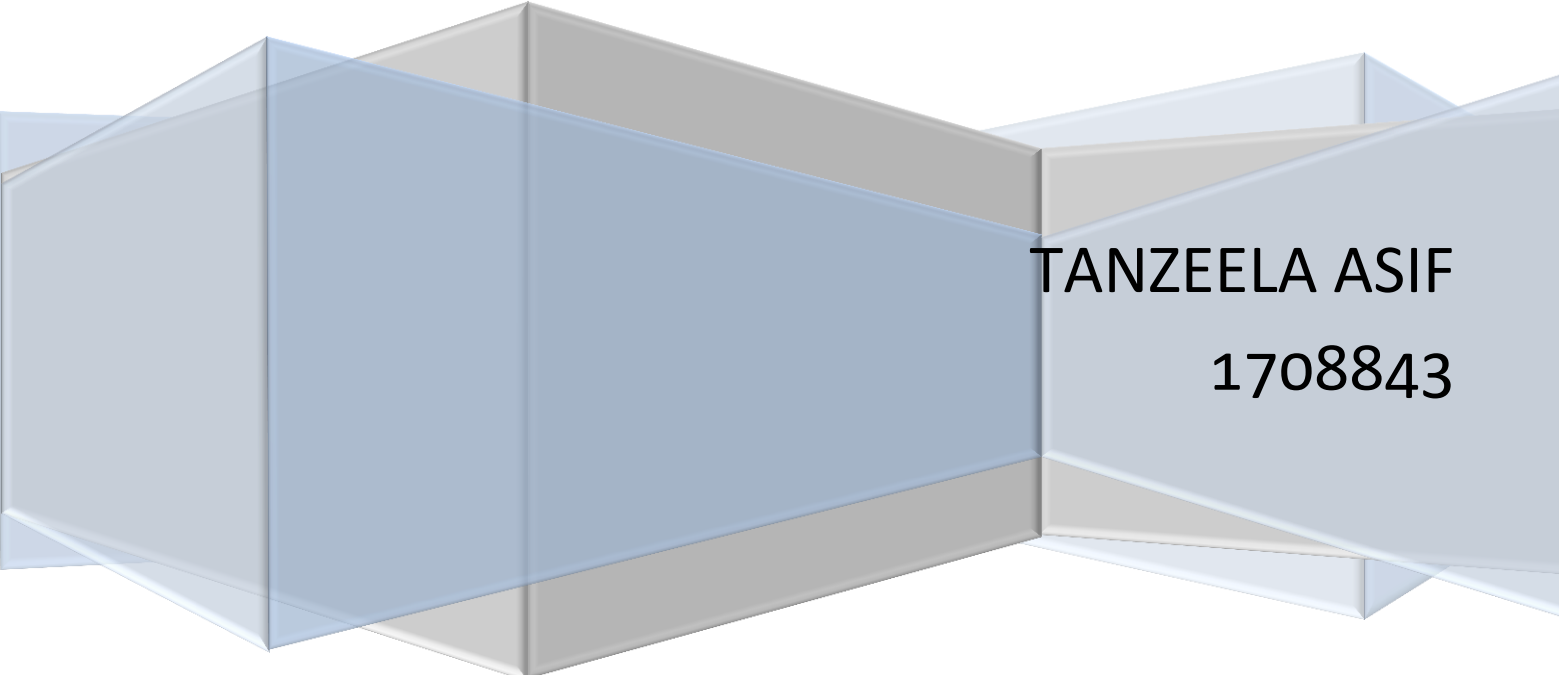


ASSESSMENT 1 REPORT

ENTREPRENEURSHIP

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Executive Summary

This report contains entrepreneurial motivation and its factor in the first part then the changing economic environment due to Brexit is discussed in the second part. In the third part socio cultural environment impact on entrepreneurial motivation is discussed. In the end a brief and precise conclusion is part of the report.

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1.0 ENTREPRENEURIAL MOTIVATION AND IT'S FACTORS

The process which enables a person to design, develop and run a new business by identifying strengths and opportunities is entrepreneurship. Whereas the process of transforming an average individual to a powerful businessman, who have capability to create opportunities, maximize wealth and develop economically, is generally known as Entrepreneurial motivation. It is also described as countless dynamics that excite desires and activities enthusiasm in entrepreneurs which make them attain a specific goal (Trivikram, 2016). There are two types of motivation internal and external that arouses the entrepreneurs to start their own business to satisfy the needs of the masses and earn good money.

Internal motivational factors are educational qualifications, occupational experience, desire to work independently, family background, earn profit and possess wealth and to possess social prestige. Whereas; external factors include assistance from government or from any financial institute, political factors, demand of particular product, social change or trend and availability of technology or raw material (Ganga, 2008).

Environmental factors have positive relation with entrepreneurial motivation. According to Cia et al (2007) a positive correlation is found between entrepreneurial environment (external) and entrepreneurial activity, entrepreneurial activity is restricted by the entrepreneurship environment. Positive entrepreneurial culture can encourage more entrepreneurial motivation of initiation because the culture of a specific geographical area impacts their awareness and motivation of the locals' entrepreneurship. Firstly the entrepreneurial motivation takes place then they look for opportunities in changing environment, but the societies with negative entrepreneurial culture will bind the majority of people in the thoughts of entrepreneurial motivation. So the more concentrated around entrepreneurial atmosphere, the stronger the motivation will be (Yushuai et al, 2014)..

A positive correlation is also found between risk tendency (internal) and entrepreneurial motivation. The higher the risk propensity is, the higher the motivation will be; unlikely to this statement many of the scholars disagree and are of the view that most of the time entrepreneurs do not have high risk tendency but they misjudge by perceiving risk lesser. But empirical research shows that risk tendency mainly influences on the desire for entrepreneurial cognition and individual of strong risk tendency is more likely to produce entrepreneurial motivation (Yushuai et al, 2014)..

Another internal motivation factor is self-efficacy (internal), the stronger the self-efficacy the stronger entrepreneurial motivation is. This concept was first time introduced by an American psychologist by Bandura in 1977, it basically refers that what an individual thinks about the task before completing it, and the assessment the individual does before starting the task is based on the faith and judgment that individual possess. Self-efficacy influence our choices, enthusiasm, effort and perseverance when people are faced with obstructions, in the meantime it could also affect our faith to successfully achieve the target (Yushuai et al, 2014).

Recently scholars focus on one of the most important dilemma individual face is the capital or the resources (external) to execute the idea; it is the determinant of entrepreneurial

intention of majority of individuals (Qian, 2007). Positive impact on the feasibility of the thought of entrepreneurs can happen when Individuals have more entrepreneurial resources; it will not only enhance entrepreneurs' desire for entrepreneurship cognitive but also can produce entrepreneurial tendencies and can welcome more people with the money to involve in. thus; the more entrepreneurial resources the entrepreneur possess the stronger entrepreneurial motivation will appear (Yushuai et al, 2014).

The environment (external) with institutional collections for the different levels of government to implement for its specific purpose is policy environment. Number of rules are directly linked to entrepreneurship for instance financial support, support of land, tax reliefs, subsidies and incentives for high-tech entrepreneur. With the rapid changing business dynamics globally the economic, environmental and cooperate policies are also changing and this can be a big opportunity for entrepreneurs to avail and built frameworks with finite number of rational decisions. So the better entrepreneurship policy, the stronger individual entrepreneurial motivation will be (Yushuai et al, 2014).

The list of entrepreneurial motivation factor is endless. This report will be focusing on the cultural factor and economic factor that have impact on entrepreneurial motivation among individuals. Following is the economic and social environment of United Kingdom reveals its impact on entrepreneurial motivation.

2.0 ECONOMIC ENVIRONMENT

History is evident that when recession hits USA there were a number of cheap labour markets because people were unemployed and need money. And people with unique idea become unemployed they prefer to start up their own business and become entrepreneurs. The regression ignites the entrepreneurs to take a step and show their great leadership skills by innovative ideas and earn good money. Thus the regression might not be good for country as a whole but the entrepreneur takes birth in economically stressed environment and give opportunity to lots of people to get employed (Fairlie, 2011). The present scenario of United Kingdom's economy is changing layouts for entrepreneurs to start up. Brexit is a political move but setting up a new economic layout of the UK, where major shifts in entrepreneurial activities can be seen.

2.1 BREXIT EFFECT

The value of pound after the Brexit can affect the buying powers of a big population, right after the referendum there was a great sink in the value of the pound and it was estimated that it can even reach the value of the euro in 2017; but this never happened. The value of pound was gained in few months because of market over reaction from the news, UK assets and bonds become more affordable and US dollar become weak under Trump presidency.

When the value of pound was weak UK face many challenges but in that winners were UK exporters, foreign tourists, foreign investors, whereas losers were UK importers, British travellers abroad, foreign workers in the UK. If the pound devaluated again the country will get through the same situation just discussed (Currencyfair, 2017).

2.2 JOB GROWTH AND ENTREPRENEURS

The statement in favour of Brexit was made that it will be preserving many jobs in the future. But the entrepreneurs working in the UK are migrants and have contributed to UK job growth overall. In the report Migrant Entrepreneurs by Centre for Entrepreneurs; there is a huge number of migrant entrepreneurs building business, creating jobs and co-founded a company. The diverse culture comes up with 456,073 migrant entrepreneurs representing 155 nationalities and giving job opportunity to 1.6 million people in the UK. A forecast is made that thousands of jobs will be lost in the future. Many of the startups facing struggle to retain the employees from Europe. Lack of migrants from Europe doesn't necessarily mean a complete migration halt. The work force in the future won't be made up of Brits in the next five years, but the door for non-EU countries will also be opened in the future. This can also welcome number of potential workforce to work in and take control on entrepreneurial business (Currencyfair, 2017).

2.3 UNCERTAINTY AMONG INVESTORS

The uncertain future of the UK under Brexit will affect investments, Along with the day-to-day operations of startup life. Startups could find the funds they need but they might face a cautious investor in this much ambiguous economic situation. Some investors in UK are taking Brexit as challenge and fight back against the perception of it. There is a rapid increase seen in the entrepreneurial activity where 20 startups out of 300 applicants will participate in 12 week program from 28 financial institutes reported by Fin Tech Innovation Lab. Opportunists are perceiving Brexit to be an ultimate and potential push to the entrepreneurial growth in market (Currencyfair, 2017).

2.4 GROWTH IN EUROPEAN UNION COUNTRIES

Other European Union countries finds Brexit as a big opportunity to welcome the dreamers, and start up there business in entrepreneurial environment. Germany and France have started attracting and motivating entrepreneurs to startup their businesses outside of the UK. People's opinion about doing business in UK has shifted and by the end of 3rd quarter of 2016 funding for French startups almost matched UK funding (729 million GBP vs 781 million GBP) and doubled the amount invested in Germany. Whereas France prefer the entrepreneurs who are confuse about starting up business in the UK, while the UK has chance to pick up the entrepreneurs who are nervous to do a startup in the US. In the UK and France case their competition's political landscape is their biggest opportunity (Currencyfair, 2017).

2.5 EU EXPANSION

International firms started in London before moving into Paris or Berlin, United Kingdom was seen as a gateway to Europe for entrepreneurs, companies in the UK also wanted to expand in the mainland. Numerous British entrepreneurs are still preceding their plans, despite Brexit concerns. The companies which took a startup in Britain are considering expansion beyond the EU, and then the companies of the EU can also consider the expansion beyond the UK. Marc Curtis writes at The Drum 'London is a beacon to Europe's

entrepreneurs because of its position as both a financial and business hub for the EU' (Currencyfair, 2017).

Brexit is going to affect every company differently, some will only experience minor fluctuation in sales, some will see the boom, some may experience decline, and some may find Brexit as an opportunity to grow and to show full potential. Some companies may struggle to adjust trade laws and new hiring regulation. The key for entrepreneurs at startup stage is to survive these times is flexibility and contingency planning as new rules are created. Overall Brexit can be a big opportunity for entrepreneurs to come up with and innovative idea and widespread in the UK market. Brexit is also a very big opportunity for the non-EU immigrants to come in and put something innovative into market and become an entrepreneur. The economic environment after this political move is influencing both negatively and positively on entrepreneur motivation.

3.0 SOCIO CULTURAL ENVIRONMENT

A cultural group's characteristics way of perceiving its social environment is defined as culture (Hopp & Stephen, 2012). To dominate cross culture research there can be seen two measures one is cultural values other one is cultural practices or norms. These two measure are weakly co related or can be mentioned as contrary to each other (Fischer, 2006). The cultural values and practices can be different. In the recent time culture is most of the time changed and set by the upcoming trends. According to a report by Telegraph four English speaking countries are leading to generate entrepreneurial environment in the country, USA, Canada, UK and Australia are among this list according to The Global Entrepreneurship Index (Callander, 2014)

3.1 HOFSTEDE ANALYSIS

In the Hofstede (2018) analysis the cultural environment of the USA, UK, Canada and Australia shows that they have less power distance-these countries believes in minimizing inequalities among people, high individualism-people are focus on their achievements independently, have medium score in masculinity, possess low score in uncertainty avoidance- which means that they feel comfortable in uncertain situation not too many rules in society. Moreover these countries have medium score in long term orientation- they all possess futuristic approach; whereas these countries have high score in indulgence- this shows that they have an optimistic approach towards life. Thus Hofstede analysis reveal that the culture and value system in these countries make an entrepreneurial environment and this entrepreneurial environment motivates the entrepreneur to take an initiative to fill the missing segment of consumer need in the market. There are other factors like family and education which have impact on entrepreneurial motivation.

The entrepreneurship was basically originated in USA, and American culture was major contributor in entrepreneurial spirit. Eastern Europe culture seems to hold back entrepreneurial aspirations among many of their citizens in the past because of communism, where limited private property and free enterprises were suppressed. England is smartly playing between culture and entrepreneurial activities. US have entrepreneurial traits and

students want to learn it more and gain skill and knowledge to be successful whereas in England entrepreneurial thinking is fostered where it is not a norm. In USA they simply harness, shape and form the entrepreneurial nature for student to prepare them for success. In England now there has been a trend of entrepreneurial education in every institute to encourage and to promote entrepreneurial environment. In 2010 a Survey of Enterprise and Entrepreneurship in Higher Education has been done in English universities by National Council for Graduate Entrepreneurship that shows that there has been 50% increase in population of students engaged in entrepreneurship and enterprise. 63% of universities have entrepreneurship as core part of course. 27% more start-ups created through universities from 2007. The survey shows that the increasing education trend of entrepreneurship is institutionalized in England and becoming the part of their culture now (Cornwall, 2010).

3.2 FAMILY BACKGROUND

Family background is one of the major socio cultural factors of the environment through which a social and economic status of a person can be analysed. History is evident that entrepreneurs rise up from a middle social class and a hardworking family. For instance, if we see Henry Ford, Steve Job, Thomas Alva Edison, Bill Gates, Larry Page and many other, they have family background of hardworking parents and a self-made father who only can provide bread to the kids and couldn't set up any family business to hand it over the next generation. Most of the entrepreneurs were passionate to do something new and have faced lots of hurdles in terms of finance, social and moral support. Most of the entrepreneurs also have experience a poor upbringing; disturb family life, and have divorced parents. The disturbing family background motivates majority of entrepreneurs to believe in them and work hard to make their lives better (Dunlop, 2018)

3.3 EDUCATION

Education basically helps to give knowledge and skills to the individual and also give capability to understand outside world. The system of education has a significant role to play in inculcating entrepreneurial values in any society. In the past middle class family background gives birth to a poor educational background of majority of the entrepreneur. Most of them were drop outs and some of them haven't completed their studies to give attention to their innovative ideas (Dunlop, 2018). But now the trend of education has changed the standards; entrepreneurial motivation takes place when a person possess complete knowledge about the surrounding and have capability to deal with his strength by availing the opportunity.

3.4 ATTITUDE OF SOCIETY

Another aspect that builds up entrepreneurial environment is the attitude of the society in general. There are certain numbers of societies who encourage innovation and novelties, hence believe in entrepreneurs actions and rewards like profits, whereas certain societies do not appreciate to increase capital by doing business and support anti-entrepreneurial approach. For an example in nineteenth century Russian culture discourages to grow or root entrepreneurial activities, they believe that cultivating land meant a good life, and it belongs

to God and the produce of land is nothing but God's blessing. So these types of cultures can discourage the entrepreneurial activities (William, 2013).

Delinking from profit motivated capitalism

Entrepreneurs are widely admired and more often than not depicted as the iconic heroes of our growing capitalist cultures, in contemporary profit-driven capitalist societies. Lakshmi Mittal and Alan Sugar, Roman Abramovich, Duncan Bannatyne, Richard Branson, Bill Gates, Steve Jobs, indeed are heroic figureheads of capitalism and widely respected household-names. The entrepreneur has been widely viewed as an 'object of desire', heroic figures or ideal types to emulate, rather than lived subjects in both popular culture as well as the entrepreneurship literature (Jones and Spencer, 2005). When the millennium started the concept to maximize the capital widespread and adopted by majority of entrepreneurs. And money making and maximizing capital was the ultimate goal to achieve even in the UK. But now concepts are changing and people inside the UK have culture of innovating new thing to fill the missing segment of market and satisfy the customer to spread their business. The ultimate goal of the entrepreneur is not only profit maximization but also learning and receiving the recognition of their innovation (William, 2013).

3.5 DIVERSITY IN THE UK'S CULTURE

We can observe a difference in the motivations for entrepreneurship or/and a difference in skills or behaviours when individuals different to their gender, socio-cultural background, or their education. Diversity can also be seen as the factor of competitiveness, and people of different religion, ethnic background, sex, physical abilities, and socio-economic status make a unique combination of 'cultural capital'. The variety of immigrants is also taken as variety of resource and results in ultimate entrepreneurial motivation factor in United Kingdom. The increasing cultural diversity in the UK motivates the entrepreneurial environment, lower education level of immigrants encourage them to be self-employees (Leclair, 2014).

In conclusion socio-cultural environment have impact over the entrepreneurial motivation in any society. The belief system, values, norms and practices defines have a great impact on business environment of specific geographical location. The changing culture in the UK no more have traditional entrepreneurial standards of just emphasising on doing the business of economies, rather than that people are more interested in innovating and using the diverse human resource to bring something unique to its customers. Not only culture but Economic environment also has great impact on entrepreneurial motivation.

4.0 CONCLUSION

Economic environment of the UK is mainly influenced by a major political movement, and it is influencing generally on enterprenueral motivation. Mostly it is giving negative vibes to various businesses but for the opportunists it's a great chance to avail and to bring a new idea and widespread in the UK. Whereas the cultural environment of the UK is most favourable for the entrepreneurs, the relax and high individualistic culture and social environment of the country welcomes and motivates the entrepreneurs to think about their own ideas and do

whatever they want by following the legal aspects of the UK. The growing culture of entrepreneurs in UK is mainly done through their education system and still is in process. The education system is playing its best part in making the entrepreneurship institutionalized and creating entrepreneurial atmosphere to motivate the entrepreneurs around.

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