

Entrepreneurship

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Introduction

According to Mirzanti *et al.* (2018), **entrepreneurship** is a process in management in which entrepreneurs are concerned with new ground approaches and the opportunity of mixing new ideas with old ones. It is the creative implementation of the traditional process. Entrepreneurship can be defined as the readiness and ability to organise, develop, and run a business with the purpose of making profits. It is discussed that entrepreneurial behaviour ensures the long-term strength of an economy. This entails the risk at a specific price and trading at an uncertain price. It is the pursuit of favourable chances at the expense of controlled resources. To an economy, entrepreneurship plays a major role in the creation of new products and services. This stimulates employment that accelerates the development of the economy, thus, this act as a catalyst in industrialisation and growth of the **economy**.

Entrepreneurial skills involve skill sets while **entrepreneurial traits** are characteristics or thought patterns of entrepreneurs (Indeed, 2021). Some of the major **traits** of an entrepreneur are creativity, self-confidence, innovativeness, pro-activeness, stress tolerance, and need for achievement. The **skills** that an entrepreneur should possess are market researching, financing, decision-making, marketing, and resource leveraging. **PEST analysis** is a tool used in assessing markets at a given timeframe. This strategic framework examines the way external factors affect the performance or activities of a business (CFI, 2022).

Main body

PEST analysis includes evaluation of technological, economic, political, and social factors. It assists in managing changes in the business environmental areas and used as a situational assessment tool.

- Political

The **political stability** of the UK stands at 0.47 being reduced from 0.54 in 2019 as of 2020 (The Global Economy, 2020). The reduction in the political stability of the country increases the risk related to financing for entrepreneurs of the UK. A negative political atmosphere disrupts a country's peace and increases the security threat to commercial activities.

Brexit has posed threat to UK businesses by impacting the deal with continental European customers or suppliers (Gowling WLG, 2022). It lowers the opportunity for entrepreneurs to extend the provision of goods or services to European countries or consumers.

The **tax rate** of the country stands at 20% for businesses however; certain services and products are subjected to lower tax rates as well (Expatica, 2022). There are VAT exemptions on certain items. This affects the entrepreneurial decision of selecting a business industry to start a career. Moreover, the changing tax rates affect the organisational cost.

Based on the guest entrepreneur, Faiza's recording, UK based entrepreneurs should **use challenges as opportunities** to drive success in a business. As there are challenges associated with Brexit in dealing with EU customers or suppliers, entrepreneurs can get the opportunity of focusing on local consumers and dealing with local suppliers. It may contribute to reducing transportation and tariff costs too.

Moreover, **stress tolerance** is the ability that is much required in entrepreneurs to manage business-specific difficulties (Kipkosgei, 2022). To manage the same, there are varied relaxation activities such as yoga, meditation, reading, sports or volunteering (Mayo Clinic, 2021).

Additionally, an entrepreneur should have **decision-making** skills. According to Chang and Rieple (2018), the decision-making ability of entrepreneurs helps in building opportunities for them in changing business environment. With the decision-making abilities, entrepreneurs like Faiza could attain success by making effective decisions on choosing a recruitment industry for meeting both social and financial purposes. Based on the external environmental factors, entrepreneurs should make relevant decisions to survive and thrive in the industry. For instance, decision-making around the tax rate of the country can be carried out so that there would be better tax saving options through charitable activities.

- Economic

The **consumer prices index (CPI)** increased by 6.2% within one year as in 2022. The previous month it stood at 5.5% (ONS, 2022). This means that there is an increase in the price of goods or services purchased in the country. This can be food, medical care, or transportation price. Inflation thus increases the cost of living for citizens. With the growing inflation, businesses are affected due to a reduction in the ability to make proper expenditures and save money. Even the materials cost increase in production that increases the overhead cost.

The **employment rate** of the UK is 75.5% as of 2022. This has been increased by 0.1% from the last three months however with a 1% decline from the period before the COVID-19 pandemic (ONS, 2022). This means that changes occur rapidly in the UK employment level

due to dynamic external factors. The purchasing power of families is affected by the unemployment issues that reduce the economy's output besides creating a financial loss for a business. The growing employment level influence business functions and as more people are employed in an economy, it increases the opportunity to make income and generate profits.

As per Trading Economics (2022), the **GDP growth rate** reduced from 1.1% in Quarter 3 to 1% in Quarter 4. The GDP of a country affects a business in diverse ways. For instance, with the growth in the economic rate of a nation, a business gets the opportunity to earn more, experience expansion, and increase profitability. Thus, the financial condition of an economy is affected by the changing GDP growth (BBC, 2021).

Entrepreneurs in order to deal with the external environmental factors can conduct market analysis before making an investment or starting a new business. Thus, **market research skill** is required to analyse the market conditions to make effective decisions based on the volatility of the situations. They should possess a **need for achievements** to attain business goals by making decisions that go well with the current market conditions. For instance, in the scenario of increasing employment level, entrepreneurs should be active in deciding the best way to make use of talents in an efficient way. The focus on achieving business goals may enable them to use productive employees to raise productivity and enhance operations.

In the scenario of changing GDP growth level, an entrepreneur should have **resource leveraging ability**. By this, it means that resources should be systematically assessed to address specific needs. Therefore, in Ssync, the entrepreneur makes effective use of available resources such as the mobile application User Interface to create a better experience for user groups (Ssync, 2022).

During sharp inflation of the UK, the entrepreneurs can effectively deal with the complex situation with **financing skills**. This is the ability of accounting or finance management. When there is a deflation period, an entrepreneur can focus on stocking up the inventory for non-perishable items to reduce the cost of sourcing. Some of the tactics to deal with this situation are acceptance of smaller margins and reduction in production cost with increasing effectiveness and efficiency in operations (Koenigsberg, 2022). Besides this, the pricing model can be revamped tactfully during inflation. Even, Mann (2021) has suggested that companies should assess expenses during such a period by considering the different operational costs. The author has stated that businesses should take a proactive approach in reducing the impact of high inflation to reduce disruption in operations. Therefore, entrepreneurs should possess a

proactive personality. Proactive personality can be defined as people who are unconstrained by situational factors and affects environmental changes (Ningrum *et al.*, 2021). These people recognise opportunities and perform by showing initiatives, taking actions, and persevering.

- Social

The **population growth** rate is 0.6% every year (World Population Review, 2022). This means there is a limited chance of growth in population that may serve the business with an increasing customer's base.

Between the 2010 and 2020 financial year results, the **average household income** is increased by 9% with a growth of 1% every year despite inflation (ONS, 2021). This rises a business opportunity of making sales to customers whose purchasing power is increased with growth in income stability.

Another social factor that impacts businesses and entrepreneurs is changing **customer behaviour**, According to Voramontri and Klieb (2019), the decision-making of customers involves their behavioural patterns that precede, influence, and follow the decision for acquiring needed products or services. Consumer behaviour incorporates the analysis of the customer decision-making process related to purchasing products at a specific time and way.

Based on the findings, it can be said that the social factors of the UK are effective for entrepreneurs to involve in new ventures. However, they should have **the self-confidence** to start a business with the vision of attaining success. Entrepreneurs with effective **marketing skills** can help in attracting customers into making purchasing decisions. Marketing skills include the ability to promote service, ideas or products. It involves analysing the audience and features of offerings that are most appealing to be marketed. Proper marketing tactics may enable them to engage customers with the brand and its offerings during the situation when their income capacity is high. To increase the customers base, Slync gives students (targeted customers) the opportunity to earn money by installing and applying on social hiring apps (Slync, 2022). Entrepreneurs deal with changing consumer behaviour by conducting market research to analyse customers' preferences and respond to their needs. Thus, **market-researching** ability is of utmost importance for researchers. It is the willingness to take the risk and make experimentation with novel approaches to achieve success (LinkedIn, 2018).

- Technological

The **internet penetration rate** in the UK as of 2020 has been 96% with a large number of users accessing internet sources (Statista, 2020). The Internet gives businesses the strength of promoting and marketing products or services. It is helpful in delivering support, offering online training, and sharing information.

The UK's value **innovation index** has been 59.8 points as of 2021. The world average is 34.30 points (The Global Economy, 2021). This means that there is low innovation in the country when comparing the average. It reveals that the economy has a lower capacity for innovation or developing innovation trends (WIPO, 2021). This reduces the business's potential of facilitating customers' behaviour towards its offerings.

According to ONS (2019), the investment in **research and development** in the UK is increased by 3.4% as of 2019. This means there is the possibility of innovation in services or products, processes and channels of interacting with customers.

An entrepreneur should possess relevant skills to manage technological solutions in the business. He or she must be **innovative** in ideas to make the inclusion of technological ideas or solutions to simplify business processes and extend products and services. Creative entrepreneurs are able to enhance the design and aspects of offerings besides creating value for customers. **Creativity** is the tendency to recognise or generate ideas, possibilities or alternatives that may prove useful in addressing issues, communication, and entertaining. As there is high internet penetration, innovative entrepreneurs may think of leveraging business operations to online platforms. As innovation cannot occur without openness towards learning new things, an entrepreneur should be **open to new learning**. Research and development may support a creative entrepreneur with data and insights to enhance creativity in business processes and offerings. Thus, the entrepreneurs should be able to **thrive on new knowledge** as suggested by the guest entrepreneur of Slync. For example, guest entrepreneur of Slync, Faiza has used a technological tool such as a mobile-based app for customer groups with quality features like job diary and newsfeed to increase their engagement (Slync, 2022).

Conclusion

It is concluded that external environmental analysis through the PEST framework has been a useful tool in the assessment of the macro environment of the UK. The factors that may affect entrepreneurship or entrepreneurs are discussed. Moreover, relevant skills are identified that may support in addressing the market-related factors or situations. There is identification and application of traits or skills as presented by the guest entrepreneur, Faiza of Slync. The most

important factors as analysed through PEST analysis are economic, technological, social and political wherein issues such as GDP growth, inflation, Brexit, political stability, and innovation index are major ones. The relevant skills that are helpful for entrepreneurs to address them are the need for achievement, market researching, innovativeness, stress tolerance, and decision-making skills. Based on the findings, it can be deduced that an entrepreneurial mindset is developed with different practical and personal abilities that are useful in the long term in building a career and sustaining a business.

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