

YOUTH ENTREPRENEURSHIP - CHALLENGES IN KERALA

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Abstract

Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk taking appropriate to the opportunity and through the communicative and management skill to mobilize human, financial, managerial and material resources necessary to bring project to function. Hence it needs professional application of knowledge, skills and competencies to start an enterprise or diversifying from an existing one.

Youth is considered to be the future of every nation. Youth is the stage of life when a person has dreams and hopes. They have high aspirations and energy. In the present scenario business creation and development of entrepreneurial culture are the alternatives for the youth since they face the problem of unemployment and under employment. The young people face challenges in connection with setting up of their enterprises. They can develop only through various support systems by the supportive environment. The present study tries to analyses the major difficulties faced by the youth to start up their venture.

Key Words: *Youth entrepreneurs, Support mechanism, Entrepreneurship.*

1. Introduction

One of the major problems that exist in Kerala is unemployment. The state records the highest unemployment among the Indian state. Only two small states viz; Nagaland and

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Tripura have a higher unemployment rate than Kerala. Unemployment in Kerala is found to be over three times the all India average. In such a situation here is the need for developing entrepreneurial culture among youth in our country. Entrepreneurship helps to provide possible solution to the problem of unemployment. In India entrepreneurship provides great opportunities for self-employment among youth both in rural and urban areas. Finance is the major hindrance of growth of youth entrepreneurs. Lack of finance is the major issue in connection with start up by youth entrepreneurs since it has an inter-related effect on the other functions related to business operations. The major problems faced by youth entrepreneurs are Lack of awareness of the support mechanism, Difficult documentation, Lack of access to startup finance, Lack of specific schemes for youth entrepreneurs, Negative attitude towards youth entrepreneurship by society, Lack of entrepreneurship education, Administrative and bureaucratic hurdles and Lack of business support in the form of mentoring, business networking etc.

2. Statement of the Problem

The development of a nation depends on the pace of the industrialization in that country. Industrialization means the development of the country in terms of resource utilization, employment generation, increased standard of living and balanced regional development. It is an indicator of the prosperity and progress of a country. But the economic development of any nation depends upon purposeful human activity, that is, upon entrepreneurial activism. Entrepreneurship is considered to be a solution for generating employment, creating wealth and providing new and better goods and services.

Entrepreneurship development has special significance with reference to Kerala. Approximately, Kerala is a hundred per cent (93.91 % as per 2011 census) literate state, acclaimed worldwide for its achievements in the social sector, particularly in the education and health indices, ironically has the highest rate of educated unemployed. According to the Kerala State Entrepreneurs Self Development Mission (KSSEDM), the educated youth are still reluctant to set up enterprises of their own and the registered youth in this mission are few. They lack the courage to startup because the complexities in connection with getting the startup assistance from the government side and the society too. Hence, the study is made an attempt to identify the major challenges faced by the youth entrepreneurs in Kerala.

3. Significance of the Study

Entrepreneurship in Kerala occupies a significant position in the industrial scenario. It creates employment opportunities, efficient utilization of scarce resources, encouraging

balanced regional development, effective mobilization of skill and capital, creation of backward and forward linkages and so on. Youth Entrepreneurs are substantially under-represented in enterprise ownership relative to their population. The government agencies take efforts for the enhancement of the entrepreneurs to boost the manufacturing sector through subsidies and other supports. In spite of all the supportive mechanisms, the educated youth are still reluctant to set up enterprises of their own. This shows the very significance of the present study.

4. Scope of the Study

The study included the youth entrepreneurs registered under MSME with the Directorate of Industries and Commerce in Kerala. Primary data collected from three zones, like South (Thiruvananthapuram), Central (Ernakulum) and North (Kozhikode) according to the highest number of registered units in each zone.

5. Objective

The main objective of the study is to analyse the major difficulties faced by the youth to start up their business unit.

6. Methodology

The present study is descriptive and analytical in nature based on primary and secondary data. Required primary data were obtained from 100 youth entrepreneurs in Kerala. Secondary data were collected from various journals, books, annual reports, published thesis, various websites etc. A well-structured interview schedule is the tool used for collecting data from the respondents. Purposive sampling technique is used for selecting the sample size and SPSS K-related Friedman test is applied to analyzing the problems.

7. Review of Literature

Daisy¹ (2012), states that human resource development aspect of entrepreneurship development programme too lack its depth. There are enough promotional measures to entrepreneurs like programs, policies, government schemes or initiatives, but all such efforts lack an entrepreneurial spirit. And the various agencies engaged in entrepreneurship development activities could not understand the genuine need of such activities, they are engaging in them with a 'for the sake' attitude.

Kochadai² (2011), found that entrepreneurial competency is high among those respondents who had some of their family members or friends also engaged in some business

activities compared to first generation entrepreneurs. He also found that the backward community entrepreneurs have higher attitudinal and behavioral competencies, but they lack managerial competencies. Therefore he suggests that to provide necessary training and orientation in the area of managerial competency in order to ensure that their sustenance in the industry and commerce would be highly encouraging.

Prasad³ (2007), states that the reason for the variations in the level of socio-economic conditions among tribal households imply unequal opportunities of the support system for them. And the empowerment and development of the tribal's ultimately depend on their active involvement in development and decision making.

Santha⁴ (2007), the study revealed that most of the women entrepreneurs in Kerala faced financial problems and the basic financial problem of the women entrepreneurs in Kerala and Tamil Nadu is liquidity and non-availability of credit. Lack of collateral security is the basic reason for not getting adequate credit from financial institutions. Majority of the women entrepreneurs in Kerala and Tamil Nadu were utilizing their personal savings to solve their financial crisis. So the researcher suggests that to formulate liberalized loan schemes for women entrepreneurs.

Valasala⁵ (2007), the study found that the entrepreneur in Kerala have been facing a number of Social, Economic, Managerial, Technological and marketing problems in their units. Considering the decisive role of the sector the government has to give attention and take reasonable steps to improve the performance of small scale sector in Kerala.

Gopakumar⁶ (2005), in his study, *Role of Institutional Finance in the Development of Small Scale Industries in Kerala*, states that the financial agencies providing better backgrounds of SSI units in the rural area, because, there is a scope for flourishing the entrepreneurship. He also suggests that a proper monitoring mechanism with the Government to see whether the scheme is implementing in its full spirit, the benefit is reaching to genuine entrepreneurs are able to register a progress and a state level marketing consultancy organization should be set up to minimize product failure.

8. Youth Entrepreneurship

United Nation defines 'Youth' as those between 15-24 years of age. According to the National Youth Policy 2003 of India "youth" has been defined as people in the age group of 13-35 years. The Prime Minister Rozgar Yojna (PMRY) has targeted educated unemployed youth between the age group of 18-35 years. Directorate of industries and commerce defines youth entrepreneurs as the entrepreneurs aged between 18-45 years.

For that reason, in this research “youth” is defined as any person aged between 18-45 years of age and ‘youth entrepreneurship’ is defined as the “practical exercise of enterprising qualities, such as innovation, initiative, organizing skills and risk-taking into the work environment using the required skills necessary for success in that environment and culture’.

Entrepreneurship is the risk-taking ability of the individual, broadly coupled with correct decision making. An enterprise finds manifestation in different ways. The capacity to take risk independently and individually with a view to making profits and seizing an opportunity to make more earnings in the market-oriented economy is the dominant characteristic of modern entrepreneurship.

9. Key challenges faced by youth entrepreneurs.

The following are key problems faced by the youth entrepreneurs.

1. **Lack of awareness of the support mechanism:** Youth entrepreneurs lack awareness about the support mechanism provided by the government and other institutions for promoting them. They do not make use of the services offered by the government agencies due to unawareness.
2. **Difficult documentation:** The conditions and procedures for granting the financial assistance and other services are very difficult. Usually the time taken for procuring and sanctioning of the financial assistance offered by the government institutions is too long.
3. **Lack of access to start up finance:** Young people are rich in aspirations, self-confidence and the courage to start the business but they lack finance. Every business needs finance to manage the business smoothly. Non availability of sufficient startup finance is one of the most significant problems to young people seeking to create their own enterprise. Lack of finance is considered as the severe issue than any other problems in connection with business or the unfavourable economic climate.
4. **Lack of specific schemes for youth entrepreneurs:** There are a number of promotional measures offered by the government institutions for the development of entrepreneurship in our state. But the youth are still reluctant to set up their business units. The non-usage of these support services by the young people because as they are not fit for the specific needs of them.
5. **Negative attitude towards youth entrepreneurship by the society:** Religion can shape the values and beliefs of a person and have an influence on entrepreneurial behaviour generally and the nature and the type of business in particular. Culture also has

significant influence on entrepreneurial behavior. Social perceptions and observed legitimacy of entrepreneurship also an important element in helping of hindering entrepreneurial behaviour.

6. Lack of entrepreneurship education: Entrepreneurship education is crucial in assisting young people to develop entrepreneurial skills, attributes and behaviours as well as to develop enterprise awareness, to understand and to realize entrepreneurship as a career option.
7. Administrative and bureaucratic hurdles: Government regulations and bureaucratic formalities are one of the major difficulties faced by the youth entrepreneurs to startup their venture and prevent them to enter into the formal sector. Unsupportive tax system, business registration procedures and costs are coming under this problem.
8. Lack of business support through mentoring, counseling and business networks: Support mechanisms including mentors, business networks are needed for the young entrepreneurs obtain in the startups and new business phases better for creating them successful and sustainable.

Out of the 8 problems which faced by the youth entrepreneurs to start their business unit, the most critical problem is identified by using the K-related Friedman test and the output of the test is presented in Table 1 and 2.

Table 1
Mean Ranks - Challenges of Youth Entrepreneurs

Sl No.	Problems	Mean Rank
1	Lack of awareness of the support mechanism	2.99
2	Difficult documentation	1.96
3	Lack of access to startup finance	1.55
4	Lack of specific schemes for youth entrepreneurs	3.33
5	Negative attitude towards youth entrepreneurship by society	4.63
6	Lack of entrepreneurship education	4.39
7	Administrative and bureaucratic hurdles	2.89
8	Lack of business support	5.96

Source: Primary Data

Table 2
Test Statistics

N	100
Chi-square	304.652
Df	6
Asymp. Sig.	.000

Source: Primary Data

As per table 1 and 2, it can be observed that, out of the 8 difficulties identified to start a business by the young people in Kerala, the most critical problem is the lack of access to startup finance. This is found to be the main problem for the youth to start their business, as it has the lowest mean rank (1.55) in the matrix. Similarly, difficult documentation also found another problem (mean rank: 1.96). This is also justified by observing the fact that the variable having the first rank (Rank 1) should have the least mean. Further, it is also noted that the mean rank variation is statistically significant at 5 per cent level of significance (observed value of Chi-square **304.652** with **P= .000** which is less than **0.05**). Hence, it can be concluded that lack of access to startup finance and delay in procurement and sanction of financial assistance are the major problems faced by the youth entrepreneurs to start their own business unit.

10. Findings

Lack of access to startup finance and complex procedure of documentation are the major problems faced by the youth entrepreneurs in Kerala followed by administrative and bureaucratic hurdles. The government agencies take efforts for the enhancement of the entrepreneurs to boost the manufacturing sector through subsidies and other supports. In spite of all the supportive mechanisms, the educated youth are still faced these problems.

11. Conclusion

Socio-cultural factors as a determinant plays a significant role in fostering the entrepreneurial ecosystem such as family values, social criterions, networks and social value of entrepreneurship Easy access of startup finance is an important factor for satisfactory entrepreneurial ecosystem. Majority of the respondents face problems in getting financial assistance, especially in start- up finance. Government and other supportive institutions

should provide provisions for start-up finance and business assistance according to the specific needs of the youth entrepreneurs. To Development of a favourable supportive mechanism through improving administrative and regulatory environment and give awareness on access to finance and funding is very important for the betterment of youth entrepreneurs.

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