

# A Study on Perception of Youngsters Towards Entrepreneurship

\* *Gowtham Ramkumar*

## Abstract

Unemployment has again become a serious problem in the country. Large number of undergraduates and postgraduates are passing out every day. There is a large gap between demand and supply of skills of human resources in the country. To bridge this gap various skill development programs have been introduced by the government and initiatives are also being taken by educational institutions to develop skill level of the students. On the other hand, the government is encouraging youngsters to start new business and is willing to support them. This study focuses on the perception of youngsters towards entrepreneurship. The study finds out the factors affecting the perception of youngsters towards entrepreneurship. Finally, this study provides a meaningful conclusion and provides scope for further research in this area.

**Keywords:** Demand and supply mismatch, entrepreneurship, large turnover from institutions, unemployment.

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Entrepreneurship plays an important role in economy of the country. According to Heggins, “Entrepreneurship means the function of seeking investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, and selecting top managers of day-to-day operations. The important role that entrepreneurship plays in the economic development of an economy can be put in a more systematic manner as follows:

- (1) Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
- (2) It provides immediate large-scale employment. Thus, it helps to reduce unemployment in the country.
- (3) It provides balanced regional development.
- (4) It helps reduce the concentration of economic power.
- (5) It stimulates the equitable redistribution of wealth, income, and even political power in the interest of the country.
- (6) It encourages effective resource mobilization of capital and skill which might otherwise remain unutilized and idle.
- (7) It also induces backward and forward linkages which stimulates the process of economic development in the country.
- (8) It promotes country's export trade i.e. an important ingredient for economic development.

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\* *Post Graduate Student*, Madras Christian College, Chennai - 600 059, Tamil Nadu.  
E-mail : gowthamphenom@gmail.com

## Review of Literature

Cunningham, Gerrard, Schoch, and Hong (2002) collected data from USA, UK Canada, New Zealand, Australia, Hong Kong, and Singapore. The researchers found that attitude and behavior elements were the key factors for decision making among countries that have been surveyed (Cunningham et al., 2002).

The barriers to start up an enterprise among young rural people in North East England were studied by Aitken (2006). The data were collected from young entrepreneurs and it was found that there were no barriers for young entrepreneurs to start up a business. In addition, the researcher found that there was strong evidence of supportive formal and informal networks, access to low and no cost premises for young working entrepreneurs to live (Aitken, 2006).

In Singapore the cultural obstacles have prevented people from setting-up a business. Low (2006) investigated the factors that prevented Singaporeans from setting up business. Data were collected through focus groups. The result disclosed that entrepreneurs were over compliant, over-pampered, and afraid of failing. These were the obstacles that prevent the Singaporeans from starting business (Low, 2006).

In London, the Turkish speaking ethnic minority business was influenced by cultural variables. Altinay, Madanoglu, Daniele, and Lashley (2012) interviewed 227 Turkish small business and analyzed the data using Chi-Square Test. The study revealed that education appeared to be an important variable and co-ethnic market was a key contributor to growth of firms in the retailing sector (Altinay et al., 2012).

Factors that influence women entrepreneurship in Bangladesh were examined by Hossain, Naser, Zaman, and Rana (2009) by adopting qualitative and quantitative analysis. A questionnaire was used for collecting data. The result revealed that women were facing problems in establishing their own business due to lack of financial support, family commitment, limited knowledge and skill (Hossain et al., 2009).

Rayen (2010) stated that four important factors influence a person to start or manage tiny enterprises. These are achievement and support factor, interest factor, traditional status factor, and economic necessity factor.

Küttim, Kallaste, Venesaar, and Kiis (2014) identified the content of university entrepreneurship education and its impact on entrepreneurial intentions of students. The study design used was cross-sectional and the sample consisted of students from European countries that were grouped for the purpose of analysis by the level of economic development into two country groups: efficiency-driven and innovation-driven economies. Frequencies and binary logistic regression were used to analyze the impact of different factors, including participation in entrepreneurship education for entrepreneurial intentions. Results indicated that what is offered is not necessarily the most demanded in entrepreneurship education as lectures and seminars are provided more, but networking and coaching activities are expected more by the students. Participation in entrepreneurship education was found to exert positive impact on entrepreneurial intentions.

## Statement of the Problem

Youngsters are considered as the backbone of India. Today, India is considered to be a gifted nation by other nations across the world as a majority of its population is constituted by youngsters. However, the success of our nation worldwide depends upon how these valuable human resources contribute to the development of the economy. Human resources are considered to be valuable assets for any economy concerned. Human resources are best utilized by many countries across the world. They help in optimum utilization of available resources, compensate the scarcity of natural resources in the nation, and are also helpful in mobilizing physical capital in the country for better use. The contribution of human resources to economic development is invaluable. However, all the above discussed benefits can be reaped only when human resources are properly employed according to their skills and abilities. This is a major concern in our country as unemployment is increasing.

Entrepreneurship acts as a solution to the unemployment problem. In other words, entrepreneurship helps in reducing unemployment to some extent. Government of India is also encouraging youngsters to start startups and

is willing to support them. While on one hand, number of startups is increasing, the growth is not satisfactory. Thus, there is a need to study the perception of youngsters towards entrepreneurship. In other words, understanding the factors influencing their perception towards entrepreneurship will help in better understanding of mindset of youngsters and will help in solving their initial concerns and issues with starting a business.

## Rationale of the Study

Several research studies have focused on perception of students towards entrepreneurship. These studies highlighted various factors influencing the perception of students towards entrepreneurship. These studies highlighted the various barriers perceived by students in starting businesses. Similarly, several research studies highlighted the success stories of various entrepreneurs and challenges faced by them. However, this study focused on youngsters' perception towards entrepreneurship. The term youngster is more exhaustive than students. Hence, this study is different from other researches. There is also increasing turnover of employees from companies due to various changes in international policies. Therefore, the study also considers them as samples. Thus, a study on perception of youngsters towards entrepreneurship benefits various segments of population in the country.

## Scope of the Study

This study was limited to perception of youngsters in the age group between 21 and 30 in Chennai city. Further, the study does not differentiate youngsters as employed and unemployed. The study considers both employed and unemployed youngsters in Chennai city. The respondents surveyed for this study have sufficient awareness about entrepreneurship and its contribution to the economy. Further, the study also does not differentiate between marital status of the respondents. Almost all the respondents are graduates from various educational institutions in Chennai city.

## Objectives of the Study

The objectives of this study were as follows :

- ❖ To understand the concept of entrepreneurship and its role in the Indian economy.
- ❖ To identify the factors influencing the perceptions of youngsters towards entrepreneurship.
- ❖ To offer suggestions on how factors can be used to increase awareness of entrepreneurship among youngsters.

## Significance of the Study

This study is expected to benefit the following categories of people :

**(1) Government:** The study will benefit the Government of India. The government can get valuable insights about various factors influencing the perception of youngsters towards entrepreneurship. This will enable them to understand the mindset of youngsters and the challenges faced by them in starting a new business, how they perceive the current business environment, and various concerns about starting new business in the current business scenario.

**(2) Youngsters:** The study will also benefit other youngsters who are not covered under the study. This study will provide them information about the various challenges faced by youngsters in starting new businesses in Chennai city. The study can also encourage youngsters to start new business.

## Research Methodology

The data required for this study were collected from both primary and secondary sources. The primary data for the study were collected through a structured questionnaire with close ended questions. The secondary data for the study were collected from various sources like journals, magazines, and websites relating to entrepreneurship.

**(1) Sample Design :** The sample size consisted of 100 respondents from Chennai city. Simple random sampling technique was used for the study. A simple random sample is a subset of a statistical population in which each member of the subset has an equal probability of being chosen.

**(2) Statistical Design :** The statistical design used in this study was factor analysis with Varimax rotation. Factor analysis is a technique that is used to reduce a large number of variables into fewer number of factors. This technique extracts maximum common variance from all variables and puts them into a common score. As an index of all variables, one can use this score for further analysis.

**(3) Period of the Study :** The data collection for the study was conducted between second and last week of November 2017. However, the period for the entire research on this area was two months from third week of October 2017 to second week of December 2017.

## Data Analysis and Results

Perception of youngsters towards entrepreneurship depends on several factors as identified by the study. These factors are:

**(1) Economic Benefits :** The perception of youngsters towards entrepreneurship depends on the benefits it offers to the Indian economy. Entrepreneurship can create employment opportunities in the country and thereby, reduce prevailing unemployment problems. As new businesses or startups come up, there will be demand for labour for these businesses. This will result in recruitment and selection of workers for startups. Thus, new employment opportunities are created and unemployment is reduced to some extent in the country.

Entrepreneurship can raise the standard of living. Entrepreneurship creates employment opportunities. Thus, some unemployed become employed because of startups. Thus, people with no income get some income through which they try to satisfy their needs. Thus, there is an improvement in the standard of living. Similarly, a person who switches over to a new job for better pay also witnesses living standard through access to better sanitation and other facilities.

Entrepreneurship raises per capita income. It can offer better payment opportunities to existing employees and also to those who are unemployed. Thus, per capita income improves. Diploma program regarding entrepreneurship creates good awareness about entrepreneurship among students.

Entrepreneurship contributes to the GDP of the country. New startups can increase the production efficiency of the country. There will be infrastructural development in the country. Improvement in per capita income can result in savings which is utilized as capital investments. This contributes to consumption expenditure, investment expenditure, and government expenditure components of GDP.

**(2) Personal Background :** Many youngsters feel that they lack managerial skills to run business effectively. Sufficient management education programs to students from various diversified disciplines can increase confidence of youngsters in managing business effectively.

Entrepreneurship requires good financial background. It also requires good financial knowledge. Though



various forms of support is offered by government for new businesses, some funds need to be committed by the entrepreneur himself. Financial knowledge is also important as managing cash inflows and outflows is essential for any business.

Economic situation of youngsters also influences his or her perception towards entrepreneurship. Initial investment required for entrepreneurship discourages poor but skilled manpower to start new businesses despite considerable support from the government.

**(3) Skill Requirements :** Entrepreneurship requires consideration of prevailing business environment. Before starting any business, it is important to analyze the business environment in terms of its strength and weakness, and also future opportunities for growth in the field. Thus, prevailing business environment also influences perceptions towards entrepreneurship.

Entrepreneurship requires good managerial skills. Managerial skills are essential to improve co- operation and co-ordination among employees. It is also concerned with effectively planning future course of business activities. Managerial skill of youngsters also influences entrepreneurship decisions.

**(4) Business Considerations :** One of the important considerations for entrepreneurship are the concerns after starting new business. There are established players in the markets. These players dominate the market and enjoy cost advantage which is not possible for a new entrant. Distribution cost is more and subsequently, the new entrant has to transfer these costs to his price. Therefore, prices may be higher and the new entrant finds difficulty in business dealings.

Support from the government both before and after starting new business is an important factor. This is because sufficient funding from government is essential for an entrepreneur who has poor financial background and after venturing into business, government support is essential in the form of favorable regulatory and tax policies. All these factors influence perceptions about entrepreneurship.

**(5) Other Considerations :** Some of the other considerations include nature of competition and technological cost. It is difficult to enter the market where industry rivalry is more and business requires complex and high cost technologies. These factors also affect entrepreneurship decisions of youngsters.

## Statistical Inferences

Statistically, factor analysis was used to group the factors to understand the factors influencing brand loyalty.

**(1) KMO and Bartlett's Test :** This test measures the sampling adequacy of the study and reliability of data. So, the sampling adequacy of the study according to this measure was 0.723 which is shown in Table 1 of the study while Table 2 shows the results of communalities indicating the variance contributed by the each for the variables for grouping of factors.

**Table 1. KMO and Bartlett's Test**

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.723
<b>Bartlett's Test of Sphericity</b>	
Approx. <i>Chi-Square</i>	431.872
<i>Df</i>	136
Significance	0.000

**Table 2. Communalities**

Communalities		
	Initial	Extraction
Requires good financial background	1.000	0.664
Requires sound knowledge of business environment	1.000	0.721
Requires high managerial skills	1.000	0.613
Cost and availability of technology	1.000	0.454
Favorable support from government	1.000	0.572
Diploma programs on entrepreneurship are good	1.000	0.678
Reduces unemployment in the country	1.000	0.671
Raises standard of living	1.000	0.597
Creates employment opportunities	1.000	0.709
Raise per capita income	1.000	0.444
Contributes to GDP of India	1.000	0.479
I lack managerial skills to run a business successfully	1.000	0.615
Economic situation is not favorable	1.000	0.530
Distribution cost prevents me from choosing entrepreneurship	1.000	0.654
There is strong competition in this field.	1.000	0.619
Extraction Method: Principal Component Analysis		

**Table 3. Showing Rotated Component Matrix**

Rotated Component Matrix					
	Component				
	1	2	3	4	5
Creates employment opportunities	0.763				
Reduces unemployment in the country	0.750				
Raises standard of living	0.707				
Raises per capita income	0.545				
Diploma programs on entrepreneurship are good	0.504				
Contributes to GDP of India	0.500				
I lack managerial skills to run a business successfully		0.765			
Requires good financial background		0.744			
Economic situation is not favourable		0.705			
Requires sound knowledge of business environment			0.748		
Requires high managerial skills			0.680		
Distribution cost prevents me from choosing entrepreneurship				0.774	
Favourable support from government				0.536	
There is strong competition in this field					0.751
Cost and availability of technology					0.557

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 13 iterations.

**(2) Rotated Component Matrix :** This table shows grouping of factors. On the basis of Eigen values and values greater than 0.5, the variables were grouped into three factors on the basis of which these were interpreted in the study and grouping of the variables into different factors is shown by the Table 3.

## Findings

The various findings of the study are as follows:

- ❖ Five factors influence the perception of youngsters towards entrepreneurship. These are economic benefits, personal background, skill requirements, business benefits, and other considerations.
- ❖ Creating employment opportunity is considered as the major economic benefit because of demand is created for labor on starting a new business.
- ❖ Youngsters lack confidence with regard to managerial abilities.
- ❖ Analyzing the prevailing business environment and support of government both before and after starting a business is also important for entrepreneurship decisions.

## Conclusion and Suggestions

To conclude, entrepreneurship has gained significant importance in the current situation in India. Entrepreneurship is considered as one of the tools to reduce unemployment in the country. Youngsters have various concerns and queries regarding starting a new business. Entrepreneurship can contribute to economic growth and sufficient awareness through education systems can encourage new startups by youngsters who are the future pillars of this nation.

It is suggested that sufficient management development programs and managerial skills trainings should be conducted across the nation for students from diversified disciplines like engineering, commerce, humanities, and several other areas to improve managerial skills of youngsters. Similarly, awareness must be created among youngsters regarding various private and governmental support for new startups and how entrepreneurship benefits society and economy to encourage entrepreneurship decisions among youngsters.

## Limitations of the Study

The various limitations of the study are as follows :

- (1)** The study used the data collected from both primary and secondary data. Therefore, limitations of these sources apply to this study.
- (2)** The study dealt with the data available and therefore, it may not judge the entire scenario.
- (3)** The study was mainly focused on youngsters in Chennai city and therefore, results can vary when the same study is conducted in any other geographical locations.

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### About the Author

**Gowtham Ramkumar** is a Post Graduate student of Madras Christian College, Chennai, India. He received the best paper award in his first research paper related to financial inclusion and cashless society. He also received various cash prizes for his academic excellence both during his undergraduate and post graduate days. His research interest include entrepreneurship, finance, and allied areas of finance like securities market.