

# Innovative Ideas in Entrepreneurship : Key Issues, Challenges and Future Scope

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## Abstract

COVID-19 situation has affected economies of a large number of countries. The only way to overcome the economic crisis is by increasing exports which can be accomplished by establishing new business and encouraging new talents. Due to COVID-19 situation, large companies have problems with cash-flow management while small businesses are shutting down. So, looking at this situation, will business management students back out from entrepreneurship ? This study helped us know how this pandemic affected future entrepreneurs and factors influencing future entrepreneurs. This paper helped us to know the challenges future entrepreneurs are going to face, future scope of entrepreneurship, and a career option an individual is adopting based on past life experiences. The government is encouraging entrepreneurship with new schemes like Make in India, Udyam schemes etc. Though there is lot of encouragement from government and private investors, it is a bit difficult and challenging to get financial support. This paper gives detailed information about Udyam Scheme and percentage of people getting financial support from the amount released by the Indian government at the center through this scheme. The study was based on primary data backed up by secondary data to know facts about financial support from the government. To explain relationship between personal factors and interest of future entrepreneurs, ANOVA test was used. Non-parametric test was used to know the relationship between different phases of the business and participation in startup summits.

**Keywords :** Challenges, entrepreneurship, innovative ideas, future scope

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With increase in population and COVID-19 pandemic, the Indian economy has been affected badly. Unemployment was the highest at 23.5% in India in May 2020. The only solution to overcome this situation is entrepreneurship. It will help to have a steady economy. In fact, all governments are encouraging entrepreneurship by revising policies, for example, Udyam scheme, Atal Incubation Centres (AIC) by Indian government, T-Hub by Telangana state etc. and many private investors (Nexus Venture Partners, Canaan etc.) are ready to invest in business but are looking for cognitive people, passionate, and innovative ideas. Though there is a lot of encouragement from central, state governments, and private investors, getting financial support is somewhat challenging as there is fierce competition in the market.

Entrepreneurship got more attention with millennials. The millennial generation is the fastest growing segment of entrepreneurs. They are risk takers, creative, have innovative ideas, and leaders. So, they are not selecting the traditional career path as baby boomers generation. The past life experience of an individual influences the career option he is choosing. It is not as easy as choosing entrepreneurship as a career option to succeed as an entrepreneur. One has to overcome all the challenges and issues to start and sustain in the market. Every step starting from idea generation, planning, getting financial support, hiring with limited resources, making a product or service, and then selling it using marketing strategies is challenging. COVID-19 is one of the challenges. 64.6% of management students are not giving thought to entrepreneurship because of the pandemic.

Selection of a sector is going to play a vital role in success of business. One needs to be very careful while selecting a

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sector before starting a business. Some sectors have high competition. So, we looked into sectors that are more competitive and that are safe sectors to start a business.

This paper helped to find out factors effecting entrepreneurship and future scope of entrepreneurs a few years from now.

## Udyam Scheme

It is a scheme started by the Indian government in the year 2007 to ensure ease of business. It is completely paperless and is based on self-declaration. It is also useful for the government for classification of business.

Micro, Small & Medium Enterprises (MSME) : The classification of micro small medium enterprises depends on composite criteria of investment and turnover. As per RBI latest guidance given on July 2, 2020 the classification is done as shown in Table 1. Table 2 shows Udyam registrations till August 25, 2020.

**Table 1. MSME Classification by RBI in 2020 (Ministry of Micro, Small and Medium Enterprises, n.d.)**

Type of Enterprise	Investment (≤)	Turnover (≤)
Micro	₹ 1 crore	₹ 5 crores
Small	₹ 10 crores	₹ 50 crores
Medium	₹ 50 crores	₹ 250 crores

**Table 2. Udyam Scheme**

	Count	Percentage	Amount Payable ***	Amount Disposed ***
Total applications in Udyam for MSMEs till date from 2007	10,217,411 *			
Total application of Midsize Enterprises (MSEs) are till date from 2007	10,167,741			
Total applications of MSEs in 2020	52,229			
Applications visible to council after 15 days	20,983 **	100%		
Applications disposed by Micro and Small Enterprises Facilitation Council (MSMEFC)	3,705 **	17.65%	15,258.30 crores	694.56 crores
Applications Rejected	8,557 **	40.78%		
Applications Pending	1,412 **	0.06%		
Mutually Selected	4541 **	21.64%	698.8143999 crores	434.5668951 crores

**Note :** All the numeric data in table is dynamic data and provided values are as per on August 25, 2020.

\*Source : data.gov.in. (n.d.)

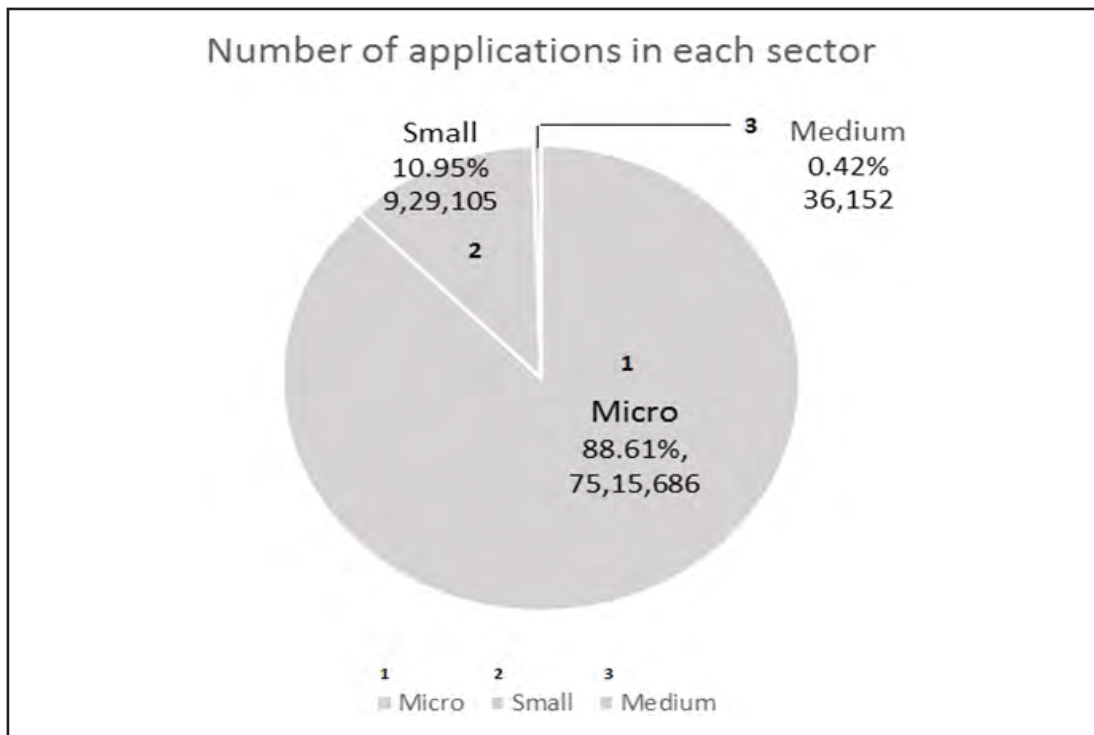
\*\* Source : MSME Samadhaan (n.d.a)

\*\*\* Source : MSME Samadhaan (n.d.b)

## Udyam Registrations Till August 25, 2020

99.5% of startups start in micro or small sectors. As per Udyam registrations from 2007 till July 2020, 88.61% applications were registered for micro, and 10.95% for small enterprises.

Getting loan from government has benefits in terms of tax, interest, security etc. 3,705 entrepreneurs received loans from Udyam scheme from January 2020 to August 25, 2020. Total of ₹ 15,258.30 crores (MSME Samadhaan, n.d.b)



**Figure 1. Percentage of Application in Micro, Small and Medium Sectors**

Source : Ministry of Micro, Small and Medium Enterprises (2020)

were sanctioned. So on an average, each entrepreneur got ₹ 4 crores. 4,541 applications are selected mutually. Mutually selected applications get loan partially from government and partially from private investors. On an average, each entrepreneur gets ₹ 15 lakhs.

## Literature Review

According to Eroğlu & Piçak (2011) entrepreneurship is a practice of starting a new business or revitalizing existing business by identifying opportunities. Knight (1921) said that entrepreneurship is a risk taking venture. Park (2017) illustrated the characteristics of entrepreneurship as innovativeness, risk-taking, and proactivity. Bolton and Thompson (2004) defined an entrepreneur as an individual who is habituated to innovations, creates value, and perceives every opportunity. The spirit of challenge and adventure commercializes the opportunities seized as risk (Drucker, 1985). The definition of an entrepreneur varies depending upon the situation, culture, and nation. Someone thinks that entrepreneurship is someone who creates from scratch and someone thinks of innovation as per market situation. Entrepreneurship is defined as an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organizing markets, processes, and raw materials through organizing efforts that previously had not existed (Shane, 2003).

Many models have been tried to identify successful entrepreneurial actions but in one or the other some factors were missed. Some did not include parent's occupation (Park, 2017), some did not consider innovative idea (Liñán, Urbano, & Guerrero, 2011), some did not focus on financial background (Park, 2017), some did not focus on entrepreneurial attitude, cognitive behavior, risk-taking, and network (Liñán, Urbano, & Guerrero, 2011). Some focused only on national culture (Eroğlu & Piçak, 2011) and some focused only on age (Horsaengchai & Manedova, 2011). There are many internal and external factors that influence startups and success of entrepreneurship.

## Innovation

Innovation is the most critical element in entrepreneurship, the necessity of new ideas should be recognized by an organization (Van de Ven, 1992).

“Innovation is the conversion of a new idea into revenues and profits.”

(Charan & Lafley, 2008)

Innovation is a sequence of activities using which new products are produced in a society. The products don't need to be entirely new to the organization, they can be slightly different from the usual products to make life easy (King, 1992). Innovation is a multi-step process in which an organization uses an entrepreneurial idea to create a final product/ service in order to advance themselves in the competitive world (Baregheh, Sambrook, & Rowley, 2009). According to (Anthony, Cobban, Nair, & Painchaud, 2019), innovation is “something different creates value”. With all these definitions, innovation is not only something that is vital, innovation is essential for entrepreneurship. Over 50% of startups are closing within a year. Only 10% - 15% startups survive 15 years and above. The result of this research will help you find out factors influencing entrepreneurs.

Costa, Soares, & Bonfim (2009) conducted a study to know how vocational courses, social support, and personal aspects factors interact to influence entrepreneurial interest in information technology. They found that in the information technology area, majority of people look for a job instead of establishing their own companies. It was found that students whose family background is business are disproportionally more interested in becoming entrepreneurs while those whose family background is not business are disproportionally more into looking for a job. We are a product of our environment. Personal factors largely impact the career options of an individual.

Park (2017) tried to prove that the success rate of startups would increase if government focused more on diverse educational programs and independent variables played a vital role in entrepreneurship. Proactivity, leadership, networks, education support policies, and practical experiences have a positive impact on entrepreneurship. He has proved :

- ↳ Pro-activeness has a positive impact on entrepreneurial intentions
- ↳ Leadership has a positive influence on entrepreneurial intention
- ↳ Networks has a positive influence on entrepreneurial intention

Park (2017) found that

- ↳ The long term Korean economic depression could be overcome by entrepreneurship.
- ↳ Youth would be able to be successful entrepreneurs through right spirit, leadership, network, and by knowing the objectives and determination of a firm.

Arredondo (2016) said that millennials are growing, changing, and reshaping the small business landscape. They are :

- (1)** Expanding business in a wide variety of industries.
- (2)** Seek financial support more than baby boomers.
- (3)** Have more optimistic outlook over business.

The COVID crisis has brought challenges as well as opportunities with it. Online consulting increased during this time because of the need to maintain distance and limit physical visits (Barua, Dutta, & Guha, 2020).

## Research Methodology

The research was exploratory in nature and both primary and secondary data were used. Primary data were collected through online survey which included 154 respondents. The respondents were business students from management institutes in India. The data collected here were personal information, satisfaction level towards entrepreneurship and process of becoming an entrepreneur. The study duration was from May 2020 to September 2020. The statistical measures used in this study are Chi square tests and non – parametric tests that done using IBM SPSS version 19. Secondary data were collected through government websites and market research reports.

## Data Analysis

↳ **H<sub>1</sub>** : There is a significant relationship between personal factors and interest to become future entrepreneur.

There is a significant relationship between personal factors and interest in becoming a future entrepreneur (Table 3).

↳ **Interpretation** : *p*-value is less than 0.05, therefore, H<sub>1</sub> is accepted. There is a significant relationship between personal factors and interest in becoming future entrepreneur.

*p*-values for work experience and family background were 0.113 and 0.115 respectively (Table 4). These are less than 0.05. Therefore, there is a significant relationship between number of years of work experience and interest in becoming future entrepreneur. There is significant relationship between family income and interest in becoming an entrepreneur. Males are more interested in become entrepreneurs than females. Compared to last decade women entrepreneurs are growing. There is no significant relation between age and future entrepreneurs.

↳ **H<sub>1</sub>** : There is a significant relationship between different phases of a business and participation in startup summits.

↳ **Interpretation** : *p*-value is 0.014 which is less than 0.05 (Table 5). Therefore, there is a significant relationship between different phases of a business and participation in startup summits.

**Table 3. Relationship Between Personal Factors and Interest in Becoming a Future Entrepreneur**

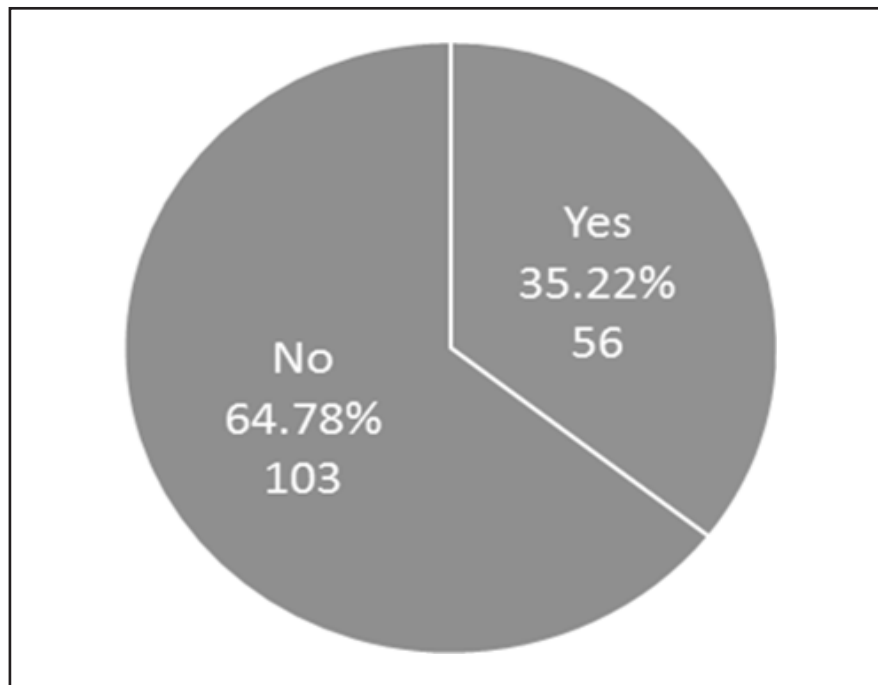
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.693	4	0.673	2.910	0.024 <sup>a</sup>
	Residual	34.701	150	0.231		
	Total	37.394	154			

**Table 4. Relationship Between Work Experience, Family Income, Age, Gender, and Interest Towards Entrepreneurship**

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.637	0.384		4.261	0.000
	Work Experience	-0.107	0.067	-0.132	-1.594	0.113
	Family income	-0.092	0.058	-0.127	-1.585	0.115
	Age	0.007	0.189	0.003	0.036	0.971
	Gender	0.153	0.081	0.150	1.881	0.062

**Table 5. Relationship Between Different Phases of Business and Participation in Startup Summits**

	Startup Summits Attending
Number of levels to start a startup	5
<i>N</i>	136
Observed J-T Statistic	3654.000
Mean J-T Statistic	3069.000
Std. Deviation of J-T Statistic	238.431
Std. J-T Statistic	2.454
Asymp. Sig. (2-tailed)	0.014

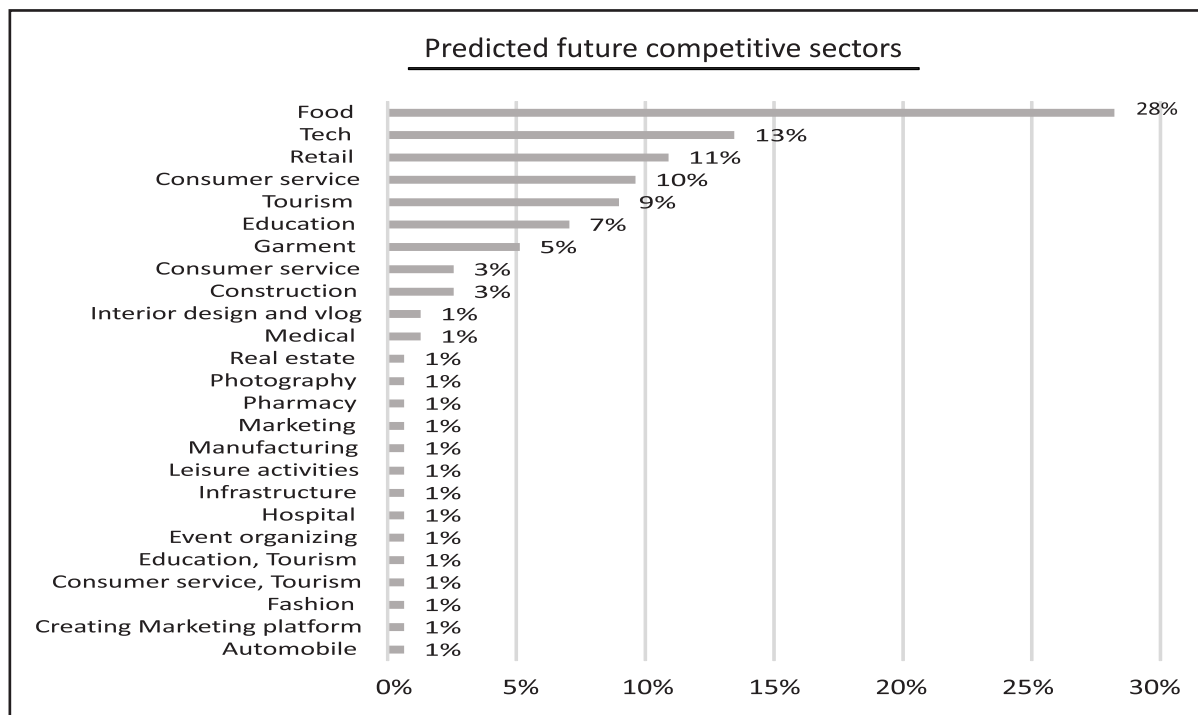


**Figure 2. Effect of COVID-19 Pandemic on Future Entrepreneurs**

When an individual is about to start a business, he starts to attend startup summits which helps in attracting investors and also helps to know views, ideologies, and thinking of others. Effect of COVID-19 pandemic on future entrepreneurs is shown in Figure 2.

👉 **H1** : COVID-19 pandemic didn't back-pedal future entrepreneurs.

👉 **Interpretation** : The null hypothesis that the COVID-19 pandemic didn't back-pedal future entrepreneurs is accepted. 64.6% people says that the pandemic didn't lead to roll back of their thought of becoming entrepreneurs (Figure 3). It is very common to have obstacles but continuous learning, persistence, and patience are very important to succeed.



**Figure 3. Percentage of Startups Being Planned in Each Sector by Future Entrepreneurs**

## Future Competitive Sectors

It was found from the research that 28%, 13%, 11%, and 10% were planning to start their business in food, technical, retail, and consumer service sectors respectively. So, in a few years from now there will be a lot of competition in food, technical, retail, and consumer service sectors. If one is planning to start a business in these sectors, one needs to be innovative and creative to sustain in the market.

## Discussion

An individual's past life experience has a significant relationship on career option one is adopting. An individual's family background, culture, generation, gender, and work experience has significant relationship with interest in entrepreneurship.

Compared to baby boomers, more millennials are heading to become entrepreneurs. In a survey it was found that 66% of millennials had a goal of starting a business. 61% of millennials believe that owning a business is more secure than working for someone, while 64% baby boomers believe that working for someone is more secure.

## Findings

↳ The next generation is more interested in doing business than in a 9 to 5 regular job. 59.5% of people are planning to do business in future. Compared to the past generation, this generation has more risk-takers. 43.9% of people are planning to start their business by taking loan.

↳ 40% entrepreneurs who applied for loan through Udyam scheme are getting benefited.

↳ COVID-19 pandemic didn't back-pedal future entrepreneurs.

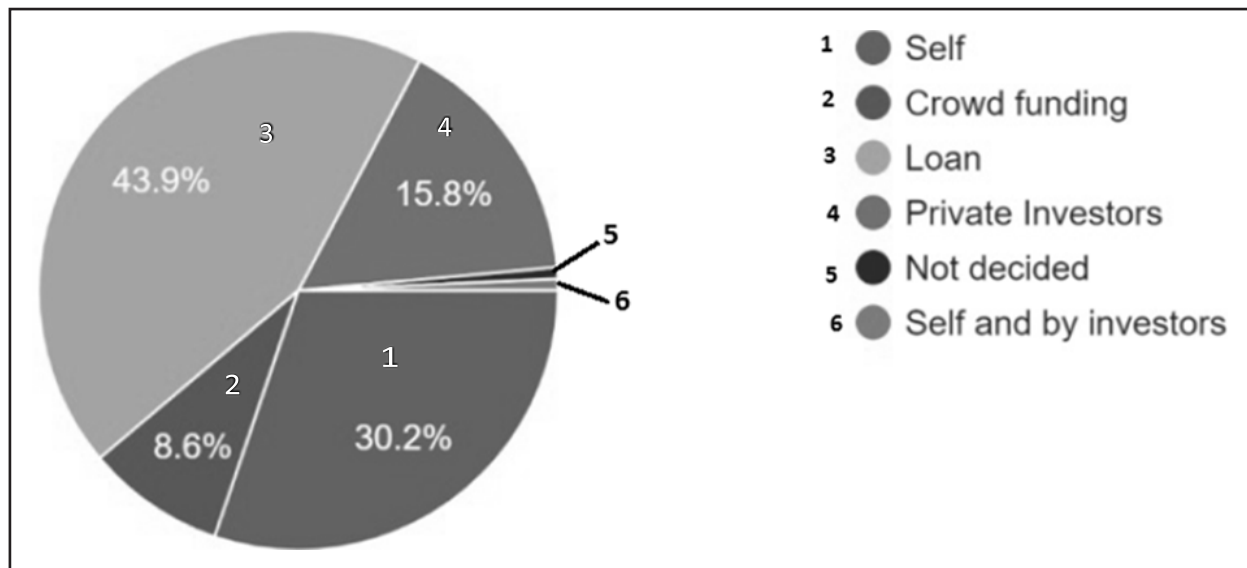


Figure 4. Financial Planning

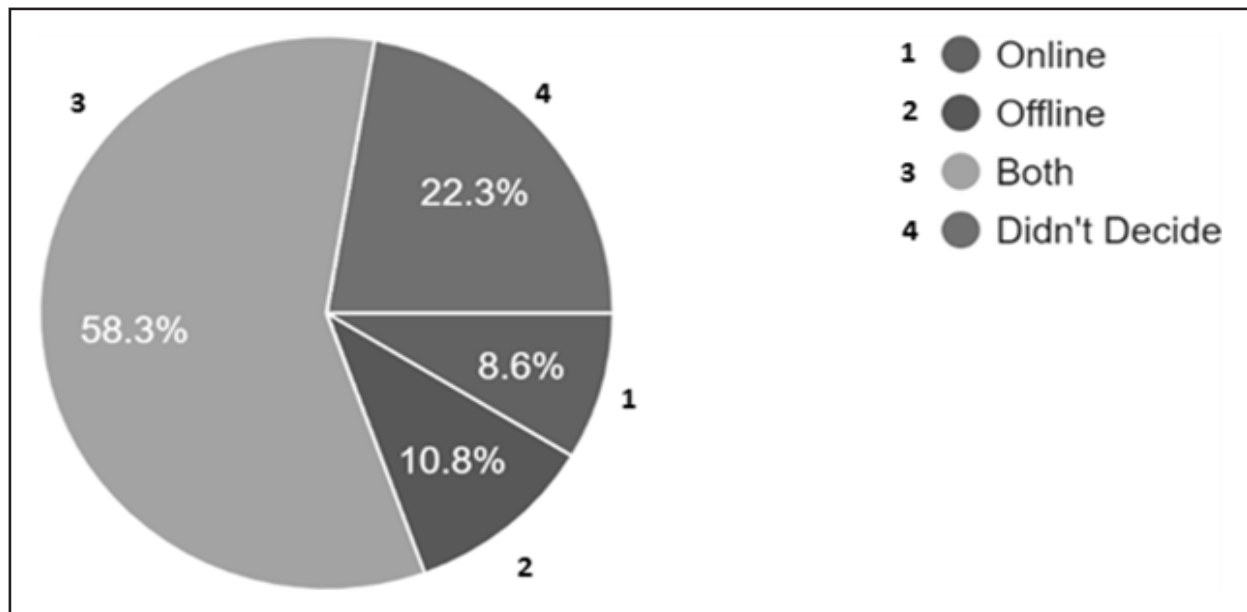


Figure 5. Business Platform

Figure 4 shows proportion of people planning to get financial support. 43.9% are planning to go for loan, while 30.2% (Figure 4) are planning to invest self-capital.

With increase in use of internet, online business is increasing. 58.3% people are planning to start their business both online and offline (Figure 5).

## Implications

Individual career selection is so crucial be it a starting a startup, job role, education stream, company to work, industry to work etc. In a developing country like India, there is a need and opportunity for entrepreneurship. So if an individual is interested in business, capable, passionate, and proactive can grab the opportunity.

## Limitations and Scope for Future Research

- ↳ Due to COVID-19 pandemic, people who are doing business could not be surveyed for observing their behavior and attitude.
- ↳ All the information given about percentage of entrepreneurs getting support from government and amount raised for MSMEs is from official government websites. Data about percentage of entrepreneurs arising from private investors could not be accessed.
- ↳ It is tough to sustain than starting a startup. Here, this paper covered more on issues, challenges for a startup. Further this paper can take into sustainability of a startup after establishment.

## Conclusion

An individual's past life experience have a great impact on career option he is adopting. Millennials believe that self-employment is more secure than job so they are heading more towards business than working for someone. COVID-19 pandemic didn't back out future entrepreneurs. Planning and execution of a business takes some years. They have to face lot of challenges and issues to start a business. COVID-19 pandemic is one of the challenges a future entrepreneur is facing. The level of education is no way related to interest towards business or success rate of business. The attitude to learn is more important than the education level or qualifications.

In a developing country like India there is a large scope for entrepreneurs. One of the best ways to improve an economy is by doing business. We need to decrease imports and increase exports. Make in India scheme is working towards it. At this time, it is a great opportunity for entrepreneurs. There is a lot of encouragement from government for innovative ideas. Taking loan from state/central government is more beneficial compared to taking loan from private investors in terms of interest, tax payments etc. 40% of applications registered through Udyam scheme are getting loan. Just like Udyam scheme there are many other state and central governments schemes like development of khadi, village and coir industries, infrastructure development programme etc.

One has to be very strategic while selecting the sector of a startup. Every entrepreneur starts business in the MSME sector and years later some companies go into multiple sectors. For example, Amul is in FMCG sector. All its business works in single sector where as Reliance and Apollo are in multiple sectors. 28% of people are planning to start their business in the food sector, 13%, and 11% in retail and technical sectors respectively. So, a few years from now there will be lot of competition in food, retail, technical and consumer service sectors. If one is planning to enter these sectors, one needs to be innovative and creative so that it differentiates the company from competitors to sustain in the market.

## Author's Contribution

The author undertook the complete research from idea for research on particular topics presented in the paper, primary data collection, secondary data collection, analysis, to writing the manuscript.

## Conflict of Interest

The author has no affiliations with or involvement in any organization or entity with any financial interest such as honoraria, educational grants, participation in speakers' bureaus, membership, employment, consultancies, stock ownership, or other equity interest, and expert testimony or patent-licensing arrangements, or non-financial interest such as personal or professional relationships, affiliations, knowledge or beliefs in the subject matter or materials discussed in this manuscript.

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