

## Economic Elements and Impact on Entrepreneurship

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### DESCRIPTION

The future of national economies can be greatly influenced by entrepreneurs. They guarantee that the wealth of the country rises by developing businesses and ventures that add value. Similar to how they export goods and services, they make sure that their economies make significant amounts of foreign currency, which is essential for the countries to import the goods and services they require. Additionally, they guarantee that residents of the countries have productive employment through producing jobs. Furthermore, they implement sustainability, social justice, and environmental responsibility through their support of public good initiatives. Their natural ability to innovate, which permits the quick and effective development of nations, is perhaps the most significant contribution or the unifying theme that goes through all of these contributions. Innovation determines whether a country's economy succeeds or fails. Consider how Europe overtook China and India during the "great divergence" of the First Industrial Revolution in the late eighteenth and early nineteenth centuries if one is to comprehend the function and significance of invention. Asia had previously dominated global economic activity. But once the First Industrial Revolution got underway, the economies of Europe which persists to this day, were caused by its inventive technological utilization and entrepreneurial spirit, which explains why. Therefore, the main contribution that entrepreneurs offer to the growth of countries is this feature that emphasizes the significance of innovation. Indeed, the First Industrial Revolution is a monument to each person's perseverance, the group's invention, and the nation's revival that resulted from the entrepreneurs' incredible boldness and initiative. The market, labor, raw materials, infrastructure, and capital are examples of economic factors. These economic conditions are necessary for a business to expand and turn a profit. The society and nation where the entrepreneur lives have a big impact on the non-economic aspects.

### Types of economic elements

Few nations rely primarily on the market or the command system today. But the majority tends to choose one of these theories over the other.

**Market-based economies:** Market-based economies, sometimes known as "free markets", allow businesses and individuals to freely exchange goods and services in accordance with supply and demand. Most of the time, the US has a market economy. What is produced and sold, as well as the prices to charge, is decided by the producers. If they expect to succeed, they will produce what consumers want and charge what consumers are willing to pay. The rules of supply and demand control prices and overall production through these choices. In order to meet rising consumer demand for a particular product, output usually rises. Prices rise as a result of the increased demand, causing consumers to protest and reduce their purchases. Then the product's demand will fall, and pricing will follow suit. This on-going struggle between supply and demand enables.

**Command-based economies:** A centralized authority controls the amount produced, the price of goods, and their distribution in command-based economies. In such a system, the government owns the important industries on behalf of the consumers of those industries. Competition between businesses is discouraged or outlawed. A command-based economy is necessary for communism. North Korea and Cuba are recent instances. A command-based economy aims to take the place of supply and demand.

**Microeconomics:** Microeconomics looks at how people and businesses tend to understand why and how their decisions affect the economy as a whole. Microeconomics studies the relationship between a particular value and a good or service. It looks at how people work together and cooperate in the workplace. Microeconomics frequently focuses on economic trends, including how personal decisions and behaviours affect shifts in production. It is clear that microeconomics is influenced by marketing and psychological theories.

**Macroeconomics:** Macroeconomics is the study of elements that affect the entire economy, such as how inflation and price increases affect it. It tries to track and grasp the monetary indicators that over time reflect an economy's success or failure, such as variations in consumer spending, unemployment rates, and Gross Domestic Product (GDP). The study of the overall behaviour of the economy is known as macroeconomics.

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