

The Role of Innovation in Economic Growth

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Abstract. Innovation is a key driver of economic growth, influencing productivity, competitiveness, and overall prosperity. This article examines the mechanisms through which innovation impacts economic performance, including technological advancements, research and development (R&D) investments, and entrepreneurial activities. It analyzes case studies from various industries to illustrate how innovation fosters economic dynamism and transformation. The study also explores the role of government policies and institutional frameworks in supporting innovation-driven growth. The findings contribute to a deeper understanding of the interplay between innovation and economic development.

Keywords: Innovation, Economic Growth, Productivity, Entrepreneurship, R&D

Introduction

Innovation serves as a cornerstone of economic growth, driving productivity improvements, enhancing competitive advantages, and fostering overall prosperity. This paper explores the multifaceted role of innovation in economic development, focusing on the mechanisms through which it influences economic performance. Key areas of examination include technological advancements, investments in research and development (R&D), and the promotion of entrepreneurial activities. By analyzing case studies from diverse industries, the study highlights how innovation catalyzes economic dynamism and transformation. Furthermore, the paper discusses the role of government policies and institutional frameworks in creating an environment conducive to innovation-driven growth. Through a comprehensive analysis, the research offers insights into the critical importance of innovation in shaping economic trajectories and provides guidance for policymakers and industry leaders seeking to harness the potential of innovation for sustained economic development.

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