

A STUDY ON CHALLENGES FACED BY ENTREPRENEURS

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ABSTRACT

India has seen a surge in its entrepreneurial spirit in the last decade. However, the end of the decade saw the economic slowdown spoiling the euphoria and putting breaks on this growth story. As per GEM Survey 2016-17 it has found increase in the rate of entrepreneurial intention to 14.9% compared to 9% in 2015-16. The growth in entrepreneurship holds the key to turning around the slowdown. Entrepreneurship is the process of designing, launching and running a new business, i.e. a start-up company offering a product, process or service. It has been defined as the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Enterprise and entrepreneurship (Prof Ramesh, Indian Journal of Research, June 2016) are the drivers of economic growth in the country. With the ongoing challenges facing in different sectors, the future success of the country's economy is inextricably linked to the capacity of entrepreneurs to innovate, and to identify new business opportunities that create jobs and income in many areas. Not all independent business people are true entrepreneurs, and not all entrepreneurs are created equal. Different degrees or levels of entrepreneurial intensity and drive depend upon how much independence one exhibits, the level of leadership and innovation they demonstrate, how much responsibility they shoulder, and how creative they become in envisioning and executing their business plans. In this paper, it is found that the information is empirical and proposed a few ways to develop a more positive behaviour towards creating and succeeding in the field of Entrepreneurship. Thus supporting qualitative data with a focus on the main challenges and opportunities that might arise in the process of venture creation

Keywords: Designing, Euphoria, Entrepreneurial Intensity, opportunities, positive behaviour.

1. INTRODUCTION:

The "Challenge is a call to prove or justify something" According to the entrepreneurs the biggest challenge to an entrepreneur is the entrepreneur him/herself: Fear, Self-doubt, Lack of focus, and Self-sabotage can bring down even the most brilliant entrepreneur with the best idea. Nearly 60% Indians possess strong entrepreneurial qualities- optimism, business-mindedness, persistence. Yet most Indians do not want to start their own business. Why? A look around may be sufficient to see ample reasons that prove to be a hindrance to the entrepreneurial spirit:

- Entrepreneurship in India comes with its huge share of cultural bottlenecks. There is a never ending family pressure for job security through traditional means.
- Inability to find trusted business partners.
- Personal risk such as uncertainty of success, financial risk such as loss of savings.

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a business. The people who create these businesses are called **entrepreneurs**.

Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. While definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of start-up businesses have to close due to "lack of funding, bad business decisions, an economic crisis, lack of market demand or a combination of all of these . Entrepreneurship is vital for job creation, economic growth and problem-solving. It also reflects a society's capacity for boldness, risk-taking and creativity. More specifically, according to the Global Entrepreneurship Development Institute (GEDI), there is a strong positive association between entrepreneurship, economic growth and innovation.

1.1 Indian Entrepreneurship:

Before 1991, Indian business success was a function of ambition, licenses, government contacts, and an understanding of the bureaucratic system. Decisions were based on connections, rather than the market or competition. Business goals reflected a continuation "Swadeshi" moment, which promoted import substitution to attain economic freedom the west. Pre-1991 policies were inward looking and geared towards the attainment of self-reliance. During this era, entrepreneurship was subdued, capital was limited and India had very few success stories.

In 1991. The Indian government liberalized the economy, thus changing the competitive landscape. Family businesses, which dominated Indian markets, now faced completion from multinationals that had superior technology, financial strength and managerial resources. Thus, Indian business had to change their focus and re-orient their outlook outward. A few existing Indian business families adapted to the new economic policy while others struggled. Importantly, a new breed of business was born, one that focused on ICT (Information and Communication Technology) and created wealth for owners and employees.

Entrepreneurship in India has indeed undergone a major change in the recent past. Businesses are looking to break-even in a few months, a distant dream even for the most viable traditional family businesses that started a few decades ago. The rising population and the increasing desires for a better and luxurious lifestyle have fuelled the demand for Goods and Services. This growing demand has been the inspiration for many start-ups. Indian Governments flagship program 'Start-up India' aimed for promoting Entrepreneurship, Tax Sops on new start-ups, Large companies setting up Incubator Cells, big companies pledging funds for innovative start-ups have all led to an increase in interest to start new ventures. India is young country, our Prime Minister keeps on saying that we have 65% of our population below 35yrs of age and that's great opportunity. It is going to be next to impossible challenge for the government to provide good quality jobs for this population in organized or government sector. So if we want to provide employment to all this population, we have to create jobs in self-employment sector, i.e. many entrepreneurs creating jobs for self & others. Government can't provide jobs to this large population. So entrepreneurship is the need of our, if we want a sustainable society.

Interestingly, India also faces some acute challenges in terms of networking and cultural support. India does not perform at the same standard as a number of other countries do in terms of how well entrepreneurs know and connect with each other to share ideas, technical know-how, market connections and to undertake joint activities. Cultural support is also a key weakness in the Indian set up. This measures how a society views entrepreneurship in terms of its status, as a career choice and how this view is affected by corruption.

The influence of corruption on societal views about entrepreneurship points towards the fact that corruption continues to rear its ugly head in India despite numerous reforms and progress in this area. Also, the perception of Indians about entrepreneurship as a career choice shows that there is still a traditional underlying preference in India for the stable and secure salaried employment as compared to entrepreneurship.

Lastly, surprising is the fact that India does not perform well on the availability of risk capital, despite the various measures that have been put in place under the “*start-up India*” initiatives. Thus, a critical challenge remains for the entrepreneurial sector in ensuring that the appropriate amount and type of capital is available in an entrepreneurial life cycle, whenever needed.

2.REVIEW OF LITERATURE:

Dana's paper (1987) also suggests that entrepreneurial learning style preferences are consistent with active participation and that increased opportunities to participate in the classroom would increase student awareness and enhances the ability to learn from experience. Dana further argues that the emphasis should be on improving entrepreneurial skill development and on the importance of learning the skill to learn as an ongoing process rather than on traditional management course content.

According to Hisrich and Peters (1989) entrepreneurship is the process of creating something of value by devoting the necessary skills, time and effort, and, assuming the accompanying financial and sometimes physical and social risks, to reap the resulting monetary rewards and personal satisfaction. Today, entrepreneurship is becoming increasingly important. Individual, social and environmental factors all have a direct bearing on the entrepreneurial process, its motivation, innovation, continuity and expansion

Hood and Young (1993) develop a theoretical framework consisting of four primary areas where successful entrepreneurs must be developed. The areas are content, skills and behaviour, mentality, and personality.

Harrison and Leitch (1994) say the need to utilize recent developments in the field of leadership research when studying entrepreneurship. The authors suggest that leadership and organizational transformation and continuous learning are themes that reflect the new paradigm associated with entrepreneurship education. In china they mostly adopted traditional business practices, where they do not want outsider to be of the top management and almost decisions are centralized.

(David Ahlstorm, Michael N.Young, Frankie M and Christine M 2004)states that women are submissive and incapable of independent thinking and decision making due to the age-old discrimination and deprivation, and fragmented education. As a result, women cannot and do not take up entrepreneurship as a whole time job

(Prema Basargekar 2007)The paper contributes to the debate on the role of micro-finance in poverty reduction in environments where there are extreme levels of poverty has outlined the nature of challenges faced by micro-finance entrepreneurs in establishing MFIs, Specifically demonstrate how international political and economic isolation through sanctions on Zimbabwe have impacted on micro-finance entrepreneurs' chances of attracting international investment.

(Tendai murisa and Tendai chikweche 2013) social enterprises to succeed their leaders must effectively manage conflicting demands that arise from dual commitments to improving social welfare and achieving commercial viability.

3. OBJECTIVES:

- The main objective of this research is to investigate the challenges faced by Entrepreneurs.
- To Study the problems of Entrepreneurs while running the enterprise efficiently & Profitably.
- To Study the ways to overcome the barriers faced by Entrepreneurs.

4. RESEARCH METHODOLOGY:

1. Tools: Qualitative & Quantitative method of data collection was used.
2. Software used for Analysis: SPSS & Excel
3. Sample Size: 20 Respondents
4. Sampling Method: Stratified Sampling
5. Respondents Profile: Local Entrepreneurs
6. Sampling Place: Hubli-Dharwad, Bagalkote & other few parts of North Karnataka.
7. GEM Report -2017 and various publications, books been used for this study as secondary resources.

5. ANALYSIS & FINDINGS

Table No. 1 Distribution of Sample

Description	Fields	Frequency	Percentage	
Zone	North	4	3.6	
	South	106	96.4	
Age	25 to 30	30	27.3	
	31 to 35	49	44.5	
	36 to 40	31	28.2	
Gender	Male	95	86.4	
	Female	15	13.6	
Place	Bagalkot	20	18.2	
	Bangalore	4	3.6	
	Belgaum	8	7.3	
	Bellary	1	.9	
	Dandeli	1	.9	
	Delhi	2	1.8	
	Gadag	4	3.6	
	Guragoan	1	.9	
	Hubli	60	54.5	
	Hyderabad	3	2.7	
	Karwar	5	4.5	
	Mumbai	1	.9	
	Sector	BITM	1	.9
		Café	3	2.7
Event Management		3	2.7	
Hospital		3	2.7	
Hotel		66	60.0	
Manufacturing		5	4.5	
Retail		5	4.5	
Services		19	17.3	
Qualification	Travels	5	4.5	
	Degree	46	41.8	
	Master's Degree	9	8.2	
	Others	55	50.0	

Marital status	Single	8	7.3
	Married	102	92.7
Proprietorship	Single owner	95	86.4
	Partnership	15	13.6
Experience	less than 5 years	52	47.3
	6 to 10 years	58	52.7
Firm type	Product Only	10	9.1
	Product & Services	7	6.4
	Services Only	93	84.5
Funding pattern	Fully Self-Funded	88	80.0
	Self-Funded & Angel Investor	22	20.0

Source : Survey report

Table No. 2 Innovation awareness

		Frequency	Percent
Valid	Open Innovation	72	65.5
	Closed Innovation	38	34.5
	Total	110	100.0

Source : Survey report

Table No. 3 Adopted in my firm the practices of

		Frequency	Percent
Valid	Open Innovation	63	57.3
	Closed Innovation	47	42.7
	Total	110	100.0

Source : Survey report

Table No. 4 Factor analysis for Innovation Approach
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.698	67.455	67.455	2.698	67.455	67.455
2	.489	12.230	79.685			
3	.449	11.228	90.913			
4	.363	9.087	100.000			

Extraction Method: Principal Component Analysis.

Source : Survey report

Table No. 5 Rotated Component Matrix^a

	Component
	1
I3	.811
I4	.847
I5	.810
I6	.816

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Source : Survey report

Table No. 6 Reliability Statistics

Cronbach's Alpha	N of Items
.941	14

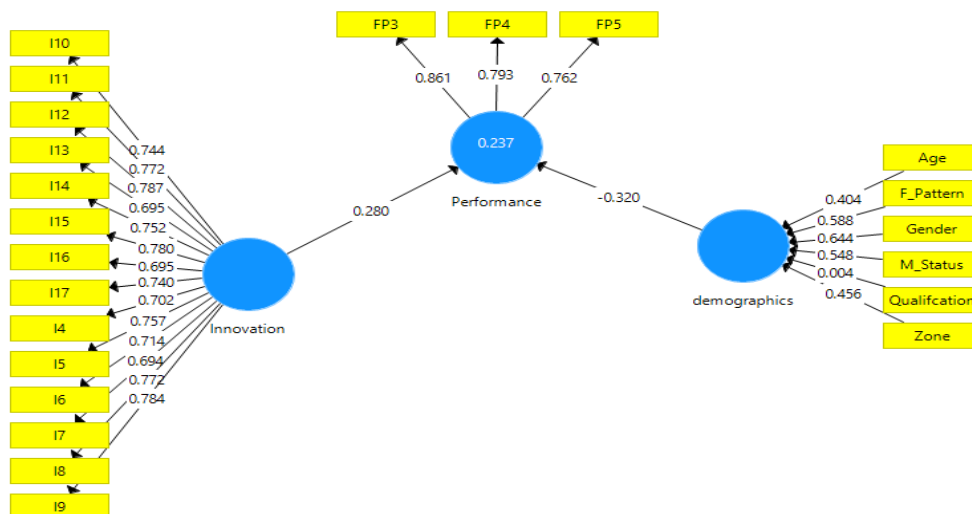
Source : Survey report

Table No. 7 Innovation preferences

	5	4	3	2	1	Wt.Avg	Rank
I-14	14	19	32	22	23	2.809	1
I-12	14	15	35	26	20	2.791	2
I-9	8	23	34	26	19	2.773	3
I-15	16	11	37	23	23	2.764	4
I-16	11	18	33	25	23	2.718	5
I-13	11	21	30	20	28	2.700	6
I-8	15	11	30	28	26	2.645	7
I-11	9	20	27	30	24	2.636	8
I-10	16	12	27	25	30	2.627	9

Source : Survey report

Figure No. 1 PARTIAL LEAST SQUARE:s



Source: Compile using excel

6. INTERPRETATION

- Perfect Least Squares regression is a statistical method that bears some relation to principal components regression.
- From the above model we can see that impact of Demographic and Innovation on performance.
- The Structural equation model having demographic & innovation as formative & effective respectively. According to HU & Bentler 1998 SRMR (Standardized root mean square residual) obtained should be <0.08 which shows model is fit.
- The R^2 value varies between 0 & 1, closer to 1, greater the explained variance of the variable. R^2 of performance is 0.237 which is satisfactory according to Falk & Miller (1992).
- The T-statistics of demographics & innovation is -0.320 & 0.280 respectively. This clearly indicates Innovation has effect on performance. The Demographic has indirect effect through Innovation factor considering it to the effective form demographic.

$$\Sigma \text{Impact} = \text{Direct Effect} + \text{Indirect Effect.}$$

6.1 OUTCOME:

As we can see from the model:

The Latent factor demographic & innovation has some impact. The value R^2 got is 0.237. But the factors that result at end is 0.861, 0.793, 0.762 to FP3, FP4 & FP5 respectively.

FP 3 - Adoption of Innovation Approach our firm market share.

FP 4 – Adoption of Innovation Approach our firm revenue.

FP 5 – Adoption of Innovation Approach our product sales

7. FINDINGS:

- As per the analysis of about 96.4% survey have been extracted from North Karnataka itself.
- Age category have been segregated and thus of about most of the entrepreneurs belonging the age category- 31 to 35 i.e. 44.5 %.
- Most of Respondents of male was about 86.4% and Female was about 13.6%.
- Survey area was conducted of few parts of North Karnataka were Hubli, Dharwad, Bagalkote, Belgavi, Dandeli, Hyderabad & Karwar .
- As per the analysis majority of the respondents have been extracted from Hubli (54.5%) and Bagalkote (18.2%).
- The survey was conducted for different sector and majority hails from Hotel Industry (60.0%) & Service Industry (17.3%).
- Innovation approaches a simplified analysis had been done and most the respondents accepted they were clear on the concepts of Open Innovation (65.5%).
- In terms of Adopted firm Practises of Open Innovation, most of the respondents responded and was of about 57.3%.
- As per the Factor Analysis, the one component has been positively impacted on generating the ideas with the help of internal and external sources.

- As per the analysis the innovation preferences whereas per this ranking:

I14 - They are ready to sell out our Intellectual Property Rights to the third party

I12 - They are ready to license out our unused Intellectual Property Rights to the third party

I09 - They collaborate with R&D labs for Innovation activity

I15 - They prefer to have an alliance for new product development

8. CONCLUSION:

- Nowadays entrepreneurs are needed to society to increase the economic value of the country and to provide job for the young peoples. Entrepreneurs should be positive and open-minded and he or she must have enough knowledge about the business. The market conditions and technology should be updated regularly and this may help them to be successful in the business.
- According to this study, it has been concluded that the main challenges faced by the entrepreneurs with respect to the Innovation and Performance of the firm where in the Demographics factor does not possess any relation with Innovation factor. The Concern need to take more impact on these factors: Interaction with more customers in terms of Innovation, need to focus on supplier's point view.
- The way which they used to overcome the barriers are through applying practical knowledge and proper business plan in the enterprise. The main strength of the entrepreneurs is self-confidence and creativity factor and weakness is fear of failure which they have while in the journey of entrepreneur. Thus, they have confidence in his or her capacity to deal with the world, and take practical steps to attain the goals.

9. LIMITATIONS OF THE STUDY:

- The scope of the present study is limited only in the few parts of North Karnataka: Hubli, Bagalkote, Belgavi, Karwar, Gadag
- Time Constraint was a prominent factor.

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