Entrepreneurs and Entrepreneurship

Utkarsh Chaurasia
Gautam Buddha University, Greater Noida

Abstract

This paper is written to emphasize lights on reasons for business discontinuation and problems associated with enterprise establishment in India due to illegitimacy between government and business firms. The study further leads to discussion of role of entrepreneurship on nation economy. This paper is to be presented at International Conference on Advances in Management & Digital Sciences.

Keywords: entrepreneurs, entrepreneurship business, business discontinuation, competencies, challenges

Introduction

We had have dreamt of being entrepreneur at some stage of life but couldn’t get a way to it. Many have not met actual concept and definition of what they are thinking of. The concept of entrepreneurship has been around for a very long time. Entrepreneurship is one of the factor ruling the economic sector of nation. Concept of entrepreneurship is explained by many economists and researchers but entrepreneurs seek in Schumpeter’s words: “to reform or revolutionize the pattern of production by exploiting an invention or more generally an untried technological possibility for producing a commodity or producing an old one in a new way by opening up a new source of supply of materials or a new outlet for products. Entrepreneurship as defined, essentially consists in doing things that are not generally done in the ordinary course of business routine.”

Ronstadt’s definition of entrepreneurship: “Entrepreneurship is a dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and/or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.”

Now, with the definition in mind, we still find difficult to identify entrepreneurs and determining their jobs. Is realtor, the butcher, the franchise computer retailer or person in corporation, schools or government be categorized in entrepreneurs. Indeed there is no
entrepreneurial procedure and no evidence of professional status. Some economists and researchers explain it as matter of individual perception or as an achievement-oriented individuals driven to seek challenges and new accomplishments. Schumpeter’s viewpoint says that entrepreneurs bring resources together in unusual conditions to generate profits.

**Entrepreneurs and Challenges**

Challenges and entrepreneurs has a unique bonding, where facing challenges and solving problems seem to be an integral part of the business journey. Indeed, entrepreneurs who do not experience at least one challenge with their company are an exception. Entrepreneurs’ most common problems are related to finance and management.

The prosperity of a country is related to its overall development and when we say overall development we are talking about the number of production units that are prevailing in that economy. Entrepreneurship played a significant role in economic growth, innovation, and alleviating poverty.

The four problems they cited most often are finding money to finance projects, maintaining the business’s profitability, growing the company in an orderly manner, and finding a balance between their personal and professional lives.

When facing challenges, most entrepreneurs seek help from at least one internal or external source. We asked entrepreneurs who faced challenges what advice would they give to their peers to turn these challenges into opportunities. The most common suggestions related to trust, patience, networking and willingness to seek help. Although a majority of entrepreneurs told us they feel well equipped to grow their business, over one-quarter do not, mainly because they lack funds or qualified personnel, or had faced management challenges.

- **Taking an Initiative:** First and foremost struggling part of being an entrepreneur is taking an initiative. It should start with ideation then search for feasibility of idea. Then there comes first step, initiation towards the idea and that might be quitting a job, announcing your venture to the world and family, approaching someone with your first pitch. Many a time, we are with no idea to approach for the initiation for venture, then might be entering a start-up accelerator program which is also a tough initiative.

  A right approached initiative can be best boost to your venture.

- **Facing society:** At some instances, we had to face stereotypic etc… in our society, which may drag the motivational boost of initiator of a new idea or concept.

  Person with ideation and get a way to get for his ideation have to face the society, facing the stereotypes, social rejection, criticism. Ironically, person might be called ‘lazy’ or ‘irresponsible’ or you might not having one to chat with, may not understand the unconventional route you’ve taken. You might be warned repeatedly about the various ways your business can fail.
• Fighting yourself: Being tagged as an entrepreneur can be a tough task if you failed to win fight with yourself. After facing such stereotypes, criticism and facing the society, one might feel lonely and doubt on his decision. Therefore, it’s important to have faith on your decision after searching for feasibility of ideation.

If you feel yourself discouraged, or lonely, a motivational tool is to take a look at your list of goals and tasks to do.

Failure is scary, and even for greatest entrepreneur’s failure is scary. You can try and mitigate by being strategic and planning, but there will be moments when you will have to wing it, and it may not go the way you wanted. But you need to keep going, keep building the company and developing your idea. The perseverance is where you see people come from failures and reach heights.

If you are starting a business because you think it will be easier than nine to five, then you are wrong. You need to work hard for long, starting a business brings 50+ hour work weeks and many times working on weekend and missing those regular social gathering you used to go to.

Patience is key to any success. No one is going to be cutting you a check every week if you choose the full time entrepreneurship route. You will have to reap all your earnings from the profits you make. In the beginning, you might not getting as pace and profit as you expected. You need to stay focused and continuing developing the ideas to get a success. Save up enough so you have a runway for the business to sustain with little or no money.

• Team Formation and Management: This is one of most tough task, team formation and team management. It’s not enough to find candidates who fill certain roles- you also need to consider their cost to business, their culture fit and how they’ll work as part of your overall team. This is especially hard if you’ve never run or managed a team before, but even if you have management experience, picking the right team for a start-up is stressful and difficult.

• Decision making: It’s pride, fun and luxurious to be a boss of any company, till you have to enforce something. It just seems fun to be as a leader, but actually a tough and challenging task, as you have to make decisions for the company apart from biasing and any pressure. Might be someone is happy with you decision, some may not but you have to be confident about your decision.

Sooner or later, you’ll have to come up with the rules your business follows, from how many vacation days your workers get to what the proper protocol is when filing a complaint about a co-worker. These details aren’t fun to create, and they aren’t fun to think about, but they are necessary for every business.
• **Fund Raising:** Most important factor for uplifting the start-up venture is fund raising. There’s a lot more work to start-up fundraising than most new entrepreneurs realize. Not having a full understanding of the process and what it takes can lead to a lot of frustration, if not failed rounds, or at least miserable terms.

When it comes to fundraising it is all about mastering storytelling and capturing the essence in 15 to 20 slides.

**Business Discontinuation in India**

Start-ups in India is taking up firm root and their growth need to be encouraged. The NewsX Bureau in his article written about business discontinuation rate in India:

“A recent report on the situation of business in India has raised many eyebrows over the ground impact of government’s Start-up India initiative. The Global Entrepreneurship Monitor (GEM) India Report 2016-17 has said that only 5% of country’s people manage to establish their own business, which is among the lowest rates in the world. The report added that only 11% adult population in India engaged in early-stage entrepreneurial activities. The business discontinuation in India is among the highest in the world at 26.4%, says report. The survey by Gandhinagar-based Entrepreneurship Development Institute of India (EDI) was conducted among 3,400 respondents aged between 18 and 64 years to assess the level of entrepreneurial activity in the country.

The report added that just 4% of the total population accounts for nascent entrepreneurs, who are actively engaged in setting up a business they will own and co-own. Only 7% are the entrepreneurs who are owner-managers of business which are running for less than 3.5 years. Among the BRICS economies, Brazil has performed well in this survey. The South-American country has the highest rate of established business at 7% and South Africa has the lowest at 3%. Even China has the higher rate of 8%, while it is 5% in both Russia and India, says report.

On total early-stage entrepreneurship (TEA), the report says the early stage organisations are expected to hire 1-5 employees over the next 5 years and only 5% plan to hire more than 5 employees. Administration hurdles lead to business discontinuation in 1.3% of cases. 7% of businesses fail due to the financial crisis, 6.5% due to the financial crisis, 16.9% because of the business turning unprofitable and 58.4 % due to the other reasons.

The statistics available on the Start-up India official website says that about 99 start-ups have been funded since the start of this initiative. The official report says that about 8182 start-ups have got recognition till yet.”

There are might be several reason for such stat for business discontinuation in India, but in general we can list some possible reasons and concepts where need to be focused:

• **Financing:** It might be a comparative easy task of fund raising than managing finance of the company.
Even experienced entrepreneurs don’t have it easy when it comes to funding a new business, but they do have a few advantages over newcomers. Cash flow shortages are one of the most common reasons for new business failures is cash flow management.

Always raise more money than you think you’ll need. And always preserve for savings sections to be used in future emergency.

Smart, integrated business policy.

- **Need to follow path for sustainable development:** Green Business is the other name for Sustainable business. This ideal position of sustainable business is achieved by following the practices which does not put any negative impact on society, environment, our community and economy. Basically, there are four criteria which measures if business practices are matched up with the sustainable business or not:
  
  Business has a commitment to protect the environment and following the procedures:

- **Greener than traditional competition**
  
  a. In each decision, it follows the practices of green or sustainable business.
  
  b. It is providing customers all those environment friendly products and services which are capable to replace all the non-friendly one.

- **Transparency and being unbiased**
  
  a. It is very important for an organization to being transparent in procedures and being unbiased to all whether it’s your relative as employee or anyone.
  
  b. The problem of trust can be closely linked to the need for transparency. One result of the declining trust in business has been a growing pressure on companies to openly report on their activities.

- **Need to understand core competencies of your business**
  
  a. Core competencies are the resources and/or strategic advantages of a business, including the combination of pooled knowledge and technical capacities that allow it to be competitive in the marketplace. In other words, core competencies are what the company does best and consist of the combined activities, operations, and resources that distinguish the company from competitors.
  
  b. Before starting the business, the initiator having the idea must search for feasibility of idea and need to properly understand the core competencies of his business idea.

**Consequence of eyeing on enhancing start-ups sector**

Although a majority of entrepreneurs told us they feel well equipped to grow their business, over one-quarter do not, mainly because they lack funds or qualified personnel, or face management challenges. The economic development of the nation depends upon industrial development and it is based on entrepreneurial skills and competencies of the individuals.
The major areas, where entrepreneurs contribute an important part towards economic development of the country have been stated as follows: (Dhaliwal, 2016).

- **Promotes Capital Formation** - Entrepreneurs promote capital formation by organizing the savings of the public. They employ their own as well as borrow resources for establishing their enterprises. Such types of entrepreneurial activities lead to value addition and creation of wealth, which is essential for the industrial and economic development of the country.

- **Create Large Scale Employment Opportunities** - Entrepreneurs provide direct employment opportunities to the individuals on a large scale. With establishing of more and more units by entrepreneurs, both on small and large scale many job opportunities are created for others. As enterprises develop, they provide direct and indirect employment opportunities to many individuals. In this way, entrepreneurs contribute an effective part in reducing the problem of unemployment within the country, which in turn clears the pathway towards economic development.

- **Promotes Balanced Regional Development** - Entrepreneurs help to remove regional differences, through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits, like road transport, health, education, entertainment, and so forth. Setting up of more industries lead to more development of backward regions and thereby, promote balanced regional development.

- **Reduces Concentration of Economic Power** - Economic power is the normal result of industrial and business activity. Industrial development usually leads to concentration of economic power in the hands of few individuals, which results in the growth of monopolies. In order to redress this problem, a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

- **Wealth Creation and Distribution** - It motivates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus proving to be beneficial to the larger sections of the society. Entrepreneurial activities also produce more activities and give a multiplier effect to the economy.

- **Increasing Gross National Product and Per Capita Income** - Entrepreneurs are always looking for opportunities. They discover and exploit opportunities, inspire effective resource mobilisation of capital and skill, bring in new products and services and develops markets for the growth of the economy. In this way, they assist in increasing gross national product as well as per capita income of the people. Increase in gross national product and per capita income of the individuals indicates that economic development is taking place in an effective manner. In order to encourage economic
development, it is vital to ensure that individuals are not unemployed or facing scarcity of resources.

- **Improvement in the Standard of Living** - Improvement in the standard of living of the individuals is a feature of economic development of the country. Entrepreneurs contribute a crucial part in increasing the standard of living of the individuals, by adopting latest innovations in the production of wide variety of goods and services on large scale that too at a lower cost. This enables the individuals to avail improved quality products at lower prices which results in the improvement of their standard of living.

- **Promotes Country’s Export Trade** - Entrepreneurs assist in promoting a country’s export trade, which is an important component of economic development. They produce goods and services on large scale for the purpose of earning large amount of foreign exchange from export to combat the import dues requirement. Hence, import substitution and export promotion ensure economic independence and development.

**Conclusion**

This paper concludes that today is time we need to focus to control business discontinuation rate in India, so as to enhance our economy. To control the business discontinuation, we need to properly figure out pain point for the issue and need to work on it.

Today every student or every aspirant need an introduction to challenges and working of being entrepreneur. There need to held a workshop or seminar regarding entrepreneurship at tier of society and there should a minor subject during school and college education. I feel need of these thing because I feels everything feels it easy to be entrepreneur and need to clear their myth.

With capital no longer the constraint it used to be and improving growth metrics thanks to better digital infrastructure, things never been better for Indian startups. There are two significant things that are working in favor of startups today. One, internet penetration in India is around 40% and that’s proved to be inflexion point for successful startups in the U.S and China. Investors are betting the same story will unfold in India. Two, the success of startups such as Freshworks, Ola and Oyo have created a global business playbook that emerging startups can follow.

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