

YOUTH ENTREPRENEURSHIP: MOTIVATIONS AND CHALLENGES

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Abstract

India stands as one of the world's fastest-growing economies, characterized by huge youth population. It remains a fertile ground for aspiring entrepreneurs, offering a land of opportunities for those who wish to start their entrepreneurial journey. However, amidst this promising landscape, Indian youth encounter two notable challenges. Firstly, there is a deficiency in soft skills essential for securing employment in the corporate sector. Secondly, there exists a gap in entrepreneurial abilities necessary for establishing and managing their own businesses. Youth entrepreneurship is on the rise globally, driven by a desire for innovation and self-determination. This paper highlights the motivations and challenges faced by young entrepreneurs. Using a survey-based approach with 100 participants aged 16 to 35, the study explores various factors influencing youth entrepreneurship. The study underscores the importance of entrepreneurial education, mentorship programs, and funding avenues, to nurture the potential of young entrepreneurs and foster economic growth.

Keywords:

Youth entrepreneurship, Motivations, Challenges, Economic Growth

1. INTRODUCTION

The global entrepreneurial landscape is undergoing a transformation, with a surge in youth participation. Fueled by a support of technological advancements, an expanding desire for innovation, and a desire for self-determination, young people are increasingly viewing entrepreneurship as a viable and refreshing career path. This trend is beyond geographical boundaries, with research indicating that a significant portion of young adults worldwide aspire to be self-employed. This shift towards youth entrepreneurship presents a remarkable opportunity for economic expansion and societal progress. Young entrepreneurs bring fresh perspectives, a propensity for experimentation, and a deep comprehension of the evolving technological landscape – all essential ingredients for fostering innovation and propelling economic dynamism [6].

However, the path to entrepreneurial success for young individuals is troubled with challenges. Despite their zeal and motivation, young entrepreneurs often lack the experience, financial resources, and established networks that are fundamental for navigating the particulars of the business world [8]. Furthermore, traditional financial institutions might be hesitant to provide funding to ventures perceived as high-risk due to the entrepreneur's age and limited track record [2]. These challenges can be particularly critical in developing economies, where access to resources and infrastructure might be limited [1].

India, the world's fifth-largest economy, is a turning point for the country. With a rapidly growing GDP, a young population, and a digital ecosystem, the country is ready for significant growth. India is undergoing a digital revolution, with increasing adoption of technology and internet penetration [6]. This has led to the growth of e-commerce, fintech, and digital payments,

creating new opportunities for businesses and entrepreneurs. India has a growing startup ecosystem, with many young entrepreneurs driving innovation and job creation. The government has also launched initiatives like Startup India and Make in India to support entrepreneurship and manufacturing. Despite growth, India faces challenges like income inequality, skill gaps, and environmental concerns. The country needs to address these challenges to ensure sustainable and inclusive growth.

Understanding the driving forces that propel young people towards entrepreneurship is paramount for cultivating a supportive ecosystem. Research suggests that a host of factors can influence an individual's decision to become an entrepreneur, including the desire for autonomy, the potential for substantial financial rewards, and the opportunity to pursue a project driven by passion [15]. Moreover, role models and mentorship from successful young entrepreneurs can play a pivotal role in inspiring and empowering others to embark on their own entrepreneurial journeys [3].

By recognizing both the motivations and challenges faced by young entrepreneurs, policymakers, educators, and support organizations can develop targeted interventions to bridge the gap between ambition and achievement. These interventions could cover the following:

Entrepreneurial Education: Integrating entrepreneurship education into school curriculums at a young age can equip students with the knowledge, skills, and mindset necessary to succeed in the business world. This education should not only focus on core business principles but also cultivate creativity, critical thinking, and problem-solving skills [7].

Mentorship Programs: Connecting young entrepreneurs with experienced mentors can provide invaluable guidance, support, and access to networks [12].

Funding and Support Services: Developing funding avenues specifically designed for young entrepreneurs, alongside business incubators and accelerators, can provide crucial financial resources, mentorship, and infrastructure support during the critical early stages of venture development [2].

Youth (16-35 years) have a crucial role to play in driving innovation, entrepreneurship, and social changes. They can:

- Drive innovation and entrepreneurship
- Shape the future human resources with skills and adaptability
- Influence consumers, markets and trends
- Address social and environmental challenges by focusing on Sustainability, activism and advocacy.
- Contribute to India's global standing and soft power.

1.1 RESEARCH PROBLEM

The study aims to understand the motivations and challenges faced by young entrepreneurs in India, focusing on how these factors influence their decision to start and sustain their businesses. Understanding, the key factors that influence the entrepreneurial intentions and success of young people in India.

In a nutshell, youth entrepreneurship presents a tremendous opportunity for economic growth, innovation, and job creation. By fostering a supportive ecosystem that addresses the unique challenges faced by young entrepreneurs while capitalizing on their motivations and potential, we can empower a new generation of business leaders to shape the trajectory of the global economy.

2. OBJECTIVES

- To explore and understand the motivations for youth to pursue entrepreneurship .
- To identify the important challenges that youth face in pursuing entrepreneurship.

2.1 SCOPE

The study encompasses the respondents across the spectrum of students, freelancers, job personnels and entrepreneurs. The responses include the aspects of entrepreneurship along with the family business. The study only covers the motivations and challenges with respect to entrepreneurship and excludes any other study relevance.

3. LITERATURE REVIEW

[15] explores the relationship between India's growing youth population, its rapidly growing economy, and the challenges faced by young individuals aspiring to become entrepreneurs. The researcher has identified a dual challenge for Indian youth: a deficiency in soft skills for corporate employment and a lack of entrepreneurial abilities. It also highlights the reason and causes of youth unemployment and entrepreneurship, schemes for entrepreneurs, and some of the emerging trends. The drawbacks of traditional 9-5 jobs and the global rise in unemployment, especially among the youth are emphasized. The study concludes that the trend of young people starting businesses is on the rise, supported by the Indian government's efforts to provide job opportunities and create a favorable environment for entrepreneurship through education, financial access, and mentoring.

[14] explores entrepreneurship intentions among youth in India, focusing on self-confidence and perceptions. It suggests that entrepreneurship education can help mitigate low self-confidence and increase chances of successful venture creations. The study was designed to gain a better understanding of the factors influencing an individual for opting entrepreneurship as compared to employment. The study also analyzed whether the social environment prevailing in the Indian society promotes entrepreneur behavior among youths in India. The paper aims to identify the determinants of entrepreneurial intention among the professional course student pursuing Engineering and Management in various institution examining factors like self-efficacy, family background, role models, institution

environment, entrepreneurial education, and faculty influence. It was concluded that entrepreneurship in India is influenced by work, risk-taking, and greed, with individual characteristics being key. Credit constraints appear to play some role in discouraging people from starting or expanding an enterprise, but they are only one factor among others.

The researcher [4] has addressed crucial issue of youth unemployment in India. Recognizing youth employment as vital for national development, the paper discusses the challenges faced by young individuals in securing employment in the middle of societal competition. Despite governmental efforts to reduce unemployment, the growing population is a challenge. The paper also discusses entrepreneurship as a viable solution, considering it a career path towards a prosperous economic future. For this study the respondents are selected based on Nonprobability sampling using convenience sampling in Salem District. It was concluded that there are many reasons for unemployment in a nation like economic recession, increased birth-rate, increasing technology, illiteracy etc. The young people of the nation can identify the causes of unemployment of the nation and can reduce the cause through entrepreneurship development.

[5] explores the career aspirations and preferences of students in the context of the global demand for skilled management and engineering graduates. The study analyzed student's responses on professional, management, and engineering jobs with national/international companies to identify job preferences and understand their thought process when selecting their first job. The study, conducted with 750 students, the researcher has used convenience sampling method and Likert scale to gather data on students' thoughts about job preferences, relocation, and factors influencing career decisions. Findings revealed a significant interest in job opportunities in Dubai, with growth opportunity and job profile being key considerations. The conclusion highlights the need for improvements in Indian institutions for research and innovation, suggesting a growing trend of students opting for study abroad due to dissatisfaction with the current education system. Also, recommendations were given by the researcher regarding the importance of students focusing on career advancement and parental guidance, while adhering to government-established checks and balances for working abroad.

The researcher has conducted "A Study on Employability Skills of Indian Youth" in [10] which explores the challenges and opportunities in harnessing the vast human resource potential in India, where approximately 70 percent of the population is below 35 years of age. The paper talks about how getting a job nowadays requires not only knowing specific subjects but also having general skills, like soft skills and having technical abilities (hard skills). The study explores what factors affect a person's ability to get a job and what skills are needed. It shows that there's a difference between what employers want and what graduates think they need. The paper suggests that the education system should change to include more practical skills and not just book knowledge. The paper concludes that the development of new-age skills, teamwork, leadership, basic computer and software proficiency, and problem-solving skills is crucial, necessitating a shift in learning methods towards more practical approaches. Furthermore, the researcher recommends changes in examination structures to better align with real-world competency

requirements and addressing the shortcomings of the current system.

4. RESEARCH METHODOLOGY

The research dives into the field of exploring the motivations and challenges for youth entrepreneurship while having few objectives as a lighthouse to guide the study. Survey-based research was conducted with 100 participants between the age bracket of 16 to 35 years in the Union Territory of Dadra and Nagar Haveli and Daman and Diu. The study enables us to study the sample through statistical analysis like Descriptive Statistics and Factor Analysis. A cross-sectional descriptive research design has been adopted wherein the samples of the population are asked to pen down their responses only once. The approach is well-suited for understanding the topic and objectives in focus [9].

The choice of methodology is well-suited for this study because by conducting a survey, the study gathers direct information from young entrepreneurs, directly addressing the research objectives of understanding their motivations and challenges. The cross-sectional approach is practical as it captures responses at a single point of time, making it easier to analyze and interpret the data without needing long-term follow-up. Using descriptive statistics and factor analysis allows for a thorough examination of the data, revealing key patterns and insights about the factors influencing youth entrepreneurship.

5. LIMITATIONS

- The study focuses only on geographic region of Union Territory of Dadra and Nagar Haveli and Daman and Diu, which may limit the generalizability of the findings to other areas.
- The sample size of 100 participants may not fully represent the diverse experiences of young entrepreneurs across India.
- The research is cross-sectional, only provides an overview of the current situation and may not show how things change over time or reflect future trends in entrepreneurship

6. SAMPLING DESIGN

A non-probability sampling technique, specifically to mention a mixture of Judgmental and convenience sampling has been used with a sample size of 100 across the age bracket of 16 to 35 to justify the stance of “Youth” in the study. Efforts have been made to include the diverse sample of young participants/respondents in terms of age, gender, and professional status. A structured questionnaire was circulated in the format of Google Form through various social media platforms particularly but not limited to WhatsApp, LinkedIn and Gmail. The types of questions included in the survey were Likert-scale and rank based questions along with multiple choice questions to gain insights into the said topics and its particulars. The questionnaire was verified for reliability through the Cronbach’s alpha value and face validity.

6.1 ETHICAL CONSIDERATIONS

The research adheres to the ethical principles for conducting research with human subjects. Informed consent has been

obtained from all participants prior to their participation in the study through an introductory note disclosing the purpose of the research and giving surety on the confidentiality of the responses by the participants/respondents.

7. DATA FINDINGS AND DISCUSSIONS

The reliability of the study with Cronbach’s Alpha at 0.800 gives surety and appropriateness of the data collection tool.

The category of the respondents to which they belonged were across the spectrum like Student and Not working (37%), employed in private or government sectors (28%), entrepreneurs (includes family business) (15%) and (11%) of the respondents were balancing their studies with part-time work that included their support to their family businesses. 63% of the respondents were from the age bracket between 21 years and 26 years signifying noteworthy interest in entrepreneurship among the young adults. The respondents had an equal participation from the gender point of view.

Passion for specific ideas or interests and the desire for financial independence were the top motivators for pursuing entrepreneurship, each cited by 63% of respondents. Additionally, 49% mentioned the influence of successful entrepreneurs as a driving factor, while 33% were motivated by the opportunity to create social impact. A smaller percentage cited factors such as lack of suitable job opportunities (17%), family involvement (22%), providing employment to others (32%), motivation from family business (36%), and social status (23%). Overall, it can be interpreted that there are multiple motivations behind individuals’ decisions to pursue entrepreneurship, with passion, financial independence, and the influence of successful entrepreneurs being the most prominent factors.

Principal Component Analysis (Factor Analysis) was conducted on the data collected from 100 respondents. Varimax Rotation was used. Kaiser Meyer Olkin (KMO) Measure of Sample

Adequacy indicates a value of 0.742 which is adequate and significant. Bartlett’s test of Sphericity has a p value of <0.001 that indicates the null hypothesis being rejected regarding correlation among some variables. The Eigen Value score indicated a presence of three (3) factors that explain cumulatively 66.2% of the data.

Considering the output of the Factor analysis and Eigen Values, we deduce the 9 Variables into 3 factors wherein the last two statements i.e. “Peer Pressure gives me boost to take up Entrepreneurship career” and “Family Approval and Disapproval is deciding factor for venturing into business career” can be clubbed under one factor that can be named as “Societal Factor”. The variables of having knowledge regarding government schemes and support along with considering Loans/Debt as a safe option for any business and affirming about the positive influence of technological advancement on motivating the entrepreneurs can be clubbed under a factor named “Financial and Technological Leverage”. The last factor accommodates the aspects of experience in taking up entrepreneurship and importance of network in road to success for any business simultaneously supporting the requirement of formal education can be termed as “Education and Network”.

Table.1. Component and Uniqueness

	Component			Uniqueness
	1	2	3	
Experience of doing Business/Entrepreneurship is Important	0.819			0.235
Network/Contacts impacts the success of Business	0.801	0.305		0.264
Having Formal Education (Any Degree) does help in ensuring smooth business practices	0.685			0.426
Financial Gain is Important for me to pursue entrepreneurship	0.455			0.723
It makes sense to have knowledge about the government schemes and support	0.306	0.784		0.292
I consider Loans/Debt as a safe option for any Business		0.761	0.303	0.327
Technology Advancement have made have influenced in positive way for people to opt for Entrepreneurship	0.601	0.617		0.248
Peer Pressure gives me boost to take up Entrepreneurship career			0.843	0.232
Family Approval or Disapproval is deciding factor for venturing into business career			0.829	0.295

Note. ‘varimax’ rotation was used #output from Jamovi Open-Source Software [11]

The challenges pursuing the entrepreneurship as a prospective career had many interesting responses and inputs.

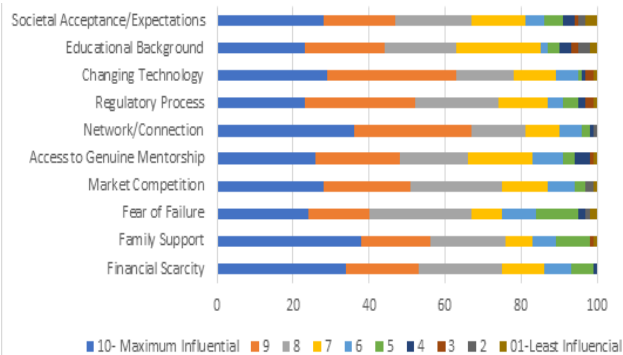


Fig.1. Challenges Rank Ordered

Many respondents believe financial scarcity is a significant challenge when considering a career in entrepreneurship. Family support is highly influential for individuals considering a career

in entrepreneurship. It means that having encouragement and backing from family members can play a big role in motivating and helping someone pursue their entrepreneurial goals. The data indicates that the fear of failure is a significant challenge for individuals considering entrepreneurship. This fear can be a major barrier to starting a business, as individuals may worry about the potential consequences of not succeeding, such as financial loss or damage to their reputation. The data suggests that market competition is seen as a significant challenge for individuals considering entrepreneurship. This indicates that potential entrepreneurs are aware of the competitive landscape and the difficulties they may face in standing out and succeeding in their chosen market.

Access to genuine mentorship is considered a significant challenge for individuals interested in entrepreneurship. A substantial number of respondents rated it as a 10, indicating that they believe having access to mentors who can provide valuable guidance and advice is crucial for success in entrepreneurship. Building a network or connections is seen as a highly influential challenge for individuals considering entrepreneurship and the same indicates that they believe having a strong network of contacts is crucial for success in entrepreneurship.

Dealing with regulatory processes is considered a significant challenge for individuals interested in entrepreneurship. This includes complexities and hurdles associated with regulatory compliance, which can include obtaining permits, licenses, and adhering to various laws and regulations. Adapting to changing technology is seen as a highly influential challenge for individuals considering entrepreneurship. This means that technological changes are both opportunities and challenges, requiring continuous learning and adaptation to remain relevant in the industries.

Individuals consider their educational background to be a highly influential factor when deciding to pursue a career in entrepreneurship. It suggests that having a formal education, such as a degree or specialized training, can provide valuable resources and opportunities for individuals as they navigate the challenges of entrepreneurship.

Societal acceptance and expectations are considered highly influential challenges for individuals considering entrepreneurship. Entrepreneurs are influenced by societal perceptions and pressures surrounding entrepreneurship, which may include cultural attitudes towards risk-taking, traditional career paths, and perceptions of success.

8. FUTURE SCOPE

- The study can be extended beyond the region of Union Territory of Dadra and Nagar Haveli and Daman and Diu, which can enhance generalizability of the findings to other regions of India.
- Sample Size can be Increased to improve the representativeness and reliability of the results. A larger and more diverse sample will provide a more accurate reflection of the youth entrepreneurship landscape in India.
- Future research can consider employing probability sampling techniques to enhance the representativeness of the sample. By using methods such as random sampling or

stratified sampling, researchers can ensure findings are more reliable and generalizable to the broader population.

- Incorporating longitudinal data in future research will allow for tracking the progress of entrepreneurs over time. This approach can provide valuable insights into the long-term impacts of the challenges identified and the effectiveness of various interventions.
- Future research can focus on the unique challenges and opportunities in digital entrepreneurship.

9. CONCLUSION

This research studies the motivations and challenges faced by young entrepreneurs, focusing on the growing trend of youth entrepreneurship. The finding of this research indicates that many young people are drawn to entrepreneurship due to their passion for specific ideas, the desire for financial independence, and the influence of successful entrepreneurs. The journey towards entrepreneurial success is fraught with challenges. Key obstacles include financial scarcity, limited access to mentorship and networks, fear of failure, and regulatory hurdles. The factor analysis conducted in this research identifies three main key factors, they are: societal influence, financial and technological leverage, and the importance of education and networks. In conclusion, youth entrepreneurship has great potential for economic growth and innovation. By helping young entrepreneurs with their problems and encouraging their goals, we can boost future economic growth and new ideas.

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