

A pest analysis of entrepreneurship

Business



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Is entrepreneurship the future of work? Maybe.

Nowadays, many people feel unappreciated at their corporate jobs. They yearn to make their own profits without ever hitting a ceiling. They fantasize about working in their PJs, on the couch, comfortably at home. As an entrepreneur, they can do just that. They choose their hours and never have to report to a boss – because they're the boss.

But it's not all roses. And this PEST analysis of entrepreneurship shows how four critical factors affect this growing work-related opportunity.

Political Factors: More Expenses Than The Average Company

Entrepreneurs must depend on themselves as business owners, but they must still concede to policies.

New legislation can either simplify the life of an entrepreneur or break all of their efforts. They're business owners of small businesses or startups, meaning political decisions can have a major impact on them.

For example, they pay more per worker than larger businesses. These expenses can include benefits and regulatory requirements. They must comply with all financial requirements, while also building a product, staff, branding, and marketing. And if they ignore policies, it'll make all the effort worthless.

Entrepreneurs must face many regulations while growing their company, including:

- Inflation
- Labor costs
- Insurance costs
- Interest rates
- Taxes
- Regulatory reform
- Immigration laws

Each of these components affects the decisions business owners make. By focusing on the political agendas designed to help entrepreneurs and small business owners succeed, they can take advantage of these services, like investment tax credits and deductions. But if they don't keep up to date on these type of changes, they can lose out, especially around tax time.

Economic Factors: A Growth In Communities

Many believe that entrepreneurship positively affects the economy, encouraging development amongst communities. People would become entrepreneurs out of necessity to support themselves or their families.

But we're seeing a growth in North American countries for different reasons. Television shows like Shark Tank encourage entrepreneurs, both young and old, by investing in their companies. They often link entrepreneurship to the "American Dream"; owning your own product, having the potential for limitless income, and going from nothing to something.

Entrepreneurship also provides employment opportunities. Multiple jobs are created each time a new business is started. Many companies and

entrepreneurs are working remotely, employing jobs not just to their community, but in other countries as well.

Social Factors: The Need To Know

Just like with all businesses, entrepreneurs must be in-tune with their customers. It's not about pushing their own desires onto people but fulfilling the natural desire each of their customers has.

The products entrepreneurs create must solve a problem — at least, if they want to run a successful business, it should. But what people buy will heavily depend on political policies and the current economic state. For example, if your state has a high unemployment rate, that can mean the people in the area spend more time saving money than spending it. And when they do spend, it's for survival items. The chance they're buying luxurious or frivolous products is slim.

Entrepreneurs must keep in the know about who their customer is (age, gender, annual income, problem, etc) but also about changes in population, trends, and buying behaviors. This involves heavy market research. If they don't, someone else will do the heavy lifting and snatch those customers away. With so much competition in every industry, entrepreneurs fight amongst startups, medium-sized businesses, and even national names, depending on their product.

Luckily, we have many tools at our disposal to effectively get inside the heads of our customers. We can thank technological advancements for that.

Technological Factors: Taking Advantage Of The Conversation

Once upon a time, only a few decades ago, the only way to have a conversation with your customer was in-person or on the phone. And, to be honest, most companies weren't having a conversation. They were telling the customers what to buy and yet, it worked well. Or, it used to work.

But now, budding entrepreneurs have new, modern ways to communicate with customers like email, live chat, and social media. They're able to connect with people all over the world to offer services and products. That would've been impossible all those years ago, unless you were a national brand. And even then? The results would be limited. Now, entrepreneurs can take advantage of these communication tools.

And you can take it a step farther. You can get feedback by creating online groups, like on Facebook or with Slack. You can do online webinars and podcasts. And it's easier to raise funds and capitals. Just log onto websites like Kickstarters and in a few days, they could reach their income goal and beyond.

Many people see these technological advancements as a way to jump into entrepreneurship and escape the "corporate grind". With advancements at our fingertips and in our pockets, it's never been easier to start a business.

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