|  |
| --- |
| **C:\Users\ssadek\Downloads\ppp.png** |
| **Entrepreneurship EPR511Entrepreneurship** |
| **Impact on Jobs, Innovation, and Economic Growth** |
|  |
| **Alaa Sindi** |
| **6/8/2020** |

Contents

**[I.](#_Toc43369208)****[Introduction](#_Toc43369208)** [2](#_Toc43369208)

[**II.** **II. Literature review** 2](#_Toc43369209)

[**III. Methodology** 3](#_Toc43369210)

[**III.** **Analysis and result and discussion** 4](#_Toc43369211)

[A. **Job creation** 4](#_Toc43369212)

[**B.** **Innovation** 5](#_Toc43369213)

[**C.** **Business in service sector** 5](#_Toc43369214)

[**IV.** **Conclusion and Recommendations** 8](#_Toc43369215)

[**V.** **References** 9](#_Toc43369216)

1. **Introduction**

Entrepreneurship is a set of skills that contribute to starting a new business by linking it to the ability to create new opportunities; it is an old and renewable phenomenon that contributes to the reference to innovative and creative individuals in various fields of business. Entrepreneurship plays an important role in supporting and developing the economy and society, as one of the most important engines of countries development. In this research, we will examine the most important aspects that entrepreneurship impacts such as job creation, innovation, and business in service sectors. It can absorb more manpower, making it an appropriate environment for investing in human capital and its impact on the study community. In addition, it contributes to reducing the phenomena of unemployment and poverty, the most prevalent phenomena in societies that negatively affect the process of economic growth, which will be presented through this study. In addition, Entrepreneurship is an innovation catalyst. It is the essential engine that drives any economic activities. Entrepreneurship helps make a lot of tangible changes to communities that can actually be seen on the ground. Moreover, it also works to increase the rate of national income for both the individual and the family, which contributes to savings, investment, and increase the economic cycle. Entrepreneurship contributes to the development of inventions as well as scientific research in various educational institutions.

1. **II. Literature review**

There are many factors that affect the economic growth rate of a country. Concerning the role of entrepreneurship in stimulating economic growth, many links have been discussed. Some studies have tried to explain the power of entrepreneurship and how it is an important factor in increasing the level of economic growth in countries or various districts of a country. Data that has been gathered from GEM, shows that that entrepreneur activities rate has a positive effect on economic growth. To measure the rate of this growth according to Van Stel et al (2004, 2005) there are three explanatory variables: the rate of entrepreneurship, output per capita and the world competition index. In developing countries growth factors such as entrepreneurship and technological innovation has been explained by using production function of Cobb-Douglas, Wong Ho and Autio(2005).

For achieving development an important and basic goal is the optimal utilization of all available resources. Human workforces among other resources, play a vital role in the process. Entrepreneurship has helped create more job opportunities in different fields and that led to the optimization of the human workforce. The rapid growth of new companies has created jobs in small and medium sized companies. Stam and Yanstel (2009) used two scales of measuring entrepreneurship: The rate of entrepreneurship based on necessity and opportunity. The results indicated that the effect of these scales depend on the level of development in the country.

There are numerous theoretical and empirical studies which consider that attributes like risk taking, innovation, the need of development and the managerial competence are important qualities for the entrepreneurship (Karlsson et al., 2004).Entrepreneurship is the incubator of the innovation and different papers show that the economic development largely depends on innovation and the innovation capacity of the enterprises. When looking at the impact of entrepreneurship on different geographical regions it was found that the more developed a country was, the higher the impact of entrepreneur. Question of whether countries that have shifted toward a greater role for entrepreneurship enjoy stronger growth is of great importance to policymakers (Audretsch et al., 2007).

In some analyses, distinguishing between innovations in companies that offer services and the more general concept of innovation in services is important (Coombs & Miles, 2000).With the ongoing growth of entrepreneurship innovation and services are now correlated and as expressed by (Sundbo, 1998, p. 343) "In general, the innovation view can be applied to services". The service industry is one of the fastest growing thanks to entrepreneurship. It is expected that service industries are engaged in the process of company creation in a greater extent than other industries because most of thebusinesses need services, which induces the creation of service providers (Begg 1993).

Entrepreneurship has always a part of the human community‘s development. We are indebted to it for having prosperity in various fields such as the economical, technological and cultural areas.

**III. Methodology**

We conducted this research which covers entrepreneurship impact through sampling technique on quantitative data, we choose Global Entrepreneurship Monitor (GEM) to take our sample from because it is a trusted resource on entrepreneurship and 2016/2017 report is the most complete and recent. Our sample was populated from 64 countries using last year GEM report for 2016/2017. The analysis was done through Excel which has the ability to organize huge amount of data into orderly spreadsheets and charts in short time.

Some weaknesses are lacking of advanced modeling, development of statistical approaches. The Subject of the comparing is entrepreneurship impact which has 3 general factors (Job expectations, innovation, and industry percent in business services sector). Four dimensions will take place in the research:

1. First we choose to discuss the factors of entrepreneurship impact differentials between Asia and Oceania, Africa, Europe, Latin America and Caribbean, and North America.

2. Identify under what economical level is every country (efficiency-driven, factor-driven, and innovation-driven).

3. The differential of factors of entrepreneur impact between Arab countries.

4. Compare Saudi Arabia with the average of the word and average of Arab countries depending on the factors of entrepreneur impact.

 After the analysis and the discussions parts done the results will be qualitative that may enhance the understanding of the relations that occurs or not between of the data. We also followed the ethical standards required in a research (informed consent, don’t harm, respect for anonymity and confidentiality, respect for privacy, vulnerable groups of people...etc.).

1. **Analysis and result and discussion**

Entrepreneurs benefit exceeds the person who starts businesses to include society. Successful entrepreneur ultimately will creating a service or product that adds value to customer whether that is a simple desire to have it or an inherent need for the item. In both case, this innovation will push the market forwards on a domestic level and can drive exports to new overseas markets. Therefore, this is the key that will driver an economic growth and play important roles in communities.

1. **Job creation**

Successful entrepreneurialism always requires the labor and skills of many hands and this needs will create job. As the business grows the opportunities for others and the cumulative impact of new start-ups in a particular geographical area will go a long towards reducing unemployment queues at that location.

**Figure 1: Job Expectation (6+) according to Region and Social Economic Development**

Job expectation can be used to roughly measure size of entrepreneurship in the country. In our steady we analyze the data for job expectation according to geographic region which are Africa, Asia & Oceania, Europe, Latin America & Caribbean and North America and Social Economic Development of countries that are efficiency-driven, factor-driven and innovation-driven. According to figure 1, we notice the average for each region is similar when talking into consideration the economy factor. In addition, we find that for innovation-driven factor Asia & Oceania are the top among all regions with average 1.52. On other hand, for factor-driven the average for Africa, Asia & Oceania and Europe are very close to each other but Latin America & Caribbean and North America do not have any countries fall under this category. Finally for efficiency-driven the average of Asia & Oceania and Latin America & Caribbean is almost same with 0.9 difference only where Africa and Europe were the highest with average 1.11.

1. **Innovation**

Most entrepreneurs said that their innovative approach is the key for entering the market successfully which was a result of necessity they been through. Finding a solution to a problem regardless whether it was an opportunity for competitive advantage or merely explicit issue. Entrepreneur can drive innovation in a market and create competition. Therefore, this will results a better and more affordable services and products for customer. For example Steve Jobs invented the iPod which created an area of innovation in MP3 players and new market. Today, many industries are rapidly changing due to technologies which increase competition and driving market to better and customize product and service.

**Figure 2: Innovation according to Region and Social Economic Development**

Innovation is measure creativity among entrepreneurship in the country. In figure 2, looking to region average we find that the average of each social economy is different from other with and the highest among all is innovation-driven countries. In addition, the average between each social economy is scatter except for efficiency-driven countries. Moreover, Europe was the least region in factor-driven social economy where North America was the highest region in Innovation-driven Countries. This illustrate the social economy of the countries has positive correlation with innovation factor.

1. **Business in service sector**

Entrepreneurial behavior is becoming increasingly important for all firms, regardless of size, age, or industry sector. It is increasingly seen as one of the most important drivers for economic growth and corporate success. In addition, the service sector has become the most important (and the only growing) industry sector. The specific characteristics of service firms are the factor that differentiates it from product industry. First is the intangibility that leads to higher flexibility and more opportunities to adapt the service to customer preferences. Consequently, it is easier to customize the service to individual preference in order to gain competitive advantage and customer loyalty. The second differentiating characteristic is immediate consumption with no inventory which emphasizing the flexibility of the organization and its members. Both factors make the service sector more labor and less capital intensive than the manufacturing sector.

**Figure 3: Service business according to Region and Social Economic Development**

Service business is measuring the contribution of entrepreneurship in service industry. In figure 3, we found that innovation-driven countries are the highest countries that contribute in service sector. On other hand, we found that the average of efficiency-driven and factor-driven countries is similar except Europe region which has the highest among both and Africa which has the lowest contribution in factor driven-countries.

**Figure 4: All counties average in (Expect job, Innovation, Service business) according to Region and Social Economic Development**

According to figure 4 which is illustrate the average of all countries in three factors **(Expect job, Innovation, Service business) and social economic development.** The figure show that innovate-driven is the highest in all three factors where efficiency-driven and factor-driven are close to each other.

**Figure 5: Arabic counties average in (Expect job, Innovation, Service business) according to Region and Social Economic Development**

After seeing figure 5, we conclude that Qatar has the highest score in contribution in Job expectation and service sector where Lebanon has the highest score in innovation. In addition, the score for all factors are scatter for all Arabic countries.

**Figure 6: Saudi Arabia average in compare with Arabic and all countries**

Referencing to figure 6, we infer that Saudi Arabia is below the average of Arabic and all countries in all factors. However, the average of Arabic countries in job expectation, Innovation and business in service sector is very close to word average.

1. **Conclusion and Recommendations**

Entrepreneurship provides for more than half of the world official jobs and offers effective solutions related to the crucial development issues that will positively impact Saudi Arabia development and all countries. As well as the fact that entrepreneurship is an engine for local growth and job creation, it is important in the economic development of Saudi Arabia compared to other Arab countries, as stated in Vision 2030; the Kingdom ranks fourth in the Arab world and 36th in the world in the index of entrepreneurship. The entrepreneurship interest is not only due to its reflection on economic indicators, but also to be an important part of the post-oil economy. Therefore, entrepreneurs are already contributing to the development of their economies and the resolution of their societal problems. Even though Saudi Arabia appears to rank lower than all Arab countries combined in terms of the jobs that are expected to be provided through entrepreneurship or opportunities for industrial growth or innovation, Kingdom is making efforts and initiatives to develop entrepreneurship as it has a huge impact on society and economy.

Finally, it is the responsibility of each individual in the society along with the responsible agencies to work hard in order to benefit its country and generate a solid pool of successful entrepreneurs that will be reflected on the country`s growth. From our perspective as researchers, following recommendations can be:

* Ensure the active involvement of Government Ministers working with senior public servants who act as ‘institutional entrepreneurs’ to shape and empower policies and programs
* Conduct a comprehensive diagnosis of the state of entrepreneurship, technology and innovation that provides a clearer picture of the current state in Saudi Arabia.
* Enhance entrepreneurship education and skills by establishing a diploma program or an executive certificate in entrepreneurship for teachers and professors.
* Develop a public-private organization which promotes entrepreneurship in the different regions of the country.
* Implement a policy to assist young entrepreneurs to do trade with others countries and go globally.
* Develop a database with complete information and details on available credit lines and services for entrepreneurs
* Ensure access to reliable/low-cost high-speed digital infrastructure for start-ups and scale-up businesses.
* Apply the concept of rented offices where entrepreneur can start with minimum overhead cost with no need to acquire all resources.

1. **References**

* SOFFAR, H. (2018, February 17). Microsoft Excel advantages and disadvantages. Retrieved April 15, 2018, from <https://www.online-sciences.com/computer/microsoft-excel-and-its-advantages-and-disadvantages/>
* Marianna, M. (2015, March 13). What are the major ethical issues in conducting research? is there a conflict between the research ethics and the nature of nursing? Retrieved April 15, 2018, from <http://www.hsj.gr/medicine/what-are-the-major-ethical-issues-in-conducting-research-is-there-a-conflict-between-the-research-ethics-and-the-nature-of-nursing.php?aid=3485>
* Rusu, S. (2012). Entrepreneurship and entrepreneur: A review of literature concepts. African Journal of Business Management, 6(10). doi:10.5897/ajbm11.2785
* Raoofi, Ali & Afghah, Morteza & Hoshyar, Simin. (2014). A study on the effect of entrepreneurship on economic growth. https://www.researchgate.net/publication/268509407\_A\_study\_on\_the\_effect\_of\_entrepreneurship\_on\_economic\_growth