ENTREPRENEURIAL ACTIVITY AND ECONOMIC GROWTH

ACTIVITĂȚILE ANTREPRENORIALE ŞI CREŞTEREA ECONOMICĂ

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Abstract: *Economic growth and entrepreneurship have a special relation with each other, a connection that is affecting the entire economy at all levels.*

Key words*: entrepreneurship, innovation, economic growth*

INTRODUCTION

Specialists of the Austrian School, such as Carl Menger (1871), Eugen von Böhm-Bawerk (1889), Ludwig von Mises (1949), and Murray Rothbard (1962) realized the importance of the entrepreneur in economic organization and economic changes.[Klein P., 2008]
The idea that entrepreneurship and economic growth are closely related started since the works of Schumpeter.[Dejardin M., 2000]

MATERIALS AND METHOD

Entrepreneurship events which supposedly can affect economic growth are competition, innovation, and creating jobs through new businesses. [Karlsson C., Friis C., Paulsson T., 2004] Schumpeter was the economist who pointed out the term "innovative entrepreneur" [Carree M., Thurik R.,

2005] who made "combinations we call enterprise, and those whose function is to make them, we call entrepreneurs".

A growing number of entrepreneurs leads to economic growth. This is the direct effect of their skills and more specifically, their tendency to innovate. Economic growth can not be understood if the true "change agents" - entrepreneurs - are eliminated from the process [***, 2007]. Economic growth is equated with high performance and opportunity for financial gain and return on investment, while offering a greater chance of survival. [Bustamam U.S.A, 2010] Economic growth is thus regarded as a crucial element in the entrepreneurial process.

Through its work, the entrepreneur seeks to create new opportunities for profit. These opportunities may result from increased productivity, in which case their relationship with economic growth is clear. Moreover, the imbalance created by the contractor may be suitable for further innovations and profit opportunities. Therefore, many entrepreneurs mean a larger increase, which in turn leads to more entrepreneurs ... Self-feeding phenomenon itself.

Moreover, [Boettke P., Coyne C., 2003] Schumpeter realized the need for private property to ensure financial reasons for entrepreneurial activities and therefore development. The entrepreneur working within the institutional society will adjust and adopt actions basing on the structure of incentives available. Without a proper framework in which he can follow the activities of innovation and leadership, Schumpeter's entrepreneurs fail to perform their functions.

Kirzner [Boettke P., Coyne C., 2003] recognized the role that the entrepreneur would play in economic development: "In economic development, also the entrepreneur should be seen as giving in response to opportunities, rather than create them, to be understood capturing profit opportunities, more rather than generating them... without entrepreneurship, without alertness to new opportunities, long-term benefits may remain unexplored ".

Kirzner [Kirzner, 2005] says that "individual attention directed towards new possibilities for achieving the goals is what is the entrepreneurial element in human behavior."

Why is entrepreneurship good for economic growth? [Acs Z., 2007] This question seems to have a simple answer: entrepreneurs create new businesses, and these in turn create jobs, enhance competitiveness, and may

even increase productivity through technological change. Thus the entrepreneurial high growth will lead to substantial. Schmitz [***, 2007] developed a model in which a greater proportion of entrepreneurs leads to an increase in long-term growth (by imitation).

By promoting economic growth, [Dejardin M., 2000] entrepreneurship affects the entire economy. Are particularly difficult to ignore its effects on the labor market. A further increase could, on the one hand, signify increased profit opportunities for potential entrepreneurs. On the other hand, could lead to inflationary pressures on wages.

First the changes resulting from entrepreneurship modify the economic environment, creating new opportunities for profit. Second, entrepreneurial activity generates wealth, thus increasing market. And third, entrepreneurship creates new market niches that go along with innovation. The third factor, creating niche markets, is the link between entrepreneurship and economic growth. [Holcombe R.G., 1998]

Entrepreneurship is productive in terms of the welfare society, [Venkataraman, S., 1997] when in the process of tracking their own selfish purposes, entrepreneurs also enhance social wealth by creating new markets, new industries, new technologies, new institutional forms, new jobs and increases in real productivity. Holcombe says that "entrepreneurship is the engine of growth". [Holcombe R.G., 1998]

RESULTS AND DISCUSSION

Entrepreneurship is essential for economic progress, because it manifests fundamental importance in various ways: [Cuervo Á., Ribeiro D., Roig S., 2007]

a) by identifying, evaluating and exploiting business opportunities;
b) by creating new businesses and / or renewal of existing ones by their dynamic
c) by the direction and leadership towards progress of the economy - through innovation, competence, creating jobs and improving the general welfare of society.

Entrepreneurial leadership can be defined as the entrepreneur's ability to anticipate, envision, maintain flexibility, think strategically and work with

others to initiate changes that will create a viable future for the organization. [Klein P.,2008] If these processes are difficult to understand management and imitated by competitors, the company will create a competitive advantage. [Kuratko D., Audretsch D., 2009]

CONCLUSIONS

The entrepreneurial activity level varies both from country to country, as well as inside a country from one region to another or from one social group to another. [Driga Otilia, Lafuente E. M., 2007] In many developing countries the best choice was to focus occupations where there are not too many risks. [Venkataraman, S., 2004] This absence of entrepreneurs is sometimes seen as a significant barrier to growth. Without entrepreneurship, complex and dynamic economy can not allocate resources so that their use to be of highest value.

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