

## **Lecture – 3**

### **Environment for entrepreneurship development**

Course overview

Entrepreneurial environment Elements of Entrepreneurial Environment |  
Objective & Benefits

**Your Query--:**

- 1- Entrepreneurial environment**
- 2- Entrepreneurial environment in hindi**
- 3- Entrepreneurial environment factors**
- 4- Elements of Entrepreneurial environment**
- 5- objectives of Entrepreneurial environment**
- 6- external factors of Entrepreneurial environment**
- 7- environmental entrepreneurship**
- 8- business environment & entrepreneurship environment**
- 9- entrepreneurship environment study central**

Economic Environment

Economic conditions, economic policies and economic systems are the important external factors that constitute the economic environment of a business.

the economic conditions of a country,  
the nature of the economy  
, the stage of development of the economy, economic resources,  
the level of income,  
the distribution of income and assets etc. are among very important determinants of business strategies.

## Technological Environment

Stages of development,

Change and rate of change in technology

Research and development affect marketing strategies.

The cost of technology acquisition,

Impact of technology on human beings

The environmental effects of technology affect marketing decisions.

## Political environment

Political environment is composed of laws, government agencies and pressure groups that influence and limit various organizations and individuals in a society. The main political trends are:

- (a) Substantial amount of legislation regulating business.
- (b) Growth of public interest groups and
- (c) Changing government agency enforcement.

## Socio-cultural environment

The basic beliefs, values and norms shape the society and its people.

Even when people of different cultures use the same basic product, the mode of consumption, condition of use, purpose of use or the perception of the product attributes may

Even the value and beliefs associated with colour vary significantly between different cultures.

Legal environment

Entrepreneurship and developing countries

The potential of economic development remains dormant because of undeveloped or underdeveloped human resources.

In fact, man is much more crucial to development than any other economic factors. The sufficiency of other resources alone, does not lead us anywhere.

Resources to be developed may exist in plenty but if development-linked human minds are absent, hardly any economic development will take place.

While human skills include manufacturing, technical, supervisory, managerial, administrative and entrepreneurial competence, it is the entrepreneurial quality, which is a key ingredient.

It often sets the limit to the degree of industrial development and the speed with which it can be achieved in a particular country or region.

Environments for Entrepreneurship Development: Key Dimensions and Research Implications

An integrated framework is not available for studying the environmental conditions conducive

for entrepreneurship despite their importance for the emergence and growth of enterprises

in a country. This paper develops such a framework consisting of five dimensions of

entrepreneurial environments and links these dimensions to the core elements of the new

venture creation process. Specific emphasis is given to the role of environmental conditions

in developing opportunities and in enhancing entrepreneurs' propensity and ability to enterprise.

The paper outlines some propositions and research implications of the integrated

model and offers initial guidelines for formulating public policies to develop entrepreneurial environments.

While a growing body of literature exists on entrepreneurial environments, the literature is highly fragmented. Some scholars have prepared a list of environmental

conditions that may play a role in developing entrepreneurship in a country or region. Thus, while the role of environmental conditions in developing entrepreneurship has been recognized, most of these studies have been fragmented, highly descriptive, and focused on only a few aspects of the environment. More importantly, most of the literature has neither paid adequate attention to the needs of the entrepreneur—the main beneficiary of the environment—nor described the environmental conditions in terms of the process of new venture creation. Gaps are evident in the literature. First, a conceptual framework is lacking to

integrate the available literature on entrepreneurial environments.

Second, explicit links have not been established between the needs of entrepreneurs and how environments can fulfill entrepreneurs' needs, induce or reinforce their desire to go into business, and thus facilitate the process of new venture creation. Third, limited guidelines exist to conduct systematic, empirical research on entrepreneurial environments.

Finally, a limited body of literature addresses the needs of policy makers despite the recognition of this group as an important audience for research on entrepreneurship. In an attempt to bridge these gaps in the literature, we first develop a conceptual framework to integrate existing

literature on entrepreneurship environments. Then, we introduce the core elements of the new venture creation process and explicitly link the

environmental dimensions to the process of new venture creation and show how environments

can help increase people's likelihood to go into business. We draw research

implications of the integrated model, develop some propositions to facilitate future

empirical research, and offer some guidelines for policy makers in developing entrepreneurship-

supportive environments.

## LITERATURE ON ENTREPRENEURIAL ENVIRONMENT

In this paper, we refer to an "entrepreneurial environment" as a combination of

factors that play a role in the development of entrepreneurship. First, it refers to the

overall economic, sociocultural, and political factors that influence people's willingness

and ability to undertake entrepreneurial activities. Second, it refers to the availability of

assistance and support services that facilitate the start-up process.

One can group the available literature on entrepreneurial environments into three

broad streams: (a) general environmental conditions for entrepreneurship; (b) descriptive

studies of the environmental conditions of a particular country or region; and (c) the role

of public policy in shaping the entrepreneurial environments.

General environmental conditions discussed in the literature include legal and institutional

frameworks for efficient functioning of private enterprises, presence of experienced

entrepreneurs, presence of skilled labor force, accessibility of suppliers, accessibility

of customers or new markets, high degree of competition among firms, favorable

government policies, provision of training and support services, and supportive infrastructure

(Bruno & Tyebjee, 1982; El-Namaki, 1988; Gartner, 1985; Staley & Morse, 1971). In addition, the literature suggests that the characteristics of people, their skills,

experience, and motivation, play important roles in new venture creation (Manning'

Birley, & Norburn, 1989).

Empirical studies of entrepreneurial environments of various countries