



Entrepreneurship as a Catalyst for Economic Growth: A Commerce Perspective on MSME Development in Emerging Economies

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ABSTRACT

Entrepreneurship is increasingly recognized as a pivotal driver of economic development, especially within the context of Micro, Small, and Medium Enterprises (MSMEs). This paper investigates how entrepreneurial practices especially innovation, access to finance, and market orientation—affect MSME performance in emerging economies. Using primary survey data from 300 MSME entrepreneurs in southern India and supplemented with secondary data, this study applies a commerce-oriented lens to explore patterns in revenue growth, job creation, and scalability. The findings underscore the critical role of financial literacy, government support, and digital marketing capabilities in enhancing MSME sustainability. Recommendations are made for policy interventions and commerce curriculum reforms to promote entrepreneurship as a strategic economic tool.

Keywords: Entrepreneurship, MSMEs, Economic Growth, Financial Literacy, Commerce Education, Emerging Economies.

1. Introduction

Entrepreneurship is the lifeblood of commerce-driven development in emerging economies. MSMEs contribute substantially to employment, industrial output, and exports. In India alone, MSMEs account for 30% of GDP and over 45% of total exports (MSME Annual Report, 2023). Despite this, many small businesses fail due to operational inefficiencies, lack of access to credit, and poor market strategies. This study explores the commerce dimensions of entrepreneurship among MSMEs, analyzing how entrepreneurial behavior correlates with business success. It particularly focuses on the intersection of commerce education, financial knowledge, innovation, and economic impact.

2. Literature Review

2.1. Entrepreneurship and MSMEs

Entrepreneurship, as defined by Hisrich et al. (2017), involves identifying opportunities, marshaling resources, and delivering innovative products or services. MSMEs often embody these traits but face barriers like credit access, limited technology adoption, and low business acumen.

2.2. Role of Financial Literacy

Several studies (Lusardi & Mitchell, 2014) have shown that financial literacy improves resource allocation, risk assessment, and strategic decision-making among entrepreneurs.



2.3. Commerce Education and Entrepreneurship

Commerce education plays a pivotal role in shaping entrepreneurial mindsets. Practical training, financial management, and market analysis are essential components of this educational foundation (Kuratko & Hodgetts, 2007).

2.4. Government Support Programs

Policies such as India's MUDRA loan scheme and the Start-Up India initiative provide critical support for MSMEs. However, the effectiveness of these programs often depends on awareness and accessibility (NITI Aayog, 2022).

3. Research Objectives

1. To assess the influence of entrepreneurial behavior on MSME performance.
2. To evaluate the role of financial literacy and commerce education in business sustainability.
3. To recommend policy and educational reforms based on empirical insights.

4. Methodology

4.1. Research Design

A mixed-methods approach was adopted, integrating quantitative surveys with qualitative interviews.

4.2. Sample and Data Collection

- **Sample:** 300 MSME entrepreneurs across Tamil Nadu and Karnataka.
- **Instruments:** Structured questionnaire and interview guide.
- **Variables:**
 - Independent: Financial literacy, market orientation, innovation
 - Dependent: Revenue growth, employment growth, scalability

4.3. Data Analysis

Descriptive statistics, correlation analysis, and regression modeling were performed using SPSS 26.

5. Results and Discussion

5.1. Descriptive Findings

- 58% of respondents had no formal commerce education.
- 41% were unaware of government entrepreneurship schemes.
- 65% had not accessed any formal business training.

5.2. Correlation Analysis

Variable	Financial Literacy	Innovation	Revenue Growth
Financial Literacy	1	0.42**	0.59**
Innovation		1	0.53**
Revenue Growth			1

(**p < 0.01)



5.3. Regression Analysis

A multiple regression model showed financial literacy and innovation as significant predictors of revenue growth ($R^2 = 0.64$, $p < 0.01$).

5.4. Qualitative Insights

Interviews revealed a lack of awareness of e-commerce platforms and poor record-keeping practices. Participants expressed a need for simplified digital tools and hands-on training.

6. Implications

6.1. Policy Recommendations

- Simplify loan application procedures for MSMEs.
- Enhance visibility and accessibility of entrepreneurship schemes.
- Promote localized training hubs in semi-urban and rural regions.

6.2. Educational Reform

- Embed entrepreneurship labs and live projects in commerce programs.
- Partner with incubators and industry mentors.
- Integrate digital marketing, fintech, and data analysis into commerce curricula.

7. Conclusion

Entrepreneurship, when reinforced with strong commerce foundations and policy support, can transform MSMEs into engines of inclusive growth. The study emphasizes the need for a strategic commerce-oriented approach to entrepreneurial development, particularly in emerging economies where small businesses drive innovation and employment.