

# Influencing Factors

Psychological

Social

Economic

Environmental

## Psychological Factors

The entrepreneurial spirit: This type of spirit entails many traits and characters.

1. **Passion:** Starting up a new business is not an easy task to pull off and a consistent and constant commitment to the idea and the long hours it will require to turn it to a success is essential. Passion is the fuel of this commitment that motivates entrepreneurs to rise early in the morning and put their blood, sweat, and tears into their business.
2. **Need for Achievement (Ambition):** Entrepreneurs are self-starters with a need to achieve. This achievement motivation isn't necessarily driven by the incentives of financial gain only but also by the satisfaction gain. To add, entrepreneurs' motivation extends to reach their employees and partners to keep them on the same page and drive them to achieve as well.
3. **Resilience:** Resilience comes with the package of the entrepreneurial spirit to help entrepreneurs stay determined in the face of any defeat they might encounter throughout the process. Failure is then a mere lesson to learn from and continue instead of giving up.

## **Social Factors**

Social factors can go a long way in boosting entrepreneurship. In fact, it was the highly helpful society that made the industrial revolution a glorious success in Europe. Such factors strongly affect the entrepreneurial behavior, which contributes to entrepreneurial growth. The main components of the social environment include:

- 1. Family Background**

Family background including the size, type, and economic status can influence entrepreneurs and; therefore, entrepreneurship. Nonetheless, the entrepreneurial spirit does not necessarily run in the family. According to some sources, 51.9% of all entrepreneurs were the first to launch a business in their family. Furthermore, less than 1% of all entrepreneurs come from extremely rich or extremely poor families.

- 2. Education**

Studies state that 95.1% of all entrepreneurs hold a bachelor degree, 47% of those have advanced in their education and acquired masters, Ph.D. or the like. This is a well enough indicator of the importance of education to the development of entrepreneurship.

- 3. Social Networks**

Interacting with the surrounding society and forming a reliable network is essential. Social networks facilitate access to information and influence the quality, quantity, and speed of information reception thus help identify opportunities

## Economic Factors

The economic environment exercises the most direct and immediate influence on entrepreneurship. This is likely because people become entrepreneurs due to necessity when there are no jobs. Economic factors impacting entrepreneurship include:

1. **Capital**

Capital is one of the most important factors, yet one of the biggest barriers when launching a new business. Entrepreneurs require capital to start risky ventures and also require instant capital to scale up the business quickly if the idea is found to be successful. There are however numerous ways to fund a new venture including bank loans, crowdfunding, and bootstrapping.

2. **Labor**

The availability of labor impacts entrepreneurship. Nevertheless, the quality rather than the quantity of labor influences the emergence and growth of entrepreneurship.

3. **Raw Materials**

The necessity of raw materials consisting of natural resources hardly needs any emphasis for establishing any industrial activity and the emergence of entrepreneurship. The absence of raw materials adversely affects the entrepreneurial development.

# Environment

- **Sustainability**
- The very idea of sustainability was first introduced in a report by the **Brundtland Commission** in 1987 titled as Our Common Future, which famously defined Sustainable development as: “Development that meets the needs of the present without compromising the ability of the future generation to meet their own needs.”
- This report was a culmination of almost a decade of research and work which successfully integrated ideas and developed a holistic approach of looking at the idea of development from an economic, social and environmental lens.
- The endorsement of the 17 Sustainable Development Goals by the 193 member states in 2015 was a nod towards these ideals of sustainable development, aiming towards the idea of “**de-growth**”.
- Contrary to what the word might denote on the first instance one encounters it, de-growth does not mean shifting the focus of nations away from economic growth, rather this economic theory which was born in the 1970s, aimed more towards moulding the policies in such a manner that the growth policies pursued by the nations took into account the major problem which permeates human kind: the scarcity of resources and by its very extension, the limits put by environment and ecology on the scale of growth which can be attained sustainably.
- Therefore, the 2030 agenda for the sustainable development goals was an international pledge on accounts of the member states for a sustained as well as inclusive economic growth, social inclusion and environment protection. Furthermore, the agenda moves beyond the existing ideals in a certain special aspect. In place of looking at sustainability from the common three-pronged lens, it incorporates another two major features, therefore coming up with 5 critical dimensions: **people**