

Harvard says that
entrepreneurship is
the brightest spot in a
crappy economy

[Business](#), [Entrepreneurship](#)



Political dysfunction limits many sources of economic promise for the U. S., and this problem far precedes the events of this year's election cycle.

Today, 's U. S. Competitiveness Project released a report titled, Competitiveness, according to the authors, refers to " the ability of firms operating in the U. S. to compete successfully in the global economy while supporting high and rising living standards for the average American." In other words, the U. S. cannot sustain prosperity through corporate gains alone.

While politically fueled pessimism summarizes the findings, the authors note that entrepreneurship is one of two aspects of American business that is improving most rapidly, along with communication infrastructure.

Entrepreneurship is also the area in which the U. S. maintains the strongest position compared with other advanced economies around the globe, according to Harvard Business School alumni surveyed for the report.

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The authors explain that the U. S. is fertile ground for entrepreneurship, based upon qualitative factors including availability of capital for high-quality ideas, ease of setting up new businesses and lack of stigma for failure.

Compared with other nations, universities and capital markets give the U. S. a competitive edge when it comes to entrepreneurship, and thereby overall economic success.

" However," the authors note in the report, " these strengths are being offset by weaknesses such as the corporate tax code, the K-12 education system,

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transportation infrastructure, the healthcare system and the U. S. political system.”

Meanwhile, small businesses are struggling. Large and medium-size businesses recovered after the , but formation of new businesses in the U. S. has been declining sharply for more than 35 years. The report attributes this phenomenon to policy failures. Ongoing needs for tax reforms and infrastructure improvements inhibit small businesses from thriving.

Ultimately, inefficiencies or inaction by the federal government can make or break the elements that fuel both entrepreneurship and prosperity. Often, state and governments, as well as community-based businesses, must pick up the slack. For example, it’s imperative that established businesses continue to partner with higher education institutions to foster entrepreneurship and innovation.

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“ We believe very deeply that what we want in this country is shared prosperity,” said Michael E. Porter, Harvard Business School professor and co-chair of the U. S. Competitiveness Project, during a press conference call this morning. “ We want companies to do well, but we also want the average citizen to do well.”

While entrepreneurship is only one indicator of prosperity, new business formation and the health of depend on many of the same elements.

Education, infrastructure, politics and small businesses are not disparate.

Rather, development in one of these areas has the potential to lift all others.