

Module:Entrepreneurship
Assessment 1 written essay

Student name:Elitsa Ivanova
Student ID:2123375
Module code:LCBB5001
Lecturer:Dr.Laila Maazouz

Table of Contents

Introduction	3
Main body.....	3
External analysis	3
Self-assessment and professional development plan (PDP).....	7
Conclusion.....	9
Reference list	10
Appendix A – Personal SWOT analysis	12
Appendix B – Skill audit.....	13
Appendix C – Professional development plan	14

Introduction

This essay considers the topic of entrepreneurship and the possible directions for entrepreneurial development in the UK. The essay discusses the key external factors which navigate the most attractive entrepreneurial opportunities. In addition, there is a detailed self-assessment regarding own entrepreneurial skills and traits which can be of help as a part of the future development. Moreover, the essay also considers relevant directions for future development in the field.

Main body

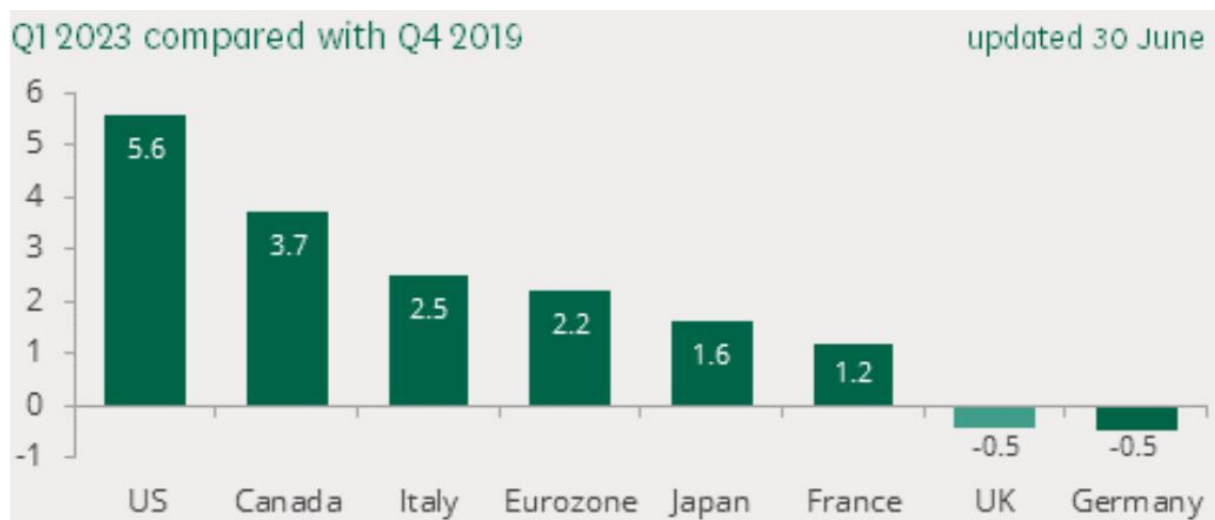
External analysis

The analysis of the external environment typically considers relevant political, economic, social and technological trends under the PEST model (Johnson et al., 2017). The critical analysis of these variables is quite important in identifying contemporary opportunities and threats (Johnson et al., 2017). Opportunities fuel various entrepreneurial opportunities for development, whereas threats must be well-addressed as a part of a risk management process.

The PEST analysis begins with the political trends. The UK is widely regarded as a politically stable nation characterised by effective public institutions, minimal corruption, regulations conducive to business, and a well-established democratic system (Transparency International, 2022). These are key factors for developing an entrepreneurial-friendly business environment. Some political issues can be related to the ongoing conflict in Ukraine, as well as the regulatory changes following Brexit can be regarded as contributing factors to uncertainty.

The economic factors have a predominantly negative impact on the external environment. The UK has experienced a subpar performance in terms of economic growth over the past three years, as indicated by the measurement of gross domestic product (GDP) per capita (Harari, 2023). According to Harari (2023), the GDP level remains 0.5% lower than the pre-pandemic peak observed at the end of 2019. This performance is noted as the most unfavourable among all G7 nations. This implies that, upon analysing real income levels, the average UK households are experiencing a decrease in wealth compared to the year 2019.

Figure 1 – GDP change between Q1 2023 and the pre-pandemic levels



Source: Harari (2023)

According to Krugman and Wells (2020), a decline in real income diminishes consumers' purchasing power, causing them more responsive to fluctuations in prices. This situation leads to a lowered consumer spending in the economy, especially in relation to non-essential items (Krugman and Wells, 2020).

Another significant economic issue is linked to the continuing inflation. Too high inflation is regarded as a negative economic phenomenon. Policy makers prefer and find acceptable inflation rates of 2% per year. However, higher levels of inflation have negative effects on consumers' ability to purchase goods and services and diminish their savings (BoE, 2023; Krugman and Wells, 2020). The inflation rate in the UK, like that of other main economies, has exhibited significant increases during the post-pandemic era and amidst ongoing conflict in Ukraine (Trading Economics, 2023). According to the data, the inflation rate stands at 8.7% as of July 2023, which is significantly higher than the policy target of 2% (BoE, 2023; Trading Economics, 2023). Hence, inflation emerges as a significant source of worry for households, leading to a lower real demand and preferences.

Along with to the adverse effects of declining real incomes and elevated inflation, consumers in the UK also face an economic challenge stemming from the upward trend in interest rates. The Bank of England (BoE) has recently launched a campaign for an increase in interest rates, currently standing at 5%, as indicated by the Base rate level (BoE, 2023). According to Krugman and Wells (2020), an increase

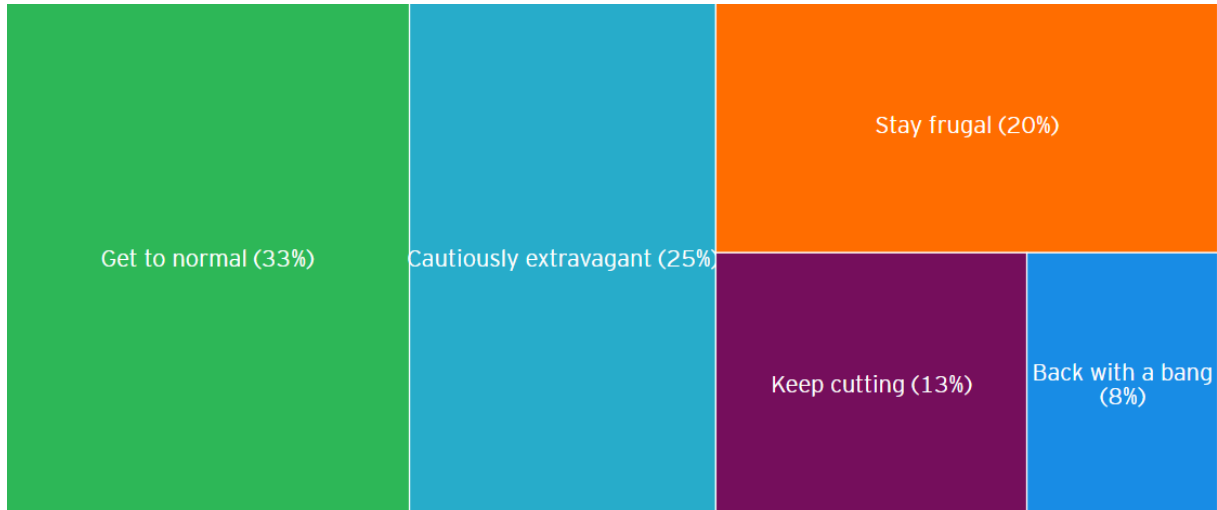
in interest rates is a viable mechanism in macroeconomics for the purpose of decelerating the growth of money supply and mitigating inflation. The implementation of higher interest rates is essential to achieve and maintain price stability. However, it is important to acknowledge that such measures can exert pressure on consumers, particularly in relation to the increased costs associated with servicing existing debts that are tied to a floating interest rate.

This implies that a greater percentage of a household's income is allocated towards the repayment of debts. According to Fitch Ratings (2023), reliable data reveals that during 2022, the average expenditure of UK consumers for debt service purposes amounted to a mere 3.4% of their disposable incomes. According to Fitch Ratings' projections for 2023, the potential consequence of the BoE's interest rate hikes is a scenario in which individuals allocate 10% of their disposable income towards debt servicing. This situation poses a significant challenge for households that are required to manage various expenses with limited financial resources. Furthermore, this prevailing economic trend serves to augment the price sensitivity exhibited by a significant number of consumers in the United Kingdom, consequently contributing to the expansion of discount retailers.

Social trends explore key changes in consumer preferences and decision-making patterns which affect demand and behaviour (de Bruin, 2016; Johnson et al., 2017). According to Petroff (2022), there has been a notable rise in frugality as a response to the cost-of-living crisis. This is evidenced by a significant 43% of consumers who have shown an increased inclination towards actively seeking out discounted prices, as revealed through survey data. The inclination towards frugality is not exclusively driven by the combination of elevated inflation rates and stagnant income levels. Carlyle and Rindone (2020) examine consumer anticipations pertaining to the post-pandemic era. The available evidence indicates that the pandemic has had a significant impact on consumer behaviour, leading to a re-evaluation of values and behaviours. According to Carlyle and Rindone (2020), a mere one-third of the consumers surveyed reported a return to normalcy, while a mere 8% expressed intentions to increase their spending. According to Carlyle and Rindone (2020), a significant proportion of individuals, specifically 20%, regard frugality as an important aspect. Furthermore, an additional 13% of respondents anticipate implementing further reductions in their expenditure.

The findings suggest a significant shift in consumer preferences and an increasing emphasis on the concept of value-for-money.

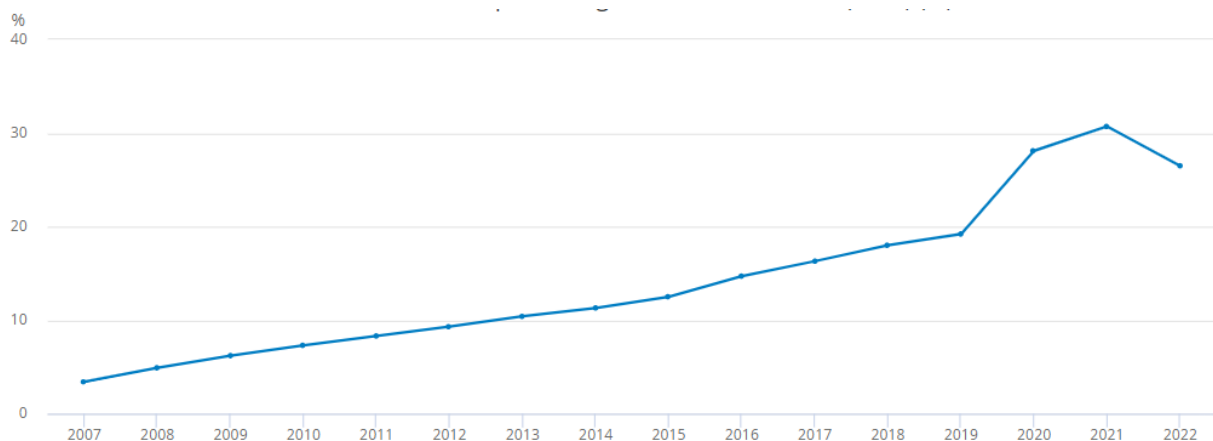
Figure 2 – Consumers’ expectations about post-pandemic spending



Source: Carlyle and Rindone (2020)

Technological trends usually have a positive role on business development by improving existing processes and creating new opportunities (Johnson et al., 2017). Some of the technological trends refer to the rapid growth in e-commerce, social media advertising, Big Data analytics and many more (ONS, 2023). In addition, the UK is among the technological leaders according to the ranking by the Global Innovation Index (2022). Therefore, entrepreneurs can easily access new technologies and skilful professionals which facilitate the business development and innovation process.

Figure 3 – Internet sales as a share of all retail sales (%)



Source: ONS (2023)

To summarise, the external environment in the UK is quite mixed. Political stability and technological progress are two key factors for entrepreneurial opportunities, especially in the digital field. The discussed changes in consumer preferences can be simultaneously threats for some established businesses and opportunities for new commercial niches. The discussed economic problems and higher costs of lending are key challenges with a negative impact on future business activities. Therefore, it is important to periodically evaluate the changing external environment and effectively navigate business development process in a dynamic setting.

The external environment clearly shows the existing opportunities for business development in the field of digital technologies. More specifically, it is decided to progress by developing a mobile app focused on self-improvement. The idea recognises the existing technological advantages and can deliver low-cost solutions to various consumer groups amid a difficult economic context. Thus, the self-improvement mobile app accurately reflects the technological trends, economic difficulties and consumer changes, as depicted as a part of the social factors. Considering the external environment, the business idea has positive prospects for success in the foreseeable future.

Self-assessment and professional development plan (PDP)

The SWOT analysis is a strategic tool for understanding the internal strengths and weaknesses, as well as the external opportunities and threats (Johnson et al., 2017). Appendix 1 includes a personal SWOT analysis where the individual strengths and weaknesses are identified. In addition, the main findings from the PEST analysis are included as externally related opportunities and threats.

Research findings indicate several key strengths, such as strong communication skills, teamwork capacity, analytical and problem-solving skills, as well as the key personal trait of optimism. These strengths include soft and hard skills which can be of value when developing a new company and working with other to achieve a shared business goal. Nevertheless, the future entrepreneurial development must address the current weaknesses. Special attention must be placed to the areas of time management and planning, as they can inhibit effective future development. It is also important to boost confidence as a foundation of leadership performance. The analysis also indicates the

value of gaining more technical skills, as the latter can be of decisive importance in the selected field of digital entrepreneurship.

Entrepreneurial skills include a broad spectrum of both soft and hard skills. Entrepreneurs often assume multiple business roles, necessitating the acquisition of diverse skill sets to effectively manage the expansion of their enterprises and establish their brands. Some of the most common and valuable skills include business management, teamwork, leadership, communication, critical thinking, analytical skills, problem-solving abilities, technical skills, strategic thinking and planning, organisational skills and others (Herrity, 2022). There are also certain personal traits which can foster the entrepreneurial process. These include passion, curiosity, optimism, discipline, open-mindedness, personal confidence, as well as being good to others (Indeed, 2023).

A personal skill audit is performed in appendix 2. The information is of help in understanding the state of the currently possessed entrepreneurial skills and traits. As explained in the table, there are many different situations and circumstances at work and at university with a positive impact on teamwork and communication skills, as well as problem-solving abilities. Analytical skills have also been considerably improved especially as a part of study-related assignments and tasks. Despite the acquisition of essential skills, which can be of considerable value for entrepreneurial development, time management continues to be a chronic issue undermining my productivity and a sense of control. Research findings also show the specific needs of fostering technical skills, especially in a fast-paced technological development trend and the future intentions to develop digital business ideas.

The identified personal weaknesses are used as a basis for the identification of future development process. A PDP is prepared for this purpose, as shown in appendix C. The PDP applies the SMART criteria by specifically explaining the areas for improvement, the measurement of success and relevant deadlines. The PDP is detailed and supports the achievement of worthy goals given the existing weaknesses and importance of expanding the current portfolio of entrepreneurial skills and traits. As explained, improvements in the fields of time management and prioritisation are considered essential for a more effective performance. This is also a strong need for gaining more technical skills in relation to many types of software. Personal traits address the importance of improved confidence and stress management – key factors

for coping with entrepreneurial pressure and situations of difficulty. It is also important to mention that the PDP includes different types of activities and resources. Abundant resources are available, such as specialised literature, seminars and courses, support by others and a mentor. Following the plan's suggestions strongly improves the prospects of a successful development in the field of entrepreneurship.

In general, the analysis also shows the possession of key skills which have been partially developed because of the current course. The future success identified SMART objectives must be addressed accordingly, as clarified in the PDP, to maximise the prospects for future progress in the field of entrepreneurship.

Conclusion

To sum up, the essay successfully conducted a personal reflection of own performance, as well as a thorough analysis of the external environment. Research findings identified the prospects for successful business development in the digital field. Thus, a mobile app for self-development was outlined as a prospect business idea with a considerable potential for growth. The self-reflection process was extensive and included many analytical tools, as shown in the thematic appendices. Currently, there are several key traits and skills supporting entrepreneurial development; however, more efforts are needed to be competitive in the field. Based on the personal weaknesses and development needs, the PDP identified key areas for progress in a period of fewer than 12 months. Overall, success in business will largely depend on the ability to stay flexible and engage in constant learning.

Reference list

Bank of England (BoE) (2023) *Interest rates and Bank Rate*, [online] Available: <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate> [Accessed: 11 July 2023]

Carlyle, J. and Rindone, S. (2020) *Future Consumer Index: How COVID-19 is reshaping UK consumer behaviours*, [online] Available: https://www.ey.com/en_uk/consumer-products-retail/how-covid-19-is-reshaping-uk-consumer-behaviours [Accessed: 10 July 2023]

De Bruin, L. (2016) *Scanning the Environment: PESTEL analysis*, [online] Available: <https://www.business-to-you.com/scanning-the-environment-pestel-analysis/> [Accessed: 10 July 2023]

Fitch Ratings (2023) *Economics Dashboard: UK Households' Debt-Service Costs Set to Jump as Rates Rise*, [online] Available: <https://www.fitchratings.com/research/sovereigns/economics-dashboard-uk-households-debt-service-costs-set-to-jump-as-rates-rise-17-01-2023#:~:text=The%20rise%20in%20the%20Bank,to%20the%20pressure%20on%20households> [Accessed: 8 July 2023]

Global Innovation Index (2022) *2022 Report*, [online] Available: <https://www.globalinnovationindex.org/gii-2022-report> [Accessed: 11 July 2023]

Harari, D. (2023) GDP – International Comparisons: Key Economic Indicators, *House of Commons*, [online] Available: <https://commonslibrary.parliament.uk/research-briefings/sn02784/> [Accessed: 10 July 2023]

Herrity, J. (2022) *A Guide to Entrepreneurial Skills: Definition and Examples*, [online] Available: <https://www.indeed.com/career-advice/career-development/entrepreneurial-skills> [Accessed: 11 July 2023]

Indeed (2023) *9 Entrepreneurial Traits To Develop for Career Success*, [online] Available: <https://www.indeed.com/career-advice/career-development/entrepreneurial-traits> [Accessed: 11 July 2023]

Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regner, P. (2017) *Exploring Strategy*. 11th edition, Pearson

Krugman, P. and Wells, R. (2020) *Essentials of Economics*. 5th edition, New York
Worth Publishers, Macmillan Learning

Office for National Statistics (ONS) (2023) *Internet sales as a percentage of total retail sales (ratio) (%)*, [online] Available:

<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>

[Accessed: 11 July 2023]

Petroff, K. (2022) *UK Consumers Become More Frugal, Bloomberg Survey Shows*,

[online] Available: <https://www.bloomberg.com/news/articles/2022-09-07/uk-consumers-become-more-frugal-bloomberg-survey-shows-chart#xj4y7vzkg>

[Accessed: 11 July 2023]

Trading Economics (2023) *Inflation Rate*, [online] Available:

<https://tradingeconomics.com/country-list/inflation-rate> [Accessed: 10 July 2023]

Transparency International (2022) *Corruption Perceptions Index*, [online] Available:

<https://www.transparency.org/en/cpi/2022> [Accessed: 8 July 2023]

Appendix A – Personal SWOT analysis

Strengths ▪ Strong communication skills. ▪ Ability to work as a member of a team. ▪ An optimistic personality. ▪ Excellent analytical skills. ▪ Problem-solving skills.	Weaknesses ▪ Poor time management skills. ▪ Inadequate planning and prioritising. ▪ Lack of technical skills in many areas. ▪ Lack of confidence to be a leader.
Opportunities ▪ Stable public institutions, rule of law and low corruption. ▪ UK as a high-income country. ▪ Changing consumer trends lead to new business opportunities. ▪ Technological progress stimulates entrepreneurial development.	Threats ▪ Some political instability is due to geopolitical factors. ▪ Stagnating incomes restrict consumer spending. ▪ High inflation which erodes consumer purchasing power. ▪ Increasing lending costs inhibit business investments.

Appendix B – Skill audit

Skill area	Description of specific skill	Evidence of skill	How am I doing?
Communication	The ability to effectively send and receive verbal and non-verbal information.	Frequent communication with colleagues at work and co-students.	I clearly understand verbal messages, use precise vocabulary and effective voice tone to effectively communicate with others.
Teamwork	The ability to productively cooperate with others to achieve common goals.	Participation in team-based projects at university, as well as working with others at work.	I can fit various types of teams at university and work. I adapt fast, avoid conflicts and reach common goals with the team.
Problem-solving	The ability to create effective and creative solutions to emerging problems.	Findings solutions to challenging situations at work.	I demonstrate flexibility and creativity to propose different solutions to new problems. I have no fear of experimenting with new solutions.
Analytical skills	The ability to extract knowledge from pieces of data.	Searching and analysing information when completing study projects. Analyse work-related data.	Good performance so far regarding my student projects. Ability to collect and critically analyse secondary sources.
Time management	The ability to complete tasks on time and in a productive manner.	Meeting project deadlines. Being punctual at work.	Often being late at work or university. Easily distracted and losing focus.
Technical skills	Specific skills in different areas.	Working with specific software, Microsoft Office package and internal work-related systems.	Experiencing some limitations in using the mentioned software versions. Feeling insecure when working with new pieces of technology in general.

Appendix C – Professional development plan

Development goal	Importance	Activities to be undertaken	Resources I need	Start date	Target end date	Criteria for success
Time management	Very high	- Apply techniques for time management. - Scheduling - Creating time buffers.	- Specialised literature. - Timetable templates. - Seminar in time management.	July 2023	December 2023	- Stop being late. - Meet all deadlines.
Technical skills	Extremely high	- Master Microsoft Excel. - Learn new types of software in relevant fields.	- Access to new software. - Attending a specialised course.	August 2023	July 2024	- Full confidence with Microsoft Office. - Using new types of software.
Prioritisation skills	Very high	- Apply prioritisation criteria. - Understand the importance of different activities.	- Specialised literature in the field. - Online course. - Exchange ideas with professionals.	July 2023	December 2023	- Achieve more for a given period. - Ability to correctly identify the tasks with the highest value added. - Delegate tasks.
Confidence	Very high	- Meet with a mentor. - Practice confidence in different situations.	- Find a good mentor to guide me. - Read relevant books.	Sept 2023	August 2024	- Demonstration of leadership. - Showing strength, despite adversity.
Stress management	High	- Meet with a mentor. - Learn about stress management methods. - Reduce stress causing factors.	- Find a good mentor to guide me. - Improve time management. - Expose and monitor reactions to stressful situations.	Sept 2023	August 2024	- Avoiding unnecessary thoughts of worry. - Avoiding overreactions. - Having a feeling of control.