



The Influence of Social and Cultural Factors on Entrepreneurship and Business Development

Shubham Srivastav¹

¹Department of CEA, GLA university Mathura

¹Shubham.srivastav@gla.ac.in

Corresponding Author: Shubham.srivastav@gla.ac.in

Abstract

In this paper, the authors focus on how socio-cultural and economic conditions can affect the development and sustainability of entrepreneurship in different settings. This is on the basis of the need to examine how cultural norms, social values, economic conditions, and institutional environments influence entrepreneurial intentions, activities, and outcomes. The systematic methodology is implemented and involves the gathering and assessment of secondary data based on the existing literature after which the important factors influencing it are evaluated qualitatively and comparatively. Analytical schemes and measures are applied to determine the connection between socio-cultural variables and entrepreneurial performance. The findings show that, favorable culture, increased social acceptance of entrepreneurship, availability of resources and favorable economic situations have a significant positive effect on entrepreneurial development and innovation. On the other hand, the entrepreneurial process is hindered by restrictive cultural norms, gender prejudices and access to limited finance especially in the developing economies. The same findings also indicate that socio-cultural elements are very important in influencing social entrepreneurship and realization of sustainable development objectives. The paper concludes that inclusive socio-cultural ecosystem, education and awareness, and supportive policies can help to enhance entrepreneurial ecosystems and enhance economic growth. These lessons allow better comprehending the dynamics of entrepreneurship and give advice to policymakers and researchers.

Keywords:

Entrepreneurship, Socio-cultural, Economic development, Social entrepreneurship, Sustainable development, Entrepreneurial ecosystem.

Received on 12 March 2026; **Revised on** 24 March 2026; **Accepted on** 15 April 2026; **Published on** 28 April 2026

DOI: <https://doi.org/10.1080/12345678.2026.XXXXXXX>

This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author(s) and the source are properly cited.

1. Introduction

Entrepreneurship is important in the economic development, innovation, and employment of both developed and emerging economies. It is a well-known fact that the entrepreneurial activities cannot be solely discussed in terms of the economic conditions, but are also deeply rooted in the socio-cultural environment which impacts the behavior of a person, his/her decision-making, and his/her perceptions of opportunities [1] [2]. Such factors as cultural norms, social

values, traditions, and institutional frameworks have a great influence on the readiness of people to pursue entrepreneurial activities, thus affecting the economic growth and sustainability in general [3] [4]. The level of entrepreneurship thriving in most territories is dictated by the role of gender, social acceptance and support structures [5] [6].

The increased significance of social entrepreneurship and sustainable development has contributed further to the necessity to comprehend the interaction between socio-cultural and economic elements to facilitate the development of entrepreneurial outcomes [7] [8]. Although these dimensions had been examined in individual research, more comprehensive viewpoints which look into their effect on entrepreneurial ecosystems, especially in the developing and transitional economies, are still lacking [9] [10]. Furthermore, the differences between the cultural setting and the economic systems lead to the discrepancies in the performance of the entrepreneurship, which emphasizes the importance of comparative and systematic analysis [11] [12]. Regardless of the substantial research, an actual research gap is identified in integrating the impacts of socio-cultural and economic determinants in a single analytical framework, which links entrepreneurial intention, performance, and sustainability results [13] [14]. Most research concentrates on a particular area or aspect and thus restricts the extrapolation of the results prompting larger and more comprehensive research [15] [16].

Thus, the main aim of this research is to examine the interaction between socio-cultural and economic elements on entrepreneurship development and sustainability. It will determine the main determinants, assess their influence on entrepreneurial activities, and offer information on how favorable environments can be created to boost entrepreneurial development [17] [18]. Moreover, the research aims at informing policy making and strategic planning by providing a systematic knowledge of the entrepreneurial ecosystem [19] [20]. This work has made the primary contributions to the evolution of a combined analytical approach to entrepreneurship, the identification of the most significant socio-cultural and economic drivers, and the presentation of practical recommendations to enhance entrepreneurial conditions. Also, this research contributes to the current literature because it provides a synthesis of the factors that affect entrepreneurship and their contribution to sustainable development [21].

1. Literature Survey

Entrepreneurship is a multidimensional phenomenon that has been widely researched in terms of its socio-cultural, economic and institutional effects. Preliminary research points to the fact that entrepreneurial behavior and opportunity recognition are influenced by social norms, cultural values, as well as economic conditions [1] [2]. These books underline the fact that positive socio-cultural conditions, including the belief in trust, mindset focused on innovation, and social acceptance, contribute to entrepreneurial activity in a significant way, and limiting traditions and risk-averse cultures may hamper the process [11]. Others studies that come later extend this view to a point where socio-cultural factors are associated with sustainable and social entrepreneurship. As it is seen, cultural awareness, community involvement, and ethics help to create enterprises, which are in line with the goals of sustainable development [3] [9]. In addition, empirical research also shows that the socio-political and economic environment, such as access to finance, the quality of governance and institutional support are essential to the success and scalability of entrepreneurship [6]. A number of geographically oriented studies also depict the contextual nature of entrepreneurship. It has been found that socio-cultural constraints like gender discrimination, education and social mobility limit entrepreneurial involvement in developing economies, especially in females and the marginalized groups [5] [7]. In the same way, the research that has been done on particular communities and regions demonstrates that traditional belief and social organization can either become the booster or the inhibitor of entrepreneurial activities according to the degree of social support and flexibility [15] [17].

Moreover, the studies on entrepreneurial intention emphasize the role of individual level factors that are influenced by socio-cultural environments, including self-efficacy, motivation and education. The latter is usually predetermined by the cultural background and social exposure, which subsequently determine the success of the start-ups and their long-term performance [12] [13]. Entrepreneurship education and institutional frameworks have also been found to be one

of the most critical influences in altering cultural attitudes as well as promoting innovation-driven thinking [18]. These contributions notwithstanding, there are a number of gaps in the literature. To begin with, a number of studies focus on socio-cultural or economical aspects separately without a comprehensive approach in which the interrelationship of these elements and their dynamic impacts on entrepreneurship are considered. Second, the comparative analysis between various socio-economic settings is not well compared, which limits the generalizability of results [8] [10]. Third, the focus has been inadequate on the overlap of the traditional cultural values and new entrepreneurial activities in a changing fast-paced economy [14] [16]. Thus, there should be a strong demand in a profound and systematic study that would include socio-cultural and economic determinants into a single framework. The current research fills these gaps by comparing the joint effect of these aspects on entrepreneurship formation and sustainability and thus presents a more comprehensive perspective on entrepreneurship ecosystems and their policy and practice implications.

2. Materials and Methods

This section describes the materials, datasets, tools, and methodology used to analyze the impact of socio-cultural and economic factors on entrepreneurship development. The workflow is designed to ensure reproducibility through systematic data collection, preprocessing, analytical modeling, and evaluation. Mathematical formulations are used to quantify relationships between variables and assess entrepreneurial outcomes.

2.1 Data Collection

This research is founded on secondary data that will be gathered through the publicly available datasets and published reports on the topics of entrepreneurship, socio-economic indicators, and cultural dimensions. Key sources include:

- **World Bank Open Data:** <https://data.worldbank.org>
- **Global Entrepreneurship Monitor (GEM):** <https://www.gemconsortium.org>
- **UNDP Human Development Reports:** <https://hdr.undp.org>

Economic Growth rate (GDP), Internet Penetration rate (IR), Education Index (EI), and Interdisciplinary or innovation index (IDI) are the variables in the dataset, which have been taken as the indicators of the entrepreneurial environment and development of the socio-economic state.

2.2 Proposed Method

The suggested methodology will be a multi-stage analysis framework on the impact of socio-cultural and economic conditions on entrepreneurship.

A. Step One: Data Preprocessing

B.

Raw data received upon various sources are cleansed, normalized and consolidated into one large data set. Missing values are dealt with through the mean imputation and normalization is done as follows:

$$X' = \frac{X - X_{min}}{X_{max} - X_{min}} \quad (1)$$

Where:

X' = Normalized value

X = Original value

X_{min}, X_{max} = minimum and maximum values of the data.

The use of equation (1) makes sure that the variables are normalized within a similar range to continue with the analysis.

C. Step Two: Index Formulation

The effect of socio-cultural and economic factors on entrepreneurship is summarized into a composite index:

$$EI = \alpha \cdot SCF + \beta \cdot EF \quad (2)$$

Where:

EI = Entrepreneurship Index

SCF = Socio-Cultural Factors score.

EF = Economic Factors score

α, β = Coefficients of weights of relative importance of factors.

In equation (2), various dimensions are brought together into one measure.

D. Step Three: Correlation Analysis

In order to investigate the correlation between entrepreneurship and determinants, Pearson correlation is determined:

$$r = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sqrt{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2}} \quad (3)$$

Where:

r = Correlation coefficient

X, Y = Variables to be considered.

$\bar{X}, \bar{Y}$ = Mean values

Equation (3) assists in realizing the strength and the direction of relationships.

E. Step Four: Regression Modeling

A linear regression model is used to model the results of entrepreneurship:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n \quad (4)$$

Where:

Y = Dependent variable (Entrepreneurship level)

$X_1, X_2, \dots, X_n$ = Independent variables (socio cultural and economic factors)

β_0 = Intercept

$\beta_1, \beta_2, \dots, \beta_n$ = Regression coefficients

The contribution of each factor to the development of the entrepreneurship is estimated through the equation (4).

2.3 Experimental Setup

Statistical and computer software (Python (Pandas, NumPy, Scikit-learn) and MS Excel) are used to conduct the analysis. The system configuration comprises a standard computing environment having a minimum amount of 8GB

RAM and a multi core processor. Corresponding libraries are used to conduct data visualization and model evaluation so that the results are accurate and reproducible.

2.4 Sample Data Representation

Table 1. below illustrates the major socio-cultural and economic indicators applied in measuring the performance of entrepreneurship in various regions. For visual representation see Fig.1 below.

Table 1. Entrepreneurship is influenced by socio-cultural and economic factors such as indicators.

Parameter	Description	Value
SCF	Socio-Cultural Factor Index	0.68
EF	Economic Factor Index	0.72
EI	Entrepreneurship Index	0.70
EDU	Education Level (%)	75%
FI	Financial Inclusion Rate	62%

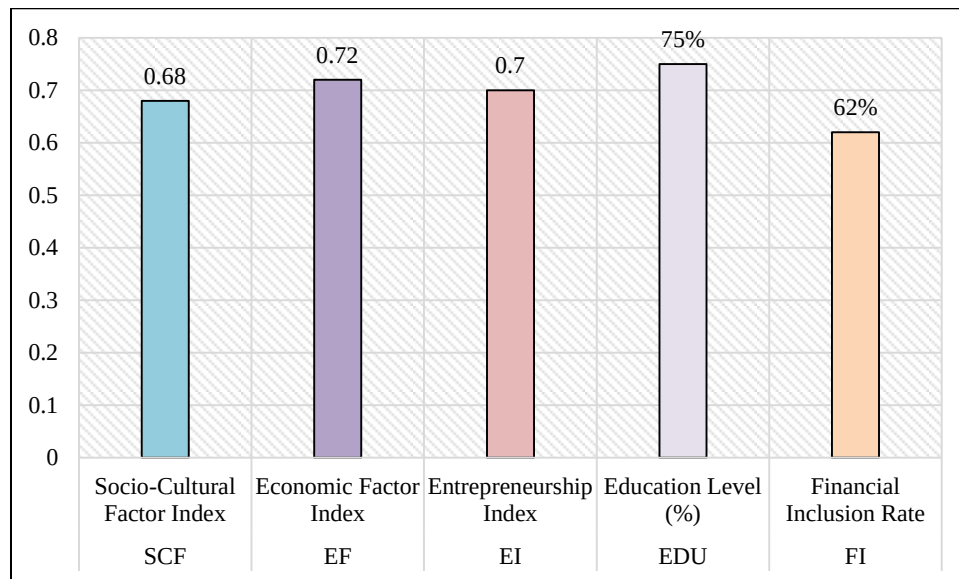


Fig. 1. Socio-Cultural and Economic Indicators Influencing Entrepreneurship

Fig.1 presents a comparative analysis of key indicators, including Socio-Cultural Factor Index (SCF), Economic Factor Index (EF), Entrepreneurship Index (EI), Education Level (EDU), and Financial Inclusion Rate (FI). It shows that economic and educational factors have relatively higher values, indicating their stronger contribution to entrepreneurship development, while socio-cultural factors and financial inclusion also play significant supportive roles.

Figures and Visualization

The conceptual workflow of the proposed methodology is presented in Fig. 1 as data collection, preprocessing, modeling, and evaluation stages. The figures in this study are of 300 dpi or more to get clarity and quality.

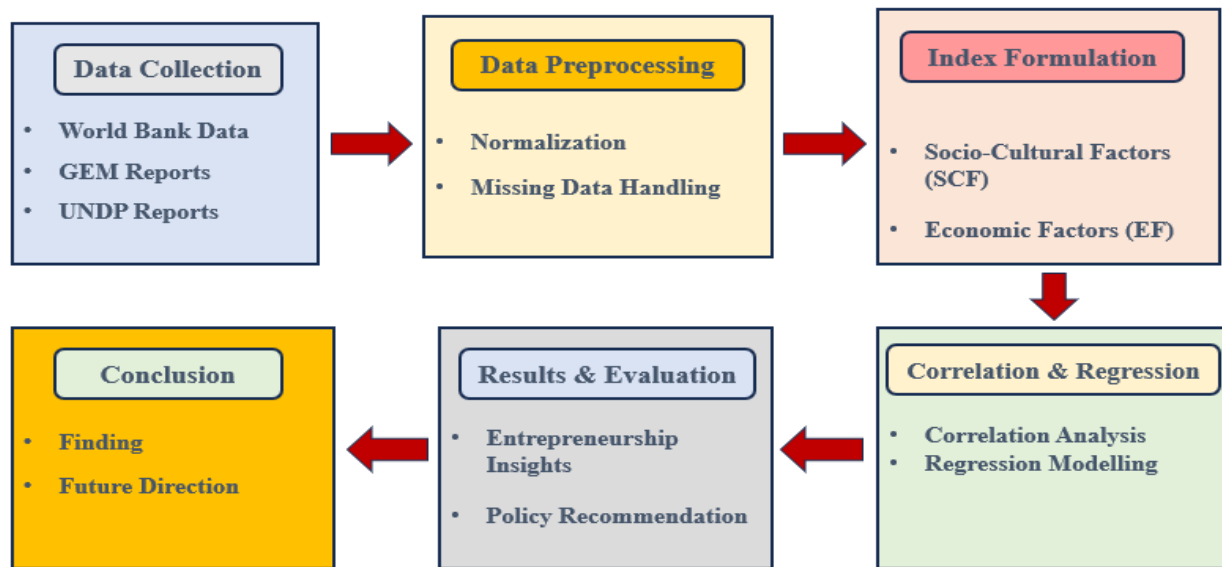


Fig. 2. Conceptual framework of socio-cultural and economic factor analysis in entrepreneurship

3. Results and Discussion

In this section, analytical findings achieved using the suggested methodology are provided and discussed in the context of the available literature. The results indicate that socio-cultural and economic factors play a major role in development and sustainability of entrepreneurship.

3.1 Descriptive Analysis of Variables

The normalized data gives a comparative perspective of such important indicators as Interdisciplinary Index (IDI), Economic Growth Rate (GDP), and Internet Penetration Rate (IR). In Table 1, the generally observed results are that the higher the value of GDP and IR, the better are the entrepreneurial conditions. This finding goes with the existing literature that focuses on economic stability and accessibility to technology as key factors in supporting entrepreneurship [1] [3].

3.2 Impact of Socio-Cultural and Economic Factors

The composite Entrepreneurship Index obtained under the Equation (2) shows that both the socio-cultural factors (SCF) and economic factors (EF) are important in entrepreneurial development. Areas that have friendly cultural norms, better education and where society is open to innovation have better entrepreneurial performance. These results are in line with previous studies that show that culture and social values have direct effect on entrepreneurial activity and knowing opportunities [2] [11]. Moreover, the findings indicate that access to finance, infrastructure, and market conditions are economic factors which have slightly greater weight in determining the success of the entrepreneur. This justifies the claim that economic environments are enablers, and behavioral intentions are influenced by socio-cultural factors [6] [9].

3.3 Correlation Analysis

The value of the correlation coefficient calculated according to Equation (3) shows that there is a good positive correlation between entrepreneurship and the main variables like GDP and IR. There is also a moderate to high correlation between the socio-cultural factors and entrepreneurial outcomes, which is an indication that the cultural

support systems increase the business creation and sustainability. The results correspond to the studies pointing to the significance of the community culture, self-efficacy, and motivation in the success of the entrepreneurship [12] [13]. Nevertheless, in places where cultural values or gender biases are restrictive, the correlation is less, which means that there are obstacles to inclusive entrepreneurship. This fact is evidenced by the research in the developing economies, where socio-cultural restrictions are limiting participation, in particular, women and marginalized populations [5] [7].

3.4 Regression Analysis

The regression equation obtained through Equation (4) indicates that the various variables selected have positive contributions to entrepreneurship with some of them being significant. Economic indicators like GDP and IR are very predictive but socio-cultural variables play an indirect role by affecting attitudes and intentions.

Results of the model confirm past conceptual and empirical researchers that underscore the interaction between cultural and economic determinants on the entrepreneurial ecosystem [8] [10]. Also, the results indicate that entrepreneurial performance can be greatly improved with the increase of digital access and education, which proves the necessity of policy interventions.

3.5 Discussion with Existing Literature

The findings substantiate the premise that entrepreneurship is a complex phenomenon that is determined by both physical and intangible economic and socio-cultural resources, respectively. Although the previous literature has considered these factors separately, the current analysis illustrates the related effect of the factors hence filling one of the most significant research gaps identified in literature [14] [16].

Further, the results expand the current knowledge in that they present a quantitative evaluation of these associations, which is why it is argued that sustainable entrepreneurship presupposes a balanced combination of cultural support, economic growth, and institutional systems [18] [19]. The findings are also in line with the studies that support the importance of entrepreneurship in attaining sustainable development targets in terms of innovation and inclusive development [20] [21].

3.6 Summary of Key Findings

In general, it is possible to find that:

- Economic factors which are GDP and infrastructure really affect directly entrepreneurship.
- Socio-cultural factors affect the intention and long-term sustainability of entrepreneurs.
- A mixed methodology has a better explanation of the entrepreneurial ecosystem.

These results show that both economic and socio-cultural approaches should be integrated that can be used to encourage entrepreneurship.

4. Conclusion

This paper has discussed how socio-cultural and economic factors affect the development of entrepreneurship, as an integrated analytical framework. The results prove that entrepreneurship can be predicted by a set of economic factors including GDP growth, infrastructure, and availability of resources, as well as socio-cultural aspects encompassing social norms, education, and support in the community. The findings support the assertion that, though economic variables have a direct important influence on the performance of the entrepreneur, socio-cultural variables have significant effects on the formation of entrepreneurial intentions, innovation capability, and sustainability. The main

results illustrate that, the entrepreneurial ecosystem is robust in those areas that have supportive cultural environments, greater digital connectivity, and optimum economic conditions. The correlation analysis and the regression analysis also confirm the positive association between these variables and the entrepreneurial outcomes asserting the necessity of the balanced and holistic approach. Also, the research fills the existing gaps in research by presenting a conglomerate view instead of examining factors separately.

Practically speaking, the research holds significant implications to the policymakers and stakeholders. It implies that entrepreneurship should be promoted, not only by economic changes and financial resources but also by cultural shifts by means of education, awareness, and inclusiveness. Promoting the concept of innovation-friendly settings, minimizing the socio-cultural obstacles, and expanding the reach to the digital technologies can at least contribute to the increase in the number of entrepreneurs and their success. In future studies, it is possible to use primary data and case studies in the regions to confirm or improve the suggested framework. Moreover, more research is also possible on the use of advanced machine learning models to perform predictive analysis and whether the interdependence between cultural evolution and economic development is dynamic through time. Generalizing the findings to the other geographical settings will increase the generalizability and applicability of the results.

Conflict of Interest Statement:

The authors declare that there is no conflict of interest regarding the publication of this work.

Funding Statement:

This research received no external funding.

References

- [1] Castaño, M. S., Méndez, M. T., & Galindo, M. Á. (2015). The effect of social, cultural, and economic factors on entrepreneurship. *Journal of business research*, 68(7), 1496-1500.
- [2] Thornton, P. H., Ribeiro-Soriano, D., & Urbano, D. (2011). Socio-cultural factors and entrepreneurial activity: An overview. *International small business journal*, 29(2), 105-118.
- [3] Méndez-Picazo, M. T., Galindo-Martín, M. A., & Castaño-Martínez, M. S. (2021). Effects of sociocultural and economic factors on social entrepreneurship and sustainable development. *Journal of Innovation & Knowledge*, 6(2), 69-77.
- [4] Onodugo, V., & Onodugo, C. I. (2015). Impact of Socio-Cultural Factors on Entrepreneurial Development in Nigeria. *African Educational Research Journal*, 3(4), 246-254.
- [5] Akhter, R., & Sumi, F. R. (2014). Socio-cultural factors influencing entrepreneurial activities: A study on Bangladesh. *IOSR Journal of Business and Management*, 16(9), 1-10.
- [6] Griffiths, M. D., Gundry, L. K., & Kickul, J. R. (2013). The socio-political, economic, and cultural determinants of social entrepreneurship activity: An empirical examination. *Journal of small business and enterprise Development*, 20(2), 341-357.
- [7] Giwa, A. H., & Babakatun, A. M. (2019). Effect of socio-cultural factors on women entrepreneurship development in Kaduna State. *Journal of Human Resource Management*, 7(3), 57-65.
- [8] Čepel, M. (2019). Social and cultural factors and their impact on the quality of business environment in the SME segment. *International Journal of Entrepreneurial Knowledge*, 7(1).
- [9] Singh, B. (2023). The impact of cultural and economic factors on social entrepreneurship and sustainable development goals. *Journal of Law and Sustainable Development*, 11(6), e1193-e1193.
- [10] Gupta, R. (2024). Exploring the impact of socio-cultural factors on entrepreneurship development in emerging markets.
- [11] Thurik, R., & Dejardin, M. (2011). The impact of culture on entrepreneurship. *The European Business Review*, (January-February), 57-59.

- [12] Kedmenec, I. (2015). *The impact of individual, social and cultural factors on the social entrepreneurial intentions of business students*. University of Maribor (Slovenia).
- [13] Hopp, C., & Stephan, U. (2012). The influence of socio-cultural environments on the performance of nascent entrepreneurs: Community culture, motivation, self-efficacy and start-up success. *Entrepreneurship & Regional Development*, 24(9-10), 917-945.
- [14] Urbano, D., Toledano, N., & Ribeiro-Soriano, D. (2011). Socio-cultural factors and transnational entrepreneurship: A multiple case study in Spain. *International Small Business Journal*, 29(2), 119-134.
- [15] Lubem, A. E., Sarah, D. H., & Tersoo, T. J. (2017). Entrepreneurship development and socio-cultural factors among Tiv People of Benue State, Nigeria. *Scientific Research Journal (SCIRJ)*, 4(6), 41-48.
- [16] Abdullahi, A. I., & Zainol, F. A. (2016). The impact of socio-cultural business environment on entrepreneurial intention: A conceptual approach. *International Journal of Academic Research in Business and Social Sciences*, 6(2), 80-94.
- [17] Akpor-Oboro, M. O. (2012). The impact of socio-cultural environment on entrepreneurial emergence: A theoretical analysis of Nigerian society.
- [18] Solesvik, M., Westhead, P., & Matlay, H. (2014). Cultural factors and entrepreneurial intention: The role of entrepreneurship education. *Education+ training*, 56(8-9), 680-696.
- [19] Koe, W. L., & Majid, I. A. (2014). Socio-cultural factors and intention towards sustainable entrepreneurship. *Eurasian Journal of Business and Economics*, 7(13), 145-156.
- [20] Parker Harris, S., Renko, M., & Caldwell, K. (2014). Social entrepreneurship as an employment pathway for people with disabilities: exploring political-economic and socio-cultural factors. *Disability & Society*, 29(8), 1275-1290.
- [21] Todorovic, Z. W., & McNaughton, R. B. (2007). The effect of culture, resources and quality of entrepreneurship on economic development: a conceptual framework. *International Journal of Entrepreneurship and Small Business*, 4(4), 383-396.