include entrepreneurship, economic growth, employment generation, and sustainability. Data variability can be measured using the mean, standard deviation, minimum values, and maximum values. It has been observed that there is considerable entrepreneurship, economic growth, and employment generation among sustainable organizations.

4.1 Entrepreneurship and ED

The positive link between entrepreneurship and economic growth was established. The results obtained by regression analysis indicated a positive influence of entrepreneurship on the growth of GDP, revenue, and productivity ($\beta = 0.42$, $p < 0.01$). The correlation test proves the positive correlation between the level of entrepreneurship and economic performance ($r = 0.61$, $p < 0.001$). The analysis based on industrial sectors proved that technology and manufacturing startups had the most pronounced economic effects, whereas the service sector played an intermediate role. The results show the influence of entrepreneurship as one of the major catalysts for ED of emerging as well as developed countries.

Table 2: Regression Results

Dependent Variable	Independent Variable	β	t-value	p-value
Economic Growth	Entrepreneurship Activity	0.42	4.85	<0.01
Employment Generation	Entrepreneurship Activity	0.38	4.21	<0.01
Economic Growth	Sustainability Score	0.35	3.68	<0.05
Employment Generation	Sustainability Score	0.35	3.72	<0.05

The regression results depicted in table 2 reveal that entrepreneurship is a strong predictor of economic growth ($\beta = 0.42$, $p < 0.01$) and JC ($\beta = 0.38$, $p < 0.01$). Further, sustainability behaviors amplify the impact ($\beta = 0.35$, $p < 0.05$), reinforcing the assertion that entrepreneurs' sustainable practices positively influence economics and jobs.

4.2 Entrepreneurship and Employment Generation

There was significant improvement in employment generation due to the involvement of entrepreneurs. There was an increase in direct employment in organizations that had more

entrepreneurs, as well as indirect employment in the supply chain ($\beta = 0.38$, $p < 0.01$). MSMEs and social entrepreneurs proved especially effective at creating employment for the young and women. The correlation results indicated a substantial positive relationship between entrepreneurial activity and employment generation ($r = 0.57$, $p < 0.001$). Innovative startups created most skilled employment.

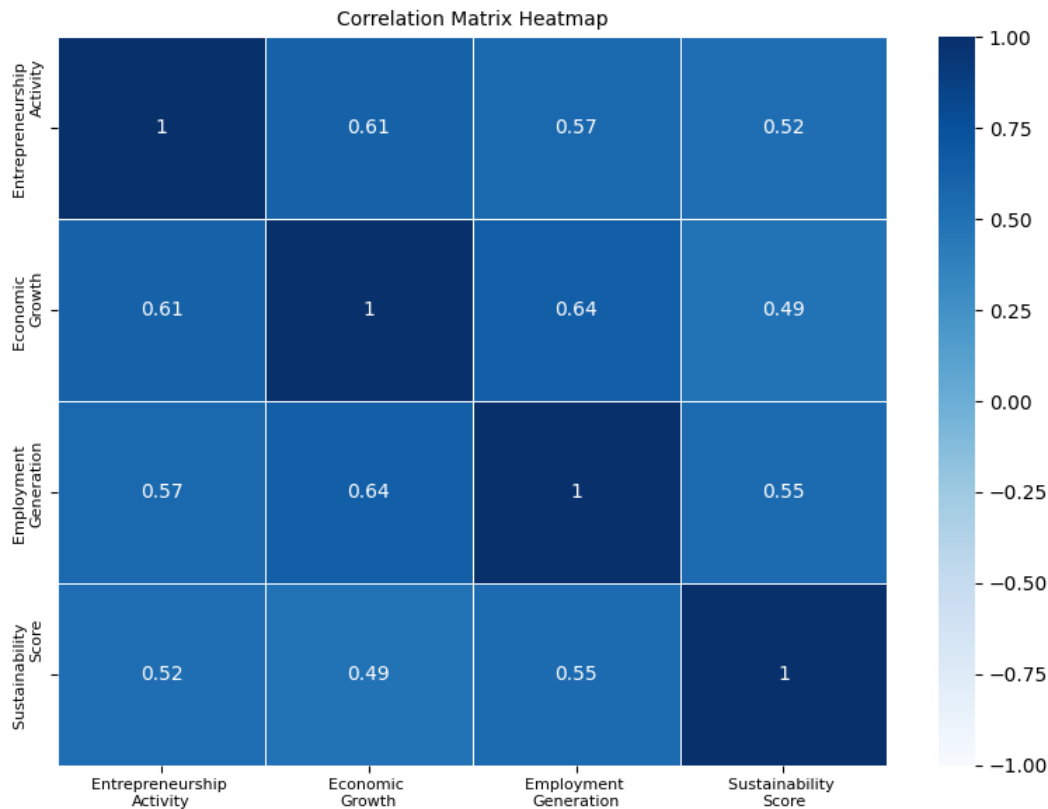


Figure 2: Correlation Matrix

The correlation matrix as shown in Figure 2 indicates the correlations between important study variables. Entrepreneurial activities have been found to be positively correlated with economic growth ($r = 0.61$), creation of employment ($r = 0.57$), and sustainability score ($r = 0.52$). This indicates that increasing entrepreneurial activities lead to better economic and social performance. There is also an extremely positive correlation between economic growth and creation of employment ($r = 0.64$), whereas sustainability has moderate positive correlations with both economic and employment related variables.

4.3 Sustainability-Oriented Impact

The incorporation of sustainable processes in entrepreneurship influenced the linkage between entrepreneurship, economic growth, and employment. The use of green technology, CSR activities, and an inclusive business approach was positively linked to economic and employment performance ($\beta = 0.35$, $p < 0.05$). Companies employing sustainability recorded high levels of stakeholder engagement, brand recognition, and sustainability. It is true that sustainable entrepreneurship helps organizations link their economic aims with social and environmental goals. The correlation analysis confirmed this trend through the existence of a moderate to strong

positive relationship between sustainability factors and economic and employment variables ($r = 0.52$, $p < 0.01$).

V. DISCUSSION

Findings from this study show that there is an indication that entrepreneurship plays a crucial role in ensuring economic growth, employment generation, and sustainability. It is clear that the significant correlation between entrepreneurial behavior and economic growth in terms of GDP can be explained by the Schumpeterian approach to development, in which ED occurs as a result of innovations. Equally, the findings on entrepreneurship and employment generation reinforce the idea that MSMEs and startups create many jobs, especially in developing countries.

Sustainability efforts made by entrepreneurial ventures were found to be instrumental in the relationship between entrepreneurship and its effects on economic performance and employment generation, emphasizing research on green and social entrepreneurship. There is a positive impact on the sustainability approach in firms that engage in social and environmental strategies through the ability to sustain themselves, as well as stakeholder trust and involvement.

In regards to the implications for the real world, there are certain recommendations that can be made based on the findings. An entrepreneurial setting through policies such as finance provision, incubators, tax breaks, and ease in regulations leads to sustainable ED along with employment creation and sustainability itself. These kinds of policies can be applied to the entrepreneurial ventures initiated by development agencies.

This study is also important from a theoretical standpoint, as it provides evidence to the validity of a framework that links entrepreneurship, economic growth, employment, and sustainability. The framework clearly emphasizes that there is a connection between these elements such that entrepreneurial efforts can contribute to economic and social impacts while at the same time incorporating the principles of sustainability. The results obtained above provide evidence to further the argument that nurturing entrepreneurship is one such strategy that can be adopted for sustainable development, social inclusion, and economic growth.

VI. CONCLUSION

The current research was an investigation of the influence that entrepreneurship had on the economic performance of a country in terms of its growth and the generation of jobs. The result obtained shows that entrepreneurship played an active role in the economic performance of a country by having a positive effect on the GDP growth ($\beta = 0.42$, $p < 0.01$) and employment generation ($\beta = 0.38$, $p < 0.01$). The correlation coefficient obtained in the study also indicated that there were significant positive relations between entrepreneurial activities and economic growth ($r = 0.61$, $p < 0.001$), employment ($r = 0.57$, $p < 0.001$) and sustainability practices ($r = 0.52$, $p < 0.01$). Furthermore, sustainability measures such as green strategies, CSR practices, and social inclusion were identified to significantly mediate these relationships ($\beta = 0.35$, $p < 0.05$), thus illustrating that those companies that adopt a sustainable approach tend to perform better both economically and in terms of employing more individuals. Hence, it is important to mention that the results of the current research prove that entrepreneurship, sustainable development, and jobs are directly related to each other. In particular, the study confirms that the entrepreneurs who invest in a

venture can at the same time produce economic benefit, create jobs, and help the environment or society in some way. Therefore, based on these findings, it is possible to conclude that the current research may serve as guidance for making decisions regarding developing an entrepreneurial environment by providing financial resources, incubators, and governmental support. As for the limitations of the study, these are connected with the use of only 250 enterprises in the research and the lack of analysis in terms of sectoral and regional differences. Further research could also consider international comparisons, longitudinal analyses, and industry studies to identify sectors with maximum impact. Finally, a study of the effect of policy measures may help better understand the role of entrepreneurship in sustainable ED around the world.

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