A Study of Challenges Faced by Young Entrepreneurs to Start Business: with Reference to South Bangalore

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Abstract

Since the introduction of LPG in India in 1991, significant encouragement has been provided for private sector involvement in the economy, with approximately 96% of the workforce relying on private entities for their livelihoods. This shift has increased interest in entrepreneurship, particularly among recent graduates, who play a crucial role in advancing India's position as one of the rapidly developing nations. Entrepreneurship is a creative endeavour that can be pursued by individuals or groups to fulfil the current market demands, involving elements of risk-taking. It has become a vital career choice for students as a result of the rise of startups, digital enterprises, and opportunities driven by innovation. This trend also fosters a mindset among students to deepen their engagement with entrepreneurial pursuits. This research paper seeks to highlight the key obstacles encountered by youngsters when embarking on entrepreneurship, concentrating on the financial, academic, social, marketing, technological, and psychological hurdles that affect young entrepreneurial aspirations and ventures, particularly in Bangalore South. The study will gather data through both primary and secondary sources, and will feature an analytical presentation. The primary data was gathered through structured questionnaires distributed to young entrepreneurs in South Bangalore who have an interest in entrepreneurship or are engaged in startup activities. Secondary data was sourced from journals, articles, reports on startups, and publications related to entrepreneurship. Bengaluru has established a robust startup ecosystem supported by institutional initiatives that promote youth entrepreneurship and innovation. Nevertheless, young entrepreneurs face ongoing challenges, including a lack of funding, limited knowledge of business, academic pressures, apprehension toward failure, inadequate mentorship, and insufficient support from institutions. Prior research also highlights that insufficient resources, support systems, and practical experience are significant barriers for young entrepreneurs.

***Keywords**: Entrepreneurship, Privatization, Financial, Academic and Technological*

Introduction

The Transformation of India from a license-heavy bureaucratic economy into the world's third-largest startup ecosystem is deeply rooted in a single, pivotal turning point, that is transition in Indian economy system. Severe balance of payments crisis in 1991 and domination of public sector with heavy regulations led to introduction of LPG (Liberalisayion, Privatisation and Globalisation) and altered country's economic DNA. The Indian economy, which is increasingly shifting towards a market-oriented model, must focus on enhancing entrepreneurial capabilities on a broad scale.

The LPG reforms acted as the ultimate catalyst, triggering a multi-decade evolution with three different phases; firstly, IT(Information & Technology) boom which opened doors to global technology clients and built the foundational tech talent pool and infrastructure for the future startups. Secondly, the rise of consumerism was sparked by an increase in expendable income. Which led to development of e-commerce, specialised retail, market places, hyper delivery network and organising the un-organising sector. Thirdly, Digital explosion which redefined the landscape of our economy with hyper acceleration of B2B (Business to Business) models and IP (Internet Protocol) and a shift in risk appetite and policy support.

This necessitates that every skilled individual, whether self-employed or working for companies, has quick access to essential resources. In addition to resources, having facilities that allow for easy entry and exit from various businesses will support the development of entrepreneurs in the country. Fostering a competitive environment by eliminating unnecessary rules and regulations will encourage entrepreneurs to pursue their business ventures.

In this manner, India requires a framework that can establish a robust network of job opportunities and agricultural innovations. Startups play a crucial role in attracting foreign investment, generating wealth, and creating employment opportunities. Beginning a business venture as a student presents thrilling opportunities such as creativity, independence, and financial stability.

However, this route carries its own challenges. As more youngsters show interest in entrepreneurship, it becomes essential to pinpoint and to understand the specific hurdles they encounter when starting their businesses. Furthermore, it aims to explore the various difficulties faced by youngsters in business initiation.

Entrepreneurship is an essential driver of innovation and economic growth, especially in emerging economies. However, young entrepreneurs who lack business expertise may encounter a number of obstacles on their path to success. These include limited financial resources, lack of market experience, and insufficient access to incubators and mentorship programs. The majority of young entrepreneurs, and their business operations are typically smaller in scale than those of other types of entrepreneurs. And they face significant issues and challenges when they first launch their businesses.

Also, demand and supply plays most important role in running the business. Young entrepreneurs face difficulties in understanding knowledge of customers and market requirement, source of raw materials of the product and also in understanding the customer's choice about the product/service. Hence, academic institutions and governmental initiatives have introduced various programs to help young entrepreneurs to overcome these obstacles, yet many startups continue to struggle with sustainability and scalability.

Review of Literature

Elia, G., & Margherita, A. (2020). "Student Entrepreneurship in Higher Education." This literature explores how higher education prompotes student entrepreneurship, focusing on the impact of entrepreneurial education, university policies, and ecosystem support on students' entrepreneurial goals and activities, providing insightful guidance for policymakers and educators.

Gopalakrishnan, S., & Damanpour, F. (2016). "Entrepreneurial Intentions in College Students": This research examines the entrepreneurial intentions of college students, emphasizing the role of personality traits, perceived desirability and feasibility, and social norms as elements that can forecast entrepreneurial intentions and deepen our understanding of student entrepreneurship.

Lee, S. M., & Peterson, S. J. (2019). "Review of Empirical Studies on the Entrepreneurial Mindset Among College Students: This review compiles empirical studies" on the entrepreneurial mindset among college students, exploring the various dimensions of this mindset, its causes and effects, as well as the influence of education and experience on shaping students' entrepreneurial cognition and actions.

Oliveira, B., & Cherubini Alves, A. (2021). " Reviewing Technology Entrepreneurship Among College Students: An Analysis of the Literature". This analysis delves into technology entrepreneurship among college students, examining the functions of technology transfer offices, incubators, and accelerators in aiding student-run technology ventures. It also investigates how technological innovation influences students' entrepreneurial ambitions and actions.

Xie, J., & Qian, S. (2019). "Entrepreneurial Learning Among College Students: A Review of Empirical Studies. "This review synthesizes empirical studies on entrepreneurial learning among college students. It discusses the dimensions of entrepreneurial learning, its antecedents and outcomes, and the role of education, experience, and social networks in facilitating students' learning processes and entrepreneurial development.

Research Methodology

Objectives of the Study

1. To investigate the challenges faced by the youngsters to be an entrepreneur.
2. To analyse the role of government and institutional support to young entrepreneurs.

Hypothesis of the Study

Financial constraints creates obstacles for students to start-up entrepreneurship. Educational Institution support to students plays vital role in successful start-ups.

Universe

The study is conducted in Bangalore South among Young entrepreneurs.

Sampling Size

30 respondents were selected using convenience sampling method by sending an online questionnaire through virtual link. Students were selected for the study to understand the challenges in starting entrepreneurship.

Sources of Information

Data was collected from primary sources using questionnaire sent through a posted link. Data was also collected from secondary sources including books, articles, journals etc. was used for research.

Limitations

This research study will be subjected to some limitations;

- It has limited samples.
- Restricted only to youngsters who are staying at Bangalore South.
- The sampling used for the collection of data is convenience sample.

Scope of the Study

This research focuses on analyses and challenges faced by respondents. This includes barriers like financial, academic pressure, technological, Social, Marketing, Psychological etc. It also examines the benefits of the entrepreneurship to youngsters.

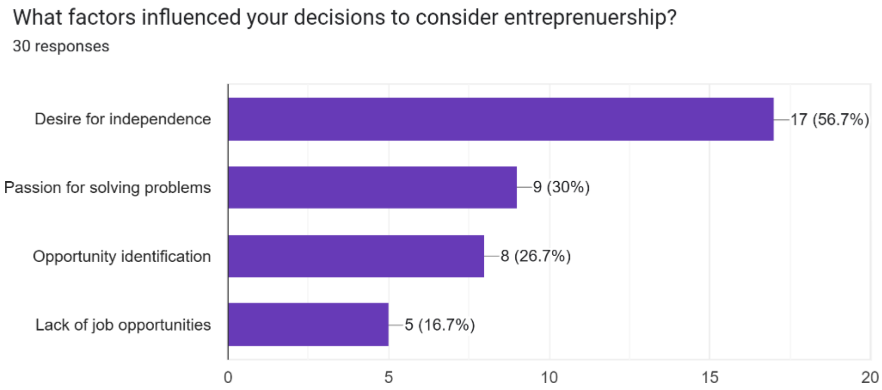
Analysis of Data

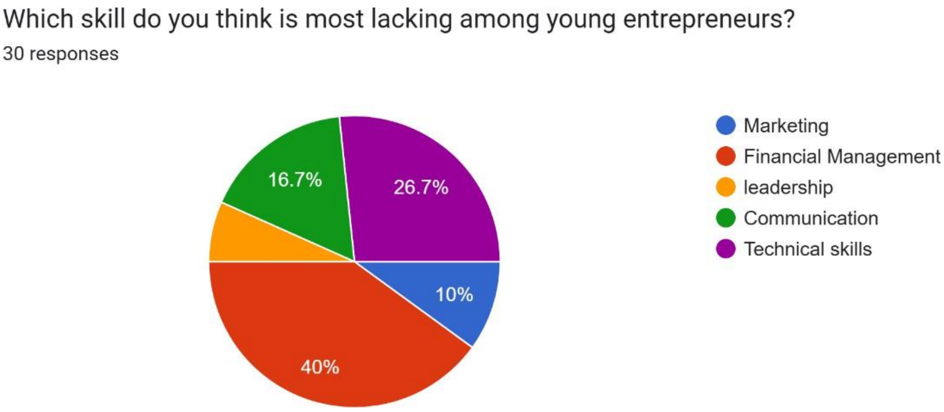
Data analysis is a very important method to draw conclusions about a problem or topic.

Through this analysis, the opinions of respondents on entrepreneurship challenges faced by students can be seen;

Profile of the Respondents

Gender	**Male**	**8**	**27%**
	Female	**22**	**73%**
Age	**15 to 18 years**	**9**	**30%**
	19 to 22 years	**5**	**17%**
	23 to 25 years	**3**	**10%**
	26 and above	**13**	**43%**
Educational Status	**10^{th}**	**-**	**-**
	PUC	**5**	**17%**
	Degree	**11**	**37%**
	Masters	**14**	**46%**





- According to the study 56.7% of the respondents were influenced by the desire for independence to consider entrepreneurship, whereas, 30% of them have considered it as passion for problem solving and 26.7% have opined due to lack of the job opportunities.
- The study shows, 46.7% of the respondents has opined lack of finance as a challenge towards entrepreneurship, whereas, 40% of them consider fear of failure and 36.7% them believe market competition is a hurdle, remaining 40% of them opined lack of family support and lack of awareness about governmental schemes.
- 33.3% of the respondents have strongly agreed that lack of capital is a major barrier for young entrepreneurs, whereas, 33.3% of them agreed and 26.7% have opined neutral, remaining 6.7% disagree.
- The study shows 80% of the respondents believe that personal saving and family/friends are the primary sources of startup funding, whereas, 16.7% have said external investors and remaining 3.3% have opined university grants as their source of funding.
- 66.6% of the respondents have agree about the encouragement from family, whereas, 30% have opined neutral and remaining 3.3% disagree.
- The study shows 63.3% of the respondents are aware of government schemes and 36.7% of them are not aware of government schemes.

- The study shows 40% of the respondents believe that financial management is a skill which is most lacking among young entreprenuers, whereas, 26.7% believe technical skills, and 16.7% opined communication, remaining 10% and 6.7% have said marketing and leadership skills are lacking.
- 80% of the respondents agree that lack of practical exposure affects startups and 16.7% of them are neutral, remaining 3.3% disagree.
- 46.7% of the respondents have opined neutral response to academic pressure reduce their interests towards entrepreneurship, 26.7% have agreed and remaining 26.7% have disagreed.
- 56.7% of the respondents have not worked in a team to develop business ideas, and remaining 43.3% have worked.
- The study shows 66.7% of the respondents have agreed that social media platforms motivate them towards entrepreneurship, whereas, 23.3% of the opined neutral and remaining 10% disagree.
- The study shows 70% of the respondents have agreed that innovation and creativity are important for successful entrepreneurship, 6.7% have opined neutral and remaining 23.3% have strongly disagree.
- 53.3% of the respondents have not benefited from bank loans and external investors, whereas, 46.7% have benefited.
- 80% of the respondents have agreed that entering entrepreneurship is a good career option, whereas, 20% believe neutral.

Findings

- The study reveals majority of the young entrepreneurs are women.
- The youngsters were influenced by the desire for independence to consider entrepreneurship as a career.
- The study reveals young entrepreneurs face challenges such as lack of finance, fear of failure, market competitions and lack of awarenesses towards entrepreneurship.
- Majority of the young entrepreneurs face lack of capital as a barrier.
- The study reveals that young entrepreneurs primary source of funding are personal savings and family/friend’s support.
- 66% of the young entrepreneurs have a encouragement from their family.
- Majority of young entrepreneurs are aware of government schemes like stand-up India, Pradhan Mantri Mudra Yojana, SISFS, FFS etc.

- The study reveals that young entrepreneurs believe financial management, technical, communication, marketing and leadership skills are lacking.
- Majority of the young entrepreneurs are facing lack of practical exposure.
- The study reveals that young entrepreneurs may face academic pressure.
- Young entrepreneurs have no working experience with existing business team in developing ideas.
- Young entrepreneurs are motivated through social media platforms.
- The study reveals, young entrepreneurs believe innovation and creativity for successful entrepreneurship.
- Young entrepreneurs are not benefited from bank and external investors.
- The study reveals that entering to entrepreneurship is good career option for youngsters.

Suggestions

- Career development programs and educational programs for young entrepreneurs.
- Enhancement of government programmes towards indigenous entrepreneurs.
- Financial assistance from banks.
- Formal mentorship matching platforms.
- Awareness about crowd funding networks like Kickstarter, Indiegogo etc.
- Promoting networking events, start-up expose and business communities.
- Inculcating the risk bearing skills.
- Tax incentives and regulatory relaxations.
- Imparting digital literacy and advanced tech skills.
- Focus on mental health support and emotional resilience.
- Including entrepreneur skills into the curriculum in universities.

Conclusion

Today, India’s broader economy is heavily supported by its startup engine. Early exposure to the business world not only helps them develop a solid foundation as entrepreneurs, but it also begins to prepare them for a lifestyle that isn't always easy. This has made them more resilient to social criticism. By thoroughly analysing these obstacles, we can develop customized solutions and support systems to foster a positive atmosphere for young entrepreneurship.

It takes a strong drive for to get past these obstacles the company idea, and young business people must possess a particularly strong sense of resilience when confronted with social and cultural obstacles. Young entrepreneurs can establish a strong basis for success with the correct company plan, sufficient experience, and access to resources for business.

Despite these obstacles young entrepreneurs have strong potential to succeed when provided proper guidance, financial support, skill development, market expose and favourable business environment will bring knowledge and experience to help move forward make decisions wiser also, government incentives educational institutions and start-up support system can significantly help in overcoming these barriers. Thus, all these support systems will contribute effectively to economic and social development.

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