The Impact of External Environmental Factors, Entrepreneurial Motivation, Social Support, and Business Knowledge on the Success of Start-ups

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ABSTRACT
This research explores the intricate dynamics influencing the success of start-up ventures, focusing on the interactions between external environmental factors, entrepreneurial motivation, social support, and business knowledge. Through a quantitative approach and employing Partial Least Squares Structural Equation Modeling (PLS SEM), data from a diverse sample of 170 participants in Indonesia were analyzed. The results unveil significant positive relationships between sustainable marketing strategies, environmental awareness, and consumer preferences for eco-friendly products, highlighting the pivotal role of external factors and intrinsic drivers in shaping entrepreneurial endeavors. Additionally, the findings underscore the mediating role of environmental awareness in the relationship between sustainable marketing strategies and consumer preferences, emphasizing the importance of integrating sustainability principles into marketing strategies. These insights contribute to a deeper understanding of the multifaceted determinants of start-up success and offer actionable recommendations for fostering a conducive ecosystem for entrepreneurial growth and innovation in Indonesia.

INTRODUCTION
Start-up success is a subject of significant interest in the entrepreneurial landscape, with scholars and practitioners alike striving to understand the complex interplay of factors that contribute to it (Rasmussen, 2022). Among these factors, external environmental dynamics, entrepreneurial motivation, social support systems, and business knowledge emerge as crucial determinants shaping the trajectory of nascent ventures (Harada & Sengoku, 2019). The contemporary entrepreneurial ecosystem, characterized by rapid technological advancements, shifting market landscapes, and evolving consumer behaviors, underscores the importance of comprehensively investigating these elements. By delving into these dimensions, this research seeks to shed light on how start-ups navigate the challenges posed by their external environment and leverage internal resources to achieve sustainable growth.

In recent years, the surge in entrepreneurial activity has coincided with a growing recognition of the significance of external environmental factors (Hopp & Stephan, 2012). These encompass a broad spectrum of influences ranging from regulatory frameworks and economic conditions to technological disruptions and industry dynamics (Yoo, 2015). Understanding how start-ups respond and adapt to these external forces is imperative for formulating effective strategies conducive to success (Gucer-Ucar & Koch, 2016). Moreover, entrepreneurial motivation emerges as a pivotal force driving individuals to embark on ventures despite the inherent risks and uncertainties (Ephrem et al., 2021). Exploring the nuanced relationship between motivation and start-up success provides invaluable insights into the underlying mechanisms shaping entrepreneurial endeavors.
However, the journey of entrepreneurship is seldom solitary, as social support networks play a pivotal role in bolstering the resilience and efficacy of start-ups (Nielsen, 2020). Family, friends, mentors, and peer networks constitute vital sources of encouragement, advice, and resources for aspiring entrepreneurs (Mercier et al., 2020). The quality and extent of social support can profoundly influence an entrepreneur's ability to navigate challenges, seize opportunities, and sustain motivation amidst adversity. Furthermore, the accumulation of business knowledge, encompassing industry-specific insights, managerial competencies, and strategic acumen, equips entrepreneurs with the requisite tools to make informed decisions and steer their ventures towards success. Understanding how these elements synergize within the start-up ecosystem is essential for devising holistic approaches to foster entrepreneurial achievement.

Despite the burgeoning interest in start-up success determinants, gaps persist in our understanding of the intricate interplay between external environmental factors, entrepreneurial motivation, social support structures, and business knowledge. While existing literature offers valuable insights into individual dimensions, a comprehensive understanding of their collective impact remains elusive. Consequently, there is a pressing need to unravel the multifaceted dynamics underpinning start-up success, elucidating how these diverse factors interact and influence entrepreneurial outcomes.

This research aims to investigate the interrelation between external environmental factors, entrepreneurial motivation, social support mechanisms, and business knowledge concerning their impact on the success trajectory of start-ups. By empirically examining these dimensions, the study seeks to elucidate the complex interplay of factors shaping entrepreneurial endeavors and provide actionable insights for entrepreneurs, policymakers, and stakeholders invested in fostering a conducive ecosystem for start-up growth and sustainability.

The significance of this research lies in its potential to inform and guide various stakeholders within the entrepreneurial ecosystem. By unraveling the intricacies of start-up success determinants, the findings can offer practical implications for entrepreneurs seeking to navigate the challenges of the contemporary business landscape. Additionally, policymakers can leverage these insights to design targeted interventions and support programs aimed at fostering entrepreneurship and driving economic growth. Furthermore, investors and incubators stand to benefit from a deeper understanding of the factors influencing start-up success, enabling them to make more informed investment decisions and provide tailored support to nascent ventures. Ultimately, this research contributes to advancing knowledge in entrepreneurship studies and facilitates the creation of a more vibrant and resilient start-up ecosystem.

**Literature Review And Hypothesis Development**

1. **External Environmental Factors**

   External environmental factors play a significant role in the context of start-ups. These factors include the level of development of the economy, corruption, intensive migration of the population, and the influence of the pandemic on the competitiveness of the enterprise (Song et al., 2022). Start-ups are increasingly being influenced by environmental concerns, both internally and externally. The networking efforts of start-ups are found to be related to their external environmental concerns, highlighting the significance of these concerns for business operations (Sheoran & Kumar, 2020). Additionally, the environment in which venture capitalists conduct their investments is
an important factor to consider in start-up valuation. Incorporating information about the investee companies' environment allows for a more accurate estimate of the value of the projects (Petrovici, 2022). Understanding the mutual impact of factors of regional development and successful start-ups is crucial in regional innovation policy. Factors such as the regional environment and external factors have been identified and analyzed to model innovative processes in the region (Dusatkova & Zinecker, 2016).

2. Entrepreneurial Motivation

Entrepreneurial motivation refers to the internal drive that individuals have to start and develop new businesses by identifying and accessing entrepreneurial opportunities. It is an important factor in entrepreneurship as it provides the motivation and creativity needed to succeed in the competitive business world (Saputra et al., 2023). Motives for becoming an entrepreneur can vary and include factors such as the desire for independence, financial gain, previous experience, unemployment, and the fulfillment of personal ambitions (Caliendo et al., 2023). Research has shown that individuals with higher levels of entrepreneurial motivation tend to have better business performance, particularly in terms of innovation and expansion activities (Haq et al., 2022). Motivation can be influenced by various factors, including entrepreneurship education, which has been found to have a significant impact on students' entrepreneurial motivation (Newth & Woods, 2014). Overall, entrepreneurial motivation plays a crucial role in driving individuals to start and grow their businesses, leading to positive outcomes such as increased income, job creation, and business expansion (Caliendo et al., 2023).

3. Social Support

Social support refers to the assistance and resources provided by friends, family, and other individuals in times of need or crisis. It plays a crucial role in improving quality of life, promoting academic achievement, and maintaining mental health. Studies have shown that social support can have various forms, including informational support, emotional support, financial support, and service support. The use of a supportive communication style by medical workers has been found to be important in the doctor-patient interaction, with a demand for increased emotional support. Social support has also been explored in the context of organ transplantation, where it has been found to have positive effects on patients' quality of life and adherence. Additionally, social support theory has been developed in criminology, emphasizing the importance of creating a society with more social support to prevent crime. Overall, social support is seen as a valuable resource that can provide individuals with a sense of belonging, assistance, and resilience in various aspects of life (Berry et al., 2019; Jain & Jha, 2022; Kiselnikova & Pashkovsky, 2022)[1] [2] [3] [4] [5]

4. Business Knowledge

Business knowledge is crucial for the success of entrepreneurs and small and medium-sized enterprises (SMEs) in both domestic and international markets. It enhances an entrepreneur’s ability to generate revenue and reduces costs and investments that may lead to losses (Huang, n.d.). The type of knowledge required for internationalization varies, with tacit and specific knowledge elements having the strongest influence on the decision to become international and the rate and intensity of internationalization (Sáfrányné Gubik & Bartha, 2020). Companies need to develop their knowledge potential and create a knowledge map to identify and improve their current knowledge distribution (Kline, 2023). The resource-based approach to the firm...
has evolved into the knowledge-based approach, emphasizing the importance of knowledge management in modern businesses (Carpanen et al., 2016). While business knowledge is valued, the craftsmanship in communication matters has increased in importance for communication managers (Sievert et al., 2016).

5. **Hypothesis Development**

a. **Hypothesis 1:** Start-up success is positively influenced by favorable external environmental conditions such as regulatory support, market stability, and technological advancements. A conducive external environment provides opportunities for growth and innovation, thus positively impacting the success trajectory of start-ups.

b. **Hypothesis 2:** Entrepreneurial motivation plays a pivotal role in determining the success of start-ups. Individuals with high levels of motivation are more likely to persist in the face of challenges, seize opportunities, and mobilize resources effectively, ultimately contributing to the success of their ventures.

c. **Hypothesis 3:** Social support networks, including family, friends, mentors, and peer groups, significantly influence start-up success. Adequate social support provides emotional encouragement, practical advice, and access to resources, enhancing the resilience and efficacy of entrepreneurs in navigating the complexities of the entrepreneurial journey.

d. **Hypothesis 4:** Accumulation of business knowledge, encompassing industry-specific insights, managerial competencies, and strategic acumen, positively impacts start-up success. Entrepreneurs equipped with relevant knowledge and skills are better equipped to make informed decisions, identify market opportunities, and effectively manage their ventures, leading to enhanced success outcomes.

**METHOD**

This study employs a quantitative approach to investigate the relationships between external environmental factors, entrepreneurial motivation, social support, business knowledge, and start-up success. A sample size of 170 participants is selected using purposive sampling technique, ensuring representation from diverse industries and geographic locations. Purposive sampling enables the selection of participants based on their relevance to the research objectives, thus ensuring that the sample comprises individuals actively engaged in entrepreneurial activities. Data collection involves the administration of structured questionnaires designed to measure the variables of interest, including external environmental factors, entrepreneurial motivation, social support, business knowledge, and start-up success metrics. Subsequently, Partial Least Squares Structural Equation Modeling (PLS SEM) is employed to analyze the collected data. PLS SEM offers a robust analytical framework for examining complex relationships between latent constructs, allowing for the assessment of both measurement and structural models. Through rigorous statistical analysis, this methodology enables the exploration of the interplay between the key variables and their impact on start-up success, thereby providing valuable insights into the dynamics of the entrepreneurial ecosystem.
RESULTS AND DISCUSSION

1. Respondent Demographic

The sample population for this study comprises 170 participants actively involved in entrepreneurial activities across diverse industries and geographic locations. Among these participants, 55% identify as male, while 45% identify as female, ensuring a balanced representation of gender within the sample. In terms of age distribution, the majority of respondents fall within the age range of 25 to 40 years old, constituting 70% of the sample. Additionally, 20% of respondents are aged 41 to 55 years old, while the remaining 10% are aged 56 years old and above, reflecting a broad spectrum of age groups within the entrepreneurial community. Education level among the participants is varied, with 40% holding a bachelor's degree as their highest qualification. Furthermore, 30% of respondents possess a master's degree or equivalent, indicating a significant proportion of participants with advanced educational backgrounds. Additionally, 20% of participants have completed some form of vocational or technical training, while 10% have attained a doctoral degree or professional certification, highlighting the diversity of educational attainment within the sample. Geographically, the respondents are distributed across different regions, with 35% located in urban areas, 45% in suburban areas, and 20% in rural areas. This geographic diversity ensures a representative sample that captures the entrepreneurial landscape across various settings. Moreover, in terms of professional experience, the majority of respondents (60%) have been involved in entrepreneurial activities for 5 to 10 years, indicating a significant level of experience within the sample. Additionally, 25% of participants have less than 5 years of entrepreneurial experience, while the remaining 15% have over 10 years of experience in the field, reflecting a range of expertise levels among the respondents.

2. Structural Model

The Partial Least Squares Structural Equation Modeling (PLS SEM) analysis yielded comprehensive insights into the validity, reliability, multicollinearity, model fit, and explanatory power of the proposed research model. Firstly, the validity of the model was scrutinized through convergent validity and discriminant validity assessments. The obtained average variance extracted (AVE) values ranging from 0.582 to 0.777 surpassed the conventional threshold of 0.5, indicating satisfactory convergent validity. Furthermore, the composite reliability (CR) values ranging from 0.775 to 0.978 exceeded the acceptable threshold of 0.7, affirming the reliability and internal consistency of the measurement models. Discriminant validity was confirmed as the square root of the AVE of each construct exceeded the correlations between constructs, demonstrating adequate discriminant validity. Additionally, the analysis revealed acceptable levels of multicollinearity among the independent variables, as indicated by Variance Inflation Factor (VIF) values ranging from 3.255 to 3.941, below the threshold of concern. Moreover, model fit indices including the Standardized Root Mean Square Residual (SRMR) and root mean square theta (rms theta) demonstrated favorable results, with SRMR at 0.077 and rms theta at 0.078, both below the recommended thresholds, signifying a good fit between the hypothesized model and the observed data. Lastly, the model's explanatory power, denoted by R square (R²) value of 0.840, indicated that approximately 84% of the variance in the endogenous constructs was accounted for by the model, underscoring its robust predictive capability regarding start-up success. These findings collectively validate the reliability, validity, and appropriateness of the PLS SEM model in explicating the relationships.
between external environmental factors, entrepreneurial motivation, social support, business knowledge, and start-up success, thereby enriching our understanding of entrepreneurial dynamics and informing future research and practical endeavors in the field.

3. **Bootstrapping**

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<td>Hypothesis 1</td>
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Source: Data Analysis Result, 2024

Table 1 presents the bootstrapping results for the hypotheses testing regarding the impact of external environmental factors, entrepreneurial motivation, social support, and business knowledge on start-up success. Each hypothesis is evaluated based on the original sample, sample mean, standard deviation, t statistics, and p-values. Hypothesis 1 posits a positive relationship between external environmental factors and start-up success. The analysis reveals a statistically significant relationship (p < 0.001), with a t-statistic of 6.237, suggesting strong support for the hypothesis. Similarly, Hypothesis 2, which examines the influence of entrepreneurial motivation on start-up success, yields a significant relationship (p = 0.005) with a t-statistic of 7.727, indicating substantial empirical support for the hypothesis.

Moving to Hypothesis 3, which explores the impact of social support on start-up success, the findings demonstrate a significant relationship (p < 0.001) with a t-statistic of 6.111, underscoring the importance of social networks in fostering entrepreneurial success. Finally, Hypothesis 4, which investigates the role of business knowledge in start-up success, reveals a statistically significant relationship (p < 0.001) with a t-statistic of 6.815, highlighting the crucial role of knowledge and expertise in driving entrepreneurial outcomes.

Overall, the bootstrapping results provide robust empirical evidence supporting the hypothesized relationships between external environmental factors, entrepreneurial motivation, social support, business knowledge, and start-up success. These findings contribute to a deeper understanding of the factors driving entrepreneurial success and underscore the importance of considering multifaceted influences in fostering a conducive environment for start-up growth and innovation.

**Discussion**

The bootstrapping results presented in Table 1 provide valuable insights into the intricate relationships between external environmental factors, entrepreneurial motivation, social support, business knowledge, and start-up success. These findings underscore the multifaceted nature of factors influencing entrepreneurial outcomes, highlighting the interplay between internal and external dynamics in shaping the success trajectory of start-up ventures. The significant positive relationship found between external environmental factors and start-up success reaffirms the pivotal role of a conducive external environment in fostering entrepreneurial growth and innovation. Supportive regulatory frameworks, stable market conditions, and technological advancements are crucial in facilitating start-up success by providing
opportunities for growth and mitigating risks (Gok et al., 2021; Hinz et al., 2023; Kee & Khin, 2019).

Similarly, the results concerning the impact of entrepreneurial motivation on start-up success emphasize the significance of intrinsic drivers in entrepreneurial endeavors (Ephrem et al., 2021). Motivated entrepreneurs are more likely to exhibit perseverance, resilience, and proactive problem-solving behaviors, essential for navigating the challenges inherent in start-up ventures (Gok et al., 2021). Fostering and nurturing entrepreneurial motivation through mentorship, skill-building programs, and recognition of achievements can enable individuals to realize their entrepreneurial aspirations and contribute to economic growth and innovation (Hopp & Stephan, 2012).

Moreover, the analysis reveals a significant positive relationship between social support and start-up success, highlighting the instrumental role of interpersonal networks in shaping entrepreneurial outcomes. Entrepreneurs benefiting from strong social support systems, including family, friends, mentors, and peer networks, are better equipped to overcome challenges, access resources, and capitalize on opportunities. Cultivating and leveraging social capital in the entrepreneurial ecosystem is crucial, emphasizing the need for collaborative efforts among stakeholders to provide holistic support to nascent ventures (Kee & Khin, 2019; Suresh & Ramraj, 2012; Závodská & Šramová, 2018).

Furthermore, the findings concerning the influence of business knowledge on start-up success underscore the critical importance of expertise and industry-specific insights in driving entrepreneurial outcomes. Entrepreneurs equipped with relevant knowledge, skills, and strategic acumen are better positioned to identify market opportunities, make informed decisions, and navigate competitive landscapes effectively. Continuous learning, skill development, and knowledge-sharing initiatives are essential in enhancing the competitiveness and sustainability of start-up ventures (Chen et al., 2023; Hasan et al., 2022; Tisyadi et al., 2021).

CONCLUSION

In conclusion, the bootstrapping results presented in Table 1 provide compelling evidence regarding the critical factors influencing start-up success. The findings underscore the multifaceted nature of entrepreneurial endeavors, emphasizing the interplay between external environmental factors, entrepreneurial motivation, social support, and business knowledge. The significant positive relationships identified between these variables and start-up success highlight the importance of fostering a conducive ecosystem that nurtures entrepreneurial talent, supports innovation, and facilitates growth. Policymakers, stakeholders, and support organizations can leverage these insights to design targeted interventions and initiatives aimed at creating an enabling environment for start-up ventures. By addressing the diverse dimensions outlined in the analysis, stakeholders can contribute to the cultivation of a vibrant and resilient entrepreneurial ecosystem, driving economic growth and fostering a culture of innovation and entrepreneurship.
Reference


