

AN EMPIRICAL ANALYSIS ON CHALLENGES AND PERFORMANCE OF YOUNG ENTREPRENEURS IN TENKASI DISTRICT

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Abstract

Entrepreneurs are the ones who work hard, take risks, learn from their failure and succeed with profit and recognition. Young entrepreneurs of India foster the nation's economy with their brilliance and firmness. The present study aims to identify the challenges and performance of young entrepreneurs in Tenkasi District. Descriptive research design is used and quantitative empirical research approach is employed. The samples of 150 young entrepreneurs in Tenkasi district are identified with the help of the concerned District Industrial Centre. The statistical tools used for this study are reliability analysis and multiple regression analysis. The important challenges faced by the young entrepreneurs are Lack of role models, Lack of family support, Higher environmental uncertainty, Government policy, Lack of broad knowledge base, Lack of resources, Lack of marketing, and Performance of entrepreneurs. The analysis reveals the importance of lack of broad knowledge base and lack of family support in the determination of the entrepreneur's performance.

Keyword- Entrepreneur, Young Entrepreneurs, Challenges, Performance

Introduction

The entrepreneurship plays an important role in the socio-economic development of a country. The government and non-governmental organizations implement so many entrepreneurship development programmes in order to increase the entrepreneurship among the people especially among youth. The young people are the cadence to promote positive changes, level of innovativeness, size of work capacity, performance and desire to succeed (Paul, 2013). The young people will be able to exploit more effectively their potential at work if they are having appropriate entrepreneurial education (Veluchamy, 2014).

Youth being energetic, artistic, innovative, enthusiastic and dynamic in nature constitute the most crucial part of the population (Saulina, Yu, 2015). Youth are the backbone of a Nation who through their energy and passion brings out the dramatic alternations in a Nation and the way it functions (Miloslavsky, 2016). The promotion of entrepreneurship among youth can solve the problems of unemployment and enrichment of the standard of living of the Nation (Geldhof, et al., 2014). India has an advantage of huge youth population compared to other countries. The age bracket of 20-29 years was evaluated to increase 35 per cent growth in the millennial population in just 15 years (Sachin and Banerjee, 2022).

Challenges among the Young Entrepreneurs

The young entrepreneurs are the new entrepreneurs get into the business world. These entrepreneurs are facing so many challenges at the start-up stage itself (Chigunta, 2002). The common challenges faced by them are overestimating success, misplaced purpose, negative mindset, poor organization, lack of support and motivation (Bhavna, 2015). The important challenges are starting from developing the vision and business idea (Chandrasekar and Behal, 2012). Developing a business idea is the very first challenge of young entrepreneurs (Yoganandam and Raj, 2017). After the development of business idea, they faced the challenges to mobilize the start up capital (Pramila, et al., 2017). The next important challenge is to assemble a business team which consists of banker, financial adviser, accountant, legal adviser, and other specialists (Van, 2003). Searching the right business local is the next challenge since its creates a good road network and other amenities (Vanstel, et al., 2005). The next two challenges are finding good employees and good customers (Gupta, 2008). The employees are the assets to the business firm whereas the good customers create a business base (Salamzadeh and Dana, 2021).

The further challenges of young entrepreneurs are dealing with competition and identification of unforeseen business challenges and expenses (Williams, et al., 2020). The next challenge is the accompanying the changing industrial and business trends (Valencia, et al., 2014). The overestimation and more prone to depression and anxiety are the other two challenges faced by young entrepreneurs (Meher and Sahoo, 2008). If these challenges are properly examined and rectified by the young entrepreneurs, their success in the business will be assured (Fatoki and Chindoga, 2011) since it gives more idea on don'ts.

Need for the study

The Government of India took so many efforts to promote youth entrepreneurship through some special programmes like PMKVY. But the reach of the programmes are not an expected level due to the mindset of the youth and their family members (Srivastava and Mishra, 2017). The young entrepreneurs are also facing so many challenges at their start up stage and the subsequent stages (Priyanto and Sandjojo, 2015). It affects the rate of growth of our economic development to a higher extent (Vijayaragavan, 2014). At this scenario, it is essential to study the challenges faced by young entrepreneurs in order to formulate suitable policies to prepare the youngsters to face these challenges in a successful manner.

Review of literature

Dash and Kaur (2012) identified the importance of youth entrepreneurship in boosting Indian Economic Competitiveness. Dalmini (2017) noticed the effectiveness of youth entrepreneurship programmes in enhancing an entrepreneurial culture. Saygin (2020) noticed that the entrepreneurial characteristics of young entrepreneur councils. Kavita and Aashu (2017) revealed the role of young entrepreneurship and its role in Indian Economy. Yoganathan and Vignesh (2017) identified the challenges of young entrepreneurs. Saphetha, et al., (2014) noticed the challenges and prospects of youth entrepreneurship. Eng et al., (2019) identified the internal and external challenges faced by young entrepreneurs and suggestions to overcome it.

Objectives of the study

The objectives of the study are confined to

- Identify the important challenges faced by the young entrepreneurs in the study
- Measure the level of performance of young entrepreneurs and
- Evaluate the impact of challenges on the performance of young entrepreneurs.

Methodology

The present study made use of a descriptive research design. A quantitative empirical research approach was employed with the help of pre structured and tested questionnaire. The

samples of 150 young entrepreneurs in Tenkasi district are identified with the help of the concerned District Industrial Centre.

The Research Instrument

The questionnaire was prepared with 2 important parts. The part-I covers the seven important challenges whereas the part-II includes the performance of the entrepreneurs. The variables related to the concepts generated for the study are drawn from reviews. These are presented below.

Challenges of Young Entrepreneurs

The young entrepreneurs are facing so many challenges from their initial entrepreneurship to entrepreneurial performance (Yoganandan, 2017). The challenges faced by them at the initial stages are their deficiencies in entrepreneurial capacity (Vijayaragavan, 2014). These include 16 challenges from spotting opportunities to coping with uncertainty risks (Srivastava and Mishra, 2017). These are happening at the initial stages (Valliere, 2008). While they are running their business, they face challenges in business due to their lack of entrepreneurial capacity building (Agarwal, et al., 2020). In the present study, the challenges of young entrepreneurs represent the challenges faced by them while they are running enterprises (DiAddario and Vini, 2010). The variables in these challenges are drawn from reviews (Van Pragg, 2003).

These are presented in the given Table.

TABLE
Challenges of Young Entrepreneurs

<i>Sl. No.</i>	<i>Variables in CYE</i>	<i>Sl. No.</i>	<i>Variables in CYE</i>
I	Lack of Role Models (Dhaliwal, 2016)	V	Lack of broad knowledge base (Pradhan and Nath, 2012)
1.	Absence of role models	1.	Poor knowledge on market and competition
2.	Rely solely on instinct	2.	Lesser idea on business management

3.	First generation entrepreneur	3.	Lack of risk orientation
4.	Everything is new	4.	Difficult to predict market trend
II	Lack of family support (Dash an Kaur, 2012)	5.	Lack of understanding of pre-defined roles and relationship
1.	Poor entrepreneurship among family members	VI	Lack of resources (Levenburg and Schwarz, 2008).
2.	Family members advised to avoid risks	1.	Scarcity of financial resources
3.	Family members encourage to get assured income	2.	Difficult to mobilize human resources
4.	Family focus on security and certainty	3.	Personal financial constraints
5.	Poor financial background of family	4.	Difficult to attract and retain talented human resources
III	Higher Environmental Uncertainty (Towers, et al., 2020)	5.	Lack of investors
1.	Young firms face challenges due to its youth	VII	Lack of Marketing (O'Dwer and Ryan, 2000)
2.	Lack of preparation to face uncertainty	1.	Limited scope of marketing
3.	Difficult to cope with new field	2.	Difficult to create customer base
4.	Difficult to face tough competition	3.	Strategic pricing is the key issue
IV.	Government Policy (Potabatti and Boob, 2015)	4.	Unable to stand against big competitors
1.	Formalities to run the business	5.	Difficult to focus on market research
2.	Taxation procedure in GST		Performance of Entrepreneurs (Priyanto and Sandjojo, 2005)
3.	Fear of corporate / income tax	1.	Market Share
4.	Filing of Tax returns	2.	Customer base

5.	Red tapisom in public administration	3.	Human Resources and its management
		4.	Adequacy of profit
		5.	Adequacy of liquidity
		6.	Easy for market expansion
		7.	Scope for future opportunities

The respondents are asked to rate the above said variables in seven important challenges and the performance of entrepreneurs at five point sale. Out of 150 sampled respondents, only 92 respondents fully responded questions. These entire 92 questionnaires have been included for data analysis. Initially, the reliability and validity are checked. The level of challenges faced by entrepreneurs and their performance are measured after.

Presentation of the Findings

The initial findings of the study are related to the reliability and validity of variables in the concepts generated for the study. The details are presented below:

TABLE
Checking of Reliability and Validity

<i>Sl. No.</i>	<i>Concepts</i>	<i>No. of variables in</i>	<i>Range of standardized factor loading</i>	<i>Composite reliability</i>	<i>Cronbach alpha</i>	<i>Average variance extracted (%)</i>
1.	Lack of role models	4	0.6917*- 0.8789*	0.7784	0.7582	53.73
2.	Lack of family support	5	0.6344*- 0.9117*	0.7802	0.7611	54.02

3.	Higher environmental uncertainty	4	0.6504* -0.9044*	0.7911	0.7702	55.88
4.	Government policy	5	0.6217* -0.9119*	0.7844	0.7613	54.06
5.	Lack of broad knowledge base	5	0.6508* -0.8868*	0.7545	0.7324	51.29
6.	Lack of resources	5	0.6673* -0.8942*	0.7613	0.7412	52.08
7.	Lack of marketing	5	0.6404* -0.8991*	0.7732	0.7517	53.17
8.	Performance of entrepreneurs	7	0.6517* -0.9241*	0.7974	0.7732	56.17

The above table shows that the content validity in all eight concepts are justified since the standardized factor loading of variables in the concepts are greater than 0.60. The convergent validity are also proved in all eight concepts since the composite reliability and average variance extracted of all composite reliability and average variance extracted of all concepts are greater than 0.50 and 50.00 per cent respectively. The internal consistency in each concept is justified since the respective cronbach alpha is greater than 0.60. The results in the abovesaid table reveal the justification of reliability and validity of variables in all concepts generated for the study

Level of Challenges and Entrepreneur Performance among the Young Entrepreneurs

The level of challenges faced by the young entrepreneurs and their level of performance are discussed by the mean scores of the all seven important challenges and the level of entrepreneur's performance, its standard deviation and co-efficient of variation. The details are given in Table.

TABLE**Mean of Important Challenges and Performance of Young Entrepreneurs**

<i>Sl. No.</i>	<i>Concepts</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Co-efficient of variation (%)</i>
1.	Lack of role models	3.1084	0.5419	17.43
2.	Lack of family support	3.4586	0.6297	18.21
3.	Higher environmental uncertainty	3.6084	0.8044	22.29
4.	Government policy	3.5114	0.5894	16.79
5.	Lack of broad knowledge base	3.4886	0.6303	18.07
6.	Lack of resources	3.2088	0.5974	18.62
7.	Lack of marketing	3.2996	0.6307	19.11
8.	Performance of entrepreneurs	2.9148	0.5979	20.51

The highly viewed important challenges among the young entrepreneurs are high environmental uncertainty and Government policy with the mean score of 3.6084 and 3.5114. It is followed by lack of broad knowledge base with the mean score of 3.4886. The higher consistency is noticed in the case of view on government policy and lack of role models with the co-efficient of variation of 16.79 and 17.43 per cent respectively.

Linkage between Challenges and Performance of Young Entrepreneurs

The challenges in business highly perceived by the entrepreneurs may affect their performance in long run. It is imperative to examine the impact of important challenges on the performance of young entrepreneurs for future policy implication. The multiple regression analysis is applied to examine the impact before the application of multiple regression analysis, the degree of mutual exclusiveness among the important challenges in order to avoid the multi-co linearity problem in the application of multiple regression analysis. The Variance Inflation Factor (VIF) and the level of tolerance of each important challenge are estimated. The result of multiple regression analysis is given in Table.

TABLE

Influence of Important Challenges on Performance of Young Entrepreneurs

Sl. No.	Constructs	Unstandardised co-efficient	Standard error	't' value	' β ' value	VIF	Tolerance level
	Constant	-3.4514	0.0414	-83.37*	-	-	-
1.	Lack of role models	-0.1889	0.0731	-2.5841*	-0.1602	5.9411	0.1683
2.	Lack of family support	-0.2542	0.0504	-5.0437*	-0.2391	6.8402	0.1462
3.	Higher environmental uncertainty	-0.1044	0.1025	-1.0185*	-0.0942	5.4502	0.1835
4.	Government policy	-0.2314	0.0673	-3.4383*	-0.2119	6.1179	0.1635
5.	Lack of broad knowledge base	-0.2969	0.0503	-5.9025*	-0.2703	6.8969	0.1499
6.	Lack of resources	-0.1143	0.1544	-0.7403	-0.0902	5.8244	0.1717
7.	Lack of marketing	-0.1733	0.0803	-2.1582*	-0.1517	6.1783	0.1619
	R ²	0.7845	–	–	–	–	–
	F-Statistics	19.7345*	–	–	–	–	–

*Significant at five per cent level.

Since the VIF of all important challenges are greater than 5.00 and its tolerance levels are lesser than 0.20, the analysis confirm that there is no multi co linearity problems in the application of multiple regression analysis. The significantly affecting important challenges on the entrepreneurs performance are lack of role models, lack of family support, government policy, lack of board knowledge base and lack of marketing since their regression co-efficients are significant at five per cent level.

A unit increase in the abovesaid important challenges decrease the entrepreneur's performance by 0.1602, 0.2391, 0.2119, 0.2703 and 0.1517 units respectively. The changes in the level of challenges faced by young entrepreneurs explain the changes in the entrepreneur's performance to an extent of 78.45 per cent since its R^2 is 0.7845. The significant 'F' statistics reveals the justification of the fitted regression model. The analysis reveals the importance of lack of broad knowledge base, and lack of family support in the determination of the entrepreneur's performance.

CONCLUDING REMARKS

The present study conclude that the important challenges influence the entrepreneurs performance are lack of role models, lack of family support, government policy, lack of broad knowledge base, and lack of marketing. These challenges affect the entrepreneur's performance to a considerable extent. If the challenges are properly rectified by the government and non-governmental organizations in a proper way, the youth entrepreneurs can be motivated to do business in an easier way. The government is advised to provide not only financial assistance but also non-financial assistance to the young entrepreneur in order to motivate them. The non-financial assistance covers the psychological, environmental, knowledge and management aspects.

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