

# Exploring the Nexus of Entrepreneurship: The Role of Institutional Pressure and Political Stability in Subjective Well-Being and Psychological Functioning

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## Abstract

The underpinning research objective of the current study is to evaluate the relationship between entrepreneurship and well-being. As the prior studies fail to understand as relationship self-employment and well-being. The current study proposed that framework to investigate the purposeful engagement, skills, and capabilities along with external factors like institutional pressure and political stability shape this connection. The present study collects the data through survey from entrepreneurs listed on Lahore chamber of commerce currently operating in Lahore, Pakistan. Structural equation modeling technique is being used to evaluate the proposed model. The findings of current study indicate that social and personal functioning positively mediate the relationship between entrepreneurial ventures and well-being. Exploring the nexus of entrepreneurship within the context of broader socio-political influences, we hope to uncover insights that can inform both academic understanding and practical implications for individuals engaged in entrepreneurial activities.

**Keywords:** Nexus of entrepreneurship, institutional pressure, political stability, psychological and well-being.

Entrepreneurship is the dynamic process of discovering, developing, and managing ventures that introduce groundbreaking ideas to the market. Yet, this journey is far from smooth. Entrepreneurs frequently face uncertainties, financial limitations, intense competition, and the constant demand to adjust to ever-changing market landscapes. The risks involved, spanning from gaining market acceptance to overcoming operational obstacles, call for resilience and strategic thinking. Successfully navigating these challenges necessitates a blend of creativity, business insight, and the capacity to glean valuable lessons from setbacks, ultimately shaping the unique and transformative path of entrepreneurship. In additionally the perception of entrepreneurship and subjective well-being are positively links and have positive effect with entrepreneurship (subjective well-being is the presence of positive affect, the absence of negative affect, and the experience of happiness/satisfaction—that reflects experiencing life in positive ways (Diener, 1984). many writers are already discussing countless sides of subjective well-being all previous studies in conclusions shows that subjective well-being is about taking opportunities, valuations and taking risk for concerned with future and access that the person who are engaged in entrepreneurship/self-employment are more satisfied with life and daily works.

In recent studies researcher are evaluates the aspect of “eudaimonic” aspect of well-being which are related to physiological functioning and evaluated with cross sectional studies that physiological functioning are critical mediator in context with subjective well-being (SWB here after) and entrepreneurship, hence they theorize that aspects of psychological functioning—purposeful engagement with life, adapting to challenging and uncertain situations, realization of personal talents and capabilities, and fulfillment of intrinsic needs of autonomy, competence, and relatedness—serve as pathways through which

entrepreneurs experience subjective well-being as an aftershock of engagement in entrepreneurship (Nikolaev et al., 2020). The research seeks to address the limitation by concentrating the relationship entrepreneurship & SWB at the context of national level motivations and satisfactions to that we define intuitional pressure as a mediator in SWB and physiological functioning as well as political stability as a moderator relationship between personal and social functioning, and well-being thus we define the institutional pressure as a unbind link with entrepreneurship and SWB.

We have comprehensively analysis this research with the sample of entrepreneurship /self-employed people and supervisor /managers entrepreneurs by using structural equation modeling (S.E.M) and we get the result as the entrepreneurship is associated with political instability and institutions pressure in term of benefits and substantial both play crucial role in SWB of an entrepreneurship. Our study not only contributes to literature as well provide new intuition for researchers. Political stability and intuitional pressure are the most important aspects of entrepreneurship.

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### Subjective well-being

Subjective well-being encompasses components of positively experiencing life, including emotional states as well as cognitive assessments of global life judgments and domain satisfaction (Diener et al., 1984). As previously stated, SWB is comprised of two distinct well-being accounts: hedonic and evaluative. Well-being is defined in hedonic accounts as the presence of positive affect (pleasure) and the absence of negative affect (pain) (Kahneman et al., 1999). At the empirical level, hedonic well-being has been operationalized as a wide variety of positive and negative feeling states—emotions and moods like joyful, peaceful,

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sad, anxious, or fatigued—that people experience in their everyday lives (Barsade & Gibson, 2007). The evaluative account of well-being, on the other hand, views well-being as a cognitive assessment of how well a person's life is going (Diener, et al., 1985). While it is commonly acknowledged that these components of human experience are fundamentally significant, it is also largely acknowledged that SWB fails to portray the richness of what it means to live a fully functional life (Ryan & Deci, 2000).

**H1:** According to the findings of recent studies, entrepreneur-supervisors had greater levels of subjective well-being than wage workers.

### Philological functioning

While we have demonstrated that entrepreneurship may lead to higher levels of SWB independent of values-based, and this benefit is primarily mediated by psychological functioning. Furthermore, we divide psychological functioning into personal and social components, providing a more complex picture of how positive life involvement, such as engaging in purposeful activities and completing demanding tasks, might enhance SWB. We'll start with personal functioning and then move on to social functioning (Nikolaev et al., 2020).

### Personal functioning

Personal functioning is a multifaceted concept that is comprised of people's resilience, meaning and purpose, autonomy and control, engagement, competence, and self-acceptance (Diener et al., 2010; Nikolaev et al., 2020). In this view, resilience represents working well (positive functioning) despite experiencing extreme stress, and it might be especially relevant in the context of entrepreneurship, which is difficult and unclear in terms of obtaining positive outcomes. (Shepherd, 2003; Shepherd, 2009).

**H2:** Entrepreneur-supervisors experience higher levels of personal functioning, which partially mediates the relationship between entrepreneurship and subjective well-being.

### Social functioning

The second dimension of psychological functioning is social and deals with stable relationships and active engagement with others (Cohen & Wills, 1985; Keyes, 1998). Social functioning manifests itself via variations in people's (1) strong ties (2) weak ties, and (3) civic involvement. Strong ties reflect the quality of "bonding ties" with people close to the individual such as family, friends and close co-workers (Nikolaev et al., 2020). Salaried staff, on the other hand, are typically expected to collaborate with personnel picked by upper management (Nikolaev et al., 2020). According to earlier research, for instance, self-employed individuals are more likely than organizational workers to report feeling psychologically linked, meaning they have more close friends and family concerned about their well-being and spend more time alone with those around them (Shir et al., 2018). Thus, it may be inferred that social functioning plays a role as a mediator between entrepreneurship and elevated subjective well-being.

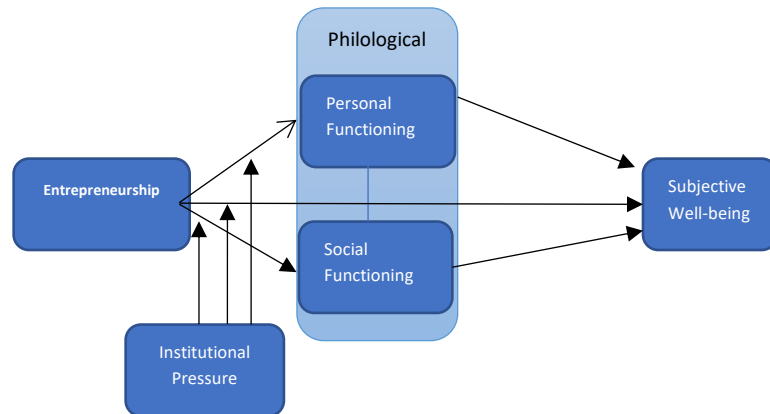
**H3:** Higher social functioning among entrepreneur-supervisors is a feature that partially mediates the relationship between subjective well-being, Philological functioning and entrepreneurship.

### Institutional pressure

The institutional viewpoint on entrepreneurial activity emphasizes the significance of institutions as a framework for action that creates the right structure for economic exchanges while allowing for risk minimization and human engagement (del Olmo-García et al., 2020). Entrepreneurial activity is influenced by the institutional and economic environment in which entrepreneurs operate (Del Olmo-García et al., 2020). Strategic responses to institutional pressure include also concealment, co-operation, influence, and escape (Yan & Manolova, 2002). The impact of institutional pressure on entrepreneurial firm in transforming economics presents a puzzling paradox. On the other hand, institution reforms made entrepreneur endeavors possible, after communist rule had suppressed private initiative for decades (Manev et al., 1997).

**H4:** Entrepreneur-supervisors experience higher levels SWB in countries with lower institutions pressure, political instability significantly moderates the relationship between personal and social functioning, and well-being.

### Theoretical Model



**Figure 1:** Theoretical Framework

### METHODOLOGY

The structural equation modeling approach is used in this work to examine the assumptions. The current study's objective to contribute to the extension of underpinning theory by giving empirical proof was one of the underlying reasons for using smart pls statistical method. Furthermore, because the current study's theoretical framework is formative and reflective, smart pls is seen to be more suited for reflective and formative constructs (Jarvis et al., 2003). The demographic for this study is SMEs from Pakistan's entrepreneurs/managerial level. The current study gathers data through a survey of entrepreneurs listed on the Lahore chamber of commerce who are actively working in Lahore, Pakistan. The average observation approach was used to get the minimal sample size. Based on a priori estimates, the minimal sample size of 250 is sufficient. The current study, questionnaires were distributed, and a google form survey-based approach was used. The primary data was gathered in the first two weeks of November 2023. The survey questionnaire's final form had 50 items to assess the constructs. Our unit of collection of data from entrepreneur /self-employed and supervisor /managerial level and our research onion are

(Positivism, Deductive, Survey (experimental), Quantitative, Cross-sectional) for collecting responses.

## RESULTS AND ANALYSIS

Validity has been checked through assessment of measurement model. The assessment of measurement model follows two factors convergent reliability, validity and assessment of discriminant validity. While structural model assessment includes testing of hypotheses. (Bokhari et al., 2022). The present study evaluates the reliability and convergent validity using Cronbach' alpha, rho\_A, CR, and AVE. The results of convergent validity assessment were reported in table 1.

**Table 1:** Construct Reliability and Validity

	CA	rho_A	CR	AVE
IP	0.924	0.932	0.935	0.549
PF	0.868	0.903	0.889	0.640
SWB	0.721	0.837	0.713	0.590
SE	1.000	1.000	1.000	1.000
SF	0.739	0.820	0.807	0.659

**Note:** IP= Intuitional Pressure, PF= Personal function, SF= Social function, SE= Self-employed, CA= Cronbach Alpha, CR= composite reliability, AVE= average variance extracted.

The cut-off value of Cronbach' Alpha, rho\_A, and CR are 0.70 (Taber, 2018) the rho\_A is important for the evaluation of internal consistency. The findings of current study show the value of all the indicators within the threshold value except the value of Cronbach' Alpha of SWB. The evaluation of the measurement model includes a check of the discriminant validity. Each concept is measured separately, and there shouldn't be much correlation between them. (Shaffer et al., 2016). Table 2 displays the results of discriminant validity. Two distinct techniques, known as Heterotrait-Monotrait (HTMT) and Fornell-Larcker, have been used in literature (Al-Marroof & Al-Emran, 2018). According to earlier research, the HTMT technique is more suitable for the examination of discriminant validity since the Fornell-Larcker approach was used for the first approach. Moreover, the value of HTMT is described by two alternative techniques. The threshold value, as per the first technique, should not exceed 0.90. (Gold et al., 2001). Yet, the second method states that the amount taken into consideration must not exceed its threshold value of 0.85, which is described by (Kline, 2011). This study evaluated discriminant validity using an HTMT cut-off value of 0.90. Although there is perfect positive correlation with Moderating Effects and Self-employed, and there is perfect negative correlation between physiological function and SWB WITH Moderating Effects.

**Table 2:** Discriminant Validity

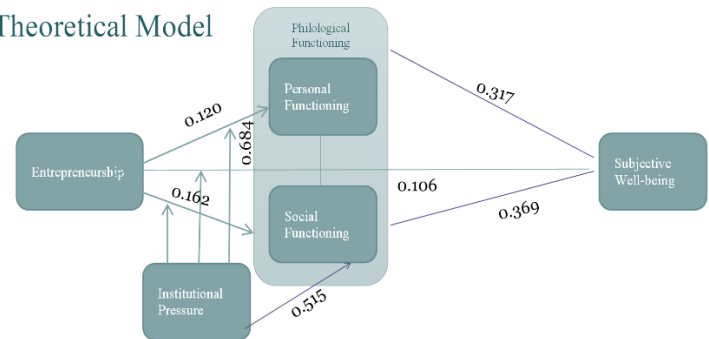
	Institutional Pressure	Personal function	SWB	Self-employed	Social function
IP					
PF	0.673				
SWB	0.403	0.590			
SE	0.242	0.142	0.215		
SF	0.494	0.608	0.608	0.173	

**Note:** IP= Intuitional pressure, PF= personal function, SF= Social function, SE= self-employed.

## STRUCTURAL MODEL ASSESSMENT

The assessment of structural model reported the constructs are related with underpinning theory (hair et al., 2013). for this current study, PLS-SEM being used for assessment of structural models. the findings relationship is reported in table 3. the current findings show the results regarding pf and sf are positively and significantly associated with IP ( $\beta = 0.68$ ,  $t = 10.47$ ,  $p = 0.00$ ;  $\beta = 0.52$ ,  $t = 4.97$ ,  $p = 0.00$ ) which affirms that institutional pressure have significantly affect on psychological fencing. moreover, the entrepreneur and SF are positively and significantly associated with SWB ( $\beta = 0.11$ ,  $t = 2.16$ ,  $p = 0.03$ ;  $\beta = 0.37$ ,  $t = 2.39$ ,  $p = 0.02$ ) which indicate that entrepreneur and sf significantly support the SWB. additionally, pf has positive and non-significant association with se and SWB ( $\beta = 0.32$ ,  $t = 1.85$ ,  $p = 0.07$ ;  $\beta = 0.12$ ,  $t = 1.68$ ,  $p = 0.09$ ) as well as se have positive and non-significant association with SWB. All other figures have negative and non-significant association with finding. the structural model evaluation was documented in the values of the coefficients and p-values are shown in parenthesis in tables 3 and 4, and the value of  $R^2$  is 0.434, indicating that the latent construct accounts for 43.4% of the variance in SWB.

## Theoretical Model



**Table 3:** Testing of Hypothesis

	Coeff	SD	T-value	P-value	Decision
IP -> PF	0.680	0.070	10.47	0.000	Positive, significant
IP -> SF	0.521	0.10	4.97	0.000	Positive, significant
PF -> SWB	0.321	0.17	1.85	0.070	Positive, significant
SE -> PF	0.121	0.07	1.68	0.090	Positive, Insignificant
SE -> SWB	0.111	0.05	2.16	0.021	Positive, significant
SE -> SF	0.161	0.09	1.80	0.071	Positive, Insignificant
SE -> SWB	0.371	0.15	2.39	0.021	Positive, significant
IP*PF ->PF	-0.121	0.08	1.57	0.121	Positive, Insignificant
IP*SF ->SF	-0.221	0.09	2.52	0.011	Positive, significant

## DISCUSSION AND CONCLUSION

The study gives insight on significant consequences for individuals' subjective well-being and psychological functioning by investigating the relationship between entrepreneurship, institutional pressure, and the study. According to the findings, entrepreneurship is connected with greater levels of subjective well-being, implying that it has a favorable influence on persons' overall life satisfaction and pleasure. Furthermore, the study emphasizes the critical importance of psychological functioning as a critical link between entrepreneurship and subjective well-being. This means that treatments or support systems aimed at improving entrepreneurs' psychological functioning might result in significant increases in their overall well-being.

In terms of policy and assistance, the research implies that promoting an entrepreneurship-friendly environment may indirectly lead to improved psychological functioning and well-being among entrepreneurs. Policymakers and support organizations might use these findings to create programs and initiatives that promote entrepreneurship, potentially increasing the mental and emotional well-being of entrepreneurs. The debate also goes into the complicated link between institutional pressure and psychological functioning. The discovered negative connection indicates that higher levels of institutional pressure are connected with a reduction in psychological functioning regarding tasks and the firm's overall organizational effectiveness. This emphasizes the importance of a balanced approach in institutional frameworks to avoid undue stress on entrepreneurs, while also creating a supportive atmosphere that supports both business success and individual well-being. Finally, the study emphasizes the importance of policies and support systems that stimulate entrepreneurship, as well as treatments that target entrepreneurs' psychological well-being. The negative relationship between institutional pressure and psychological functioning emphasizes the need of having a supportive institutional framework for long-term entrepreneurial endeavors. The study findings give useful insights for future studies and the creation of comprehensive policies targeted at fostering entrepreneurship and increasing the overall well-being of persons in the entrepreneurial ecosystem.

#### **Limitation**

The study's shortcomings necessitate careful analysis, and the conclusions should be interpreted with caution. To begin, it is critical to recognize that our research only examines external issues in the context of an Asian country. To properly appreciate the complicated processes at work, comparable investigations must be carried out in many global settings. Entrepreneurial behavior and impact may differ dramatically among nations, prompting a more in-depth examination of various cultural and economic situations. External multidimensional influences on entrepreneurship are complicated and appear differently in diverse geopolitical contexts. As a result, future research should include a broader range of nations to improve the generalizability of our findings.

Our dependence on cross-sectional data is a significant limitation of our research, restricting our capacity to capture the entire dynamic spectrum of processes that underpin the postulated correlations. The lack of comprehensive and fine-grained measurements in accessible longitudinal datasets makes it difficult to investigate the temporal features of entrepreneurial endeavors. Longitudinal data would give useful insights into how institutional pressure, political stability, and their influence on subjective well-being and psychological functioning change over time. As a result, future research efforts should seek to include longitudinal datasets, allowing for a more in-depth investigation of the temporal features inherent in the intricate interplay between entrepreneurship and its external impacts.

In conclusion, while this study provides significant insights, the noted limitations highlight the need for future research to take a broader and more temporally nuanced approach to improve the robustness and application of our findings.

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