

---

## Perceived Barriers to Youth Entrepreneurship – A Study of Uttarakhand State, India

---

Lalit Sharma<sup>a</sup> and Pankaj Madan<sup>b</sup>

<sup>a</sup>Quantum School of Business, Roorkee, India.

<sup>b</sup>Gurukul Kangri University, Haridwar, India.

\*lalit\_10000@yahoo.com

### Abstract

In this study we have tried to understand the barriers perceived by young generation that restrains them to enter into the field of entrepreneurship. It is a quantitative study wherein we have taken data of 530 young students studying in the various professional courses of Uttarakhand state of India. Most of these students were in the age group of 20-24 years. We have also evaluated the strength of each perceived barrier on a continuous scale.

**Keywords** - Entrepreneurship, Career choices, Perceived barriers, Youth entrepreneurship in Uttarakhand, Career intentions.

---

### Introduction

Despite the definitional differences, it is commonly agreed that entrepreneurship is a driving force behind SMEs. Available evidence suggests that entrepreneurship can contribute significantly to achieving key policy objectives. Entrepreneurship is an effective means of achieving certain policy objectives, but not all, and at least in the short term, there are tradeoffs which have to be recognized. Entrepreneurs are the driving force behind SMEs, and SMEs play an important structural and dynamic role in all economies. The main areas where increased levels of entrepreneurial activity can contribute significantly are: Job creation, self-employment, creation of new products/services, economic growth, poverty alleviation, economic development of the region, opening up of new markets, and eradication of regional imbalances and needless to mention productive utilization of national resources. The knowledge about barriers to entrepreneurship would help the prospective entrepreneurs to develop a strategy to overcome them. It would also help in identifying those fields and properly analyze those areas. Once the barriers are clearly identified, the society, government, teachers, social groups and other agencies can develop appropriate programs to tackle the issues and ultimately create a healthy entrepreneurial climate. This study tends to evaluate the strength of various perceived barriers.

### Literature Review

Several scholars have thoroughly studied the barriers in developed countries (Robertson *et al.*, 2003; Collins *et al.*, 2004; Kwong *et al.*, 2012). The research on entrepreneurship in developing countries has not very well been investigated (Nabi and Linan, 2011; Ahmad and Xavier, 2012; Sandhu *et al.*, 2011). There is a lack of research in the field of graduate entrepreneurship in the developing world, and further research in developing countries may help to understand the entrepreneurial venturing issues (Nabi and Linan, 2011). Cultural factors such as social norms can influence the way entrepreneurs perceive opportunities and this could represent significant barriers (Morrison, 2000). Financing is considered to be a major barrier (Bates, 1995). Kunene (2008) has identified elements in the macro environment such a

economic factors, political-institutional factors, socio-cultural factors, market environment, internal environment such as company demographics and human capital as the primary barriers or at least perceived barriers for Small Micro and Medium Enterprise entrepreneurs in Mamelodi. Crime, high structural cost and fear of failure are considered to be the important barriers to self-employment in Khayelitsha (Cichello *et al.*, 2006). Some tenors of Labor law and current state regulations may create a couple of constraints on the development of entrepreneurship (Jodyanne, 2009). Taormina and Lao (2007) found that budding entrepreneurs face psychological issues in entrepreneurial venturing. Sandhu *et al.*, (2011) suggest that variables like fear of failure, lack of social circle, avoidance of risk and lack of resources affect entrepreneurship. Chowdhury (2007) explains that political instability, corruption, lack of infrastructure facilities, proper education and training and lack of financial help are barriers to entrepreneurship in developing nations.

### **Research Methodology**

Quantitative research was used to conduct this study. The main reason for choice of quantitative research was that this method is centred on the quantification of relationships between variables. The quantitative approach has helped us to prevent bias in gathering and presenting research data. It has also helped us to establish very specific research problem and terms. A self-administered questionnaire was developed & used as the main data-gathering instrument for this study. The questionnaire, so developed, contains items of different formats: multiple choice, dichotomous answers and self assessment items measured on the Likert's 5 point scale. The questions related to personality of respondent were derived from the scales developed by Dr. Roberts (2010). Six commonly perceived barriers were chosen and an open ended question for respondent's choice was given.

#### *The Respondents*

Since the study tends to evaluate the strength of perceived barriers of students of professional courses the target respondents were the students studying in B.Tech. (Bachelor of Technology), MBA (Master of Business Administration), PGDM(Post graduate Diploma in Management), BHMCT(Bachelor in Hotel Management and Catering Technology), B.Pharm (Bachelor of Pharmacy) and MCA (Master of Computer Applications). These students were in the final year of their degree courses and since this study pertains to the Uttarakhand region, the respondents were the students of Uttarakhand state of India.

#### *Sampling*

The sampling method used in this research is proportionate stratified sampling. In this type of sampling each stratum is properly represented so that the sample size drawn from the stratum is proportionate to the stratum's share of the total population. This approach is considered to be more popular than other stratified sampling procedure because it has higher statistical efficiency than a simple random sample and since it provides a self-weighting sample; the population mean or proportion can be estimated simply by calculating the mean or proportion of all sample cases, eliminating the weighting of responses. The whole universe of the target respondents was nearly 20,300. This universe may broadly be divided into two categories. The first category is the one which has studied Entrepreneurship as a subject in their professional course and the other category is one which has not studied the Entrepreneurship subject. The percentage of category 1 was approximately 15% and the percentage of category 2 was approximately 85% accordingly for a size of population which falls in the range of 20,000, the sample size for a 95% confidence level when parameter in population is assumed to be over 85% or under 15%, and with a reliability of  $\pm 3\%$  the sample size suggested is 530. The sample size taken for this research is 530. Depending upon their prevalence in the universe, total number of seats in Uttarakhand state of each of the following courses – MBA, MCA, B.Tech., B.Pharm and BHM&CT were determined. These seats were

then converted into the equivalent ratio of the sample size and finally separate samples were drawn from each course. In order to properly represent the population, similar process was used to draw samples from the Government institutions and private institutions as well and also from the institutions present in the Garhwal & Kumaun regions.

**Data Analysis & interpretation**

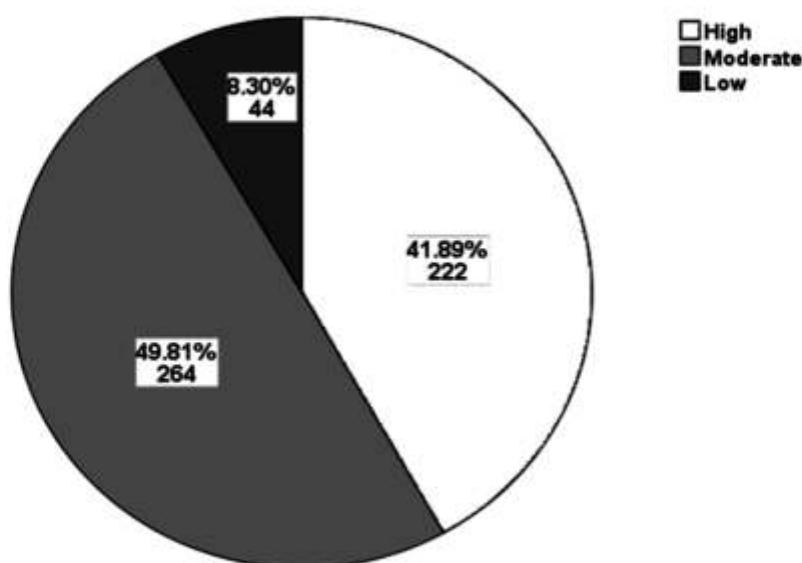
Six commonly perceived barriers were used to identify level of perceived barriers to entrepreneurship and an open ended question for their own choice of barrier was given. The score stood 1 point for strongly agree and 5 points for strongly disagree. Since the entire perceived barriers fell within the framework of the six questions asked, the score varied from 6-30. Accordingly, three intervals were developed between 6 and 30 on the basis of their scores.

**Table 1:** Category of perceived barrier to Entrepreneurship vis-à-vis the score of the respondent.

Score of the candidate	Category of Perceived barriers to entrepreneurship
22 – 30	Low
15 – 21	Moderate
06 – 14	High

**Table 2:** Description of respondents based on the perceived barriers to Entrepreneurship.

Category	Frequency	Percent	Valid Percent	Cumulative Percent
High	222	41.9	41.9	41.9
Moderate	264	49.8	49.8	91.7
Low	44	8.3	8.3	100.0
Total	530	100.0	100.0	



**Figure 1:** Description of respondents based on the perceived barriers to Entrepreneurship.

*Interpretation*

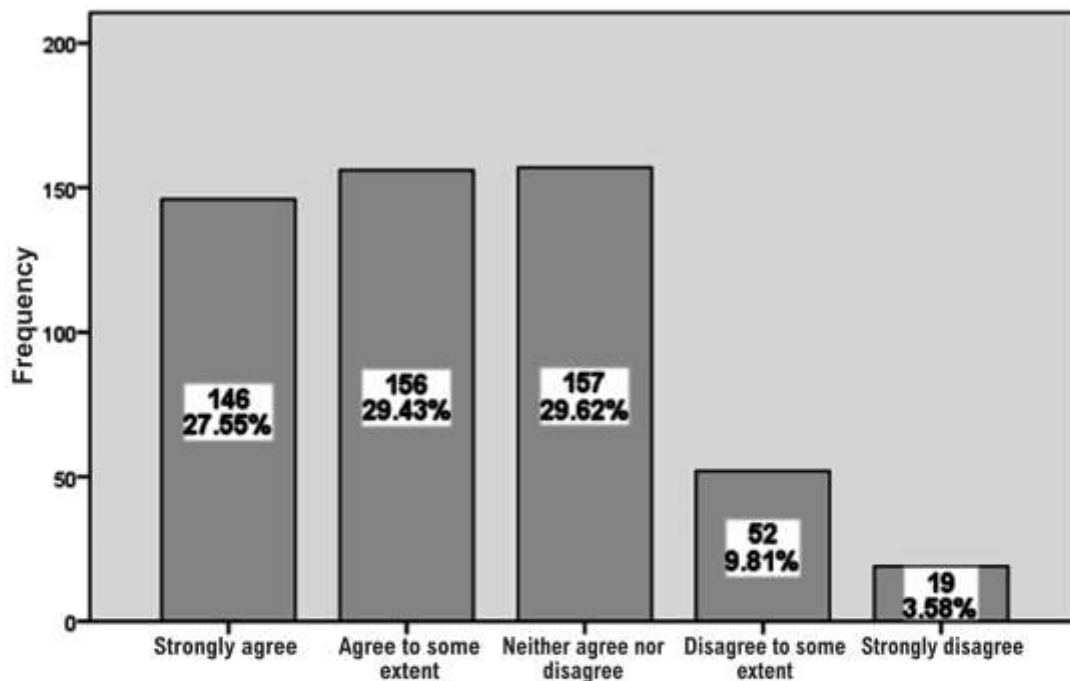
The above data clearly indicates that the perceived barriers of the respondents varied from High (41.89%) to Moderate (49.81%). A very less number of respondents i.e. only 8.3% were seen to have low amount of perceived barriers to entrepreneurship. We have now tried to evaluate the strength of each individual barrier on a continuous scale.

*Description regarding the strength of barrier*

Initial investment is the major barrier in starting up my own businesses.

**Table 3:** Frequency distribution of barrier: ‘Initial investment is the major hindrance in starting up my own business.’

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	146	27.5	27.5	27.5
Agree to some extent	156	29.4	29.4	57.0
Neither agree nor disagree	157	29.6	29.6	86.6
Disagree to some extent	52	9.8	9.8	96.4
Strongly disagree	19	3.6	3.6	100.0
Total	530	100.0	100.0	



**Figure 2:** Strength of barrier: ‘Initial investment is the major hindrance in starting up my own business’.

*Interpretation*

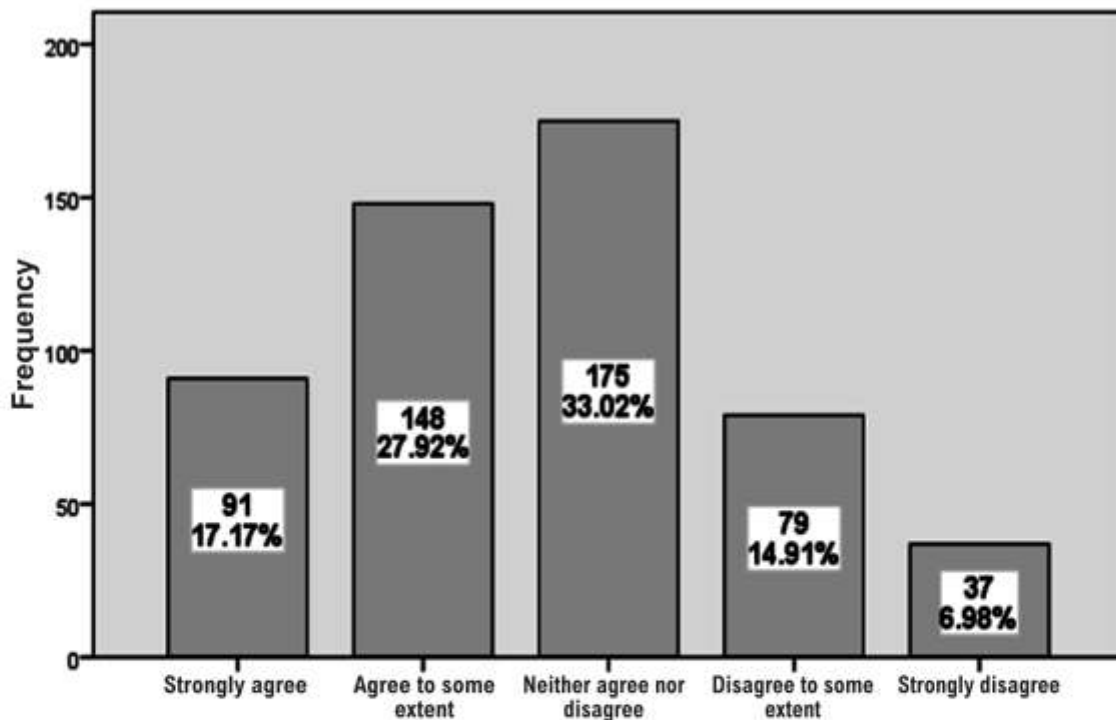
As can be seen from the data above 57% of the total respondents perceive that “Initial investment” is a major barrier in starting up a business. Only 13.4% of the respondents do not perceive it to be a barrier.

*Description regarding the strength of barrier*

‘Uncertainty in the market & tight competition discourages me to start up my own businesses.’

**Table 4:** Frequency distribution of barrier: ‘Uncertainty in the market & tight competition discourages me to start up my own business.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	91	17.2	17.2	17.2
Agree to some extent	148	27.9	27.9	45.1
Neither agree nor disagree	175	33.0	33.0	78.1
Disagree to some extent	79	14.9	14.9	93.0
Strongly disagree	37	7.0	7.0	100.0
Total	530	100.0	100.0	



**Figure 3:** Strength of barrier: ‘Uncertainty in the market & tight competition discourages me to start up my own businesses’.

*Interpretation*

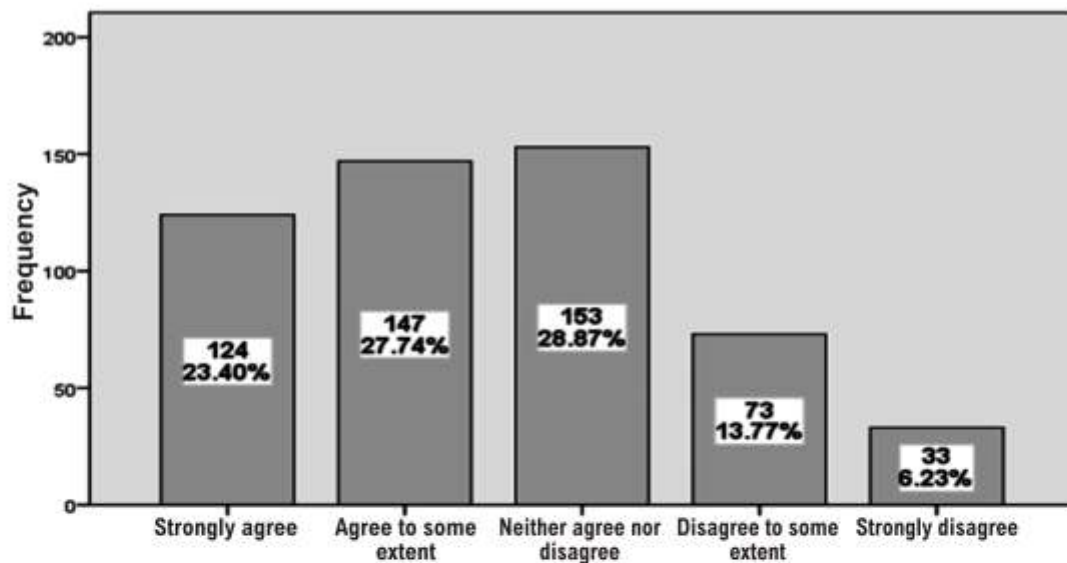
45.1% of the respondents consider “Uncertainty in the market and tight competition” as a barrier in starting up a business whereas nearly 22% do not consider it to be a barrier.

*Description regarding the strength of barrier*

‘Lack of professional experience stops me from becoming an entrepreneur’

**Table 5:** Frequency distribution of barrier: ‘Lack of professional experience stops me from becoming an entrepreneur.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	124	23.4	23.4	23.4
Agree to some extent	147	27.7	27.7	51.1
Neither agree nor disagree	153	28.9	28.9	80.0
Disagree to some extent	73	13.8	13.8	93.8
Strongly disagree	33	6.2	6.2	100.0
Total	530	100.0	100.0	



**Figure 4:** Strength of barrier: ‘Lack of professional experience stops me from becoming an entrepreneur’.

*Interpretation*

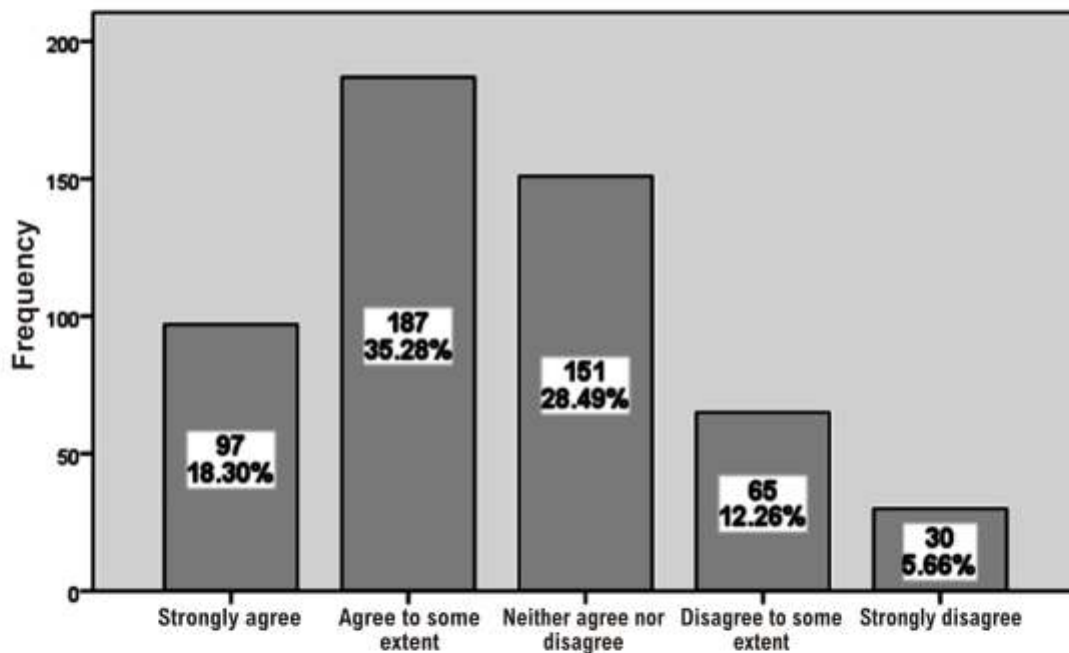
As seen from the data above 51.1% of the respondents perceive “Lack of professional experience” to be a barrier whereas 20% of the respondents do not perceive it to be a barrier.

*Description regarding the strength of barrier*

‘Lack of proper and accurate guidelines in starting an enterprise discourages me to start my own business’

**Table 6:** Frequency distribution of barrier: ‘Lack of proper guidelines in starting an enterprise discourage me to start my own business.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	97	18.3	18.3	18.3
Agree to some extent	187	35.3	35.3	53.6
Neither agree nor disagree	151	28.5	28.5	82.1
Disagree to some extent	65	12.3	12.3	94.3
Strongly disagree	30	5.7	5.7	100.0
Total	530	100.0	100.0	



**Figure 5:** Strength of barrier: ‘Lack of proper guidelines in starting an enterprise discourage me to start my own business’.

*Interpretation*

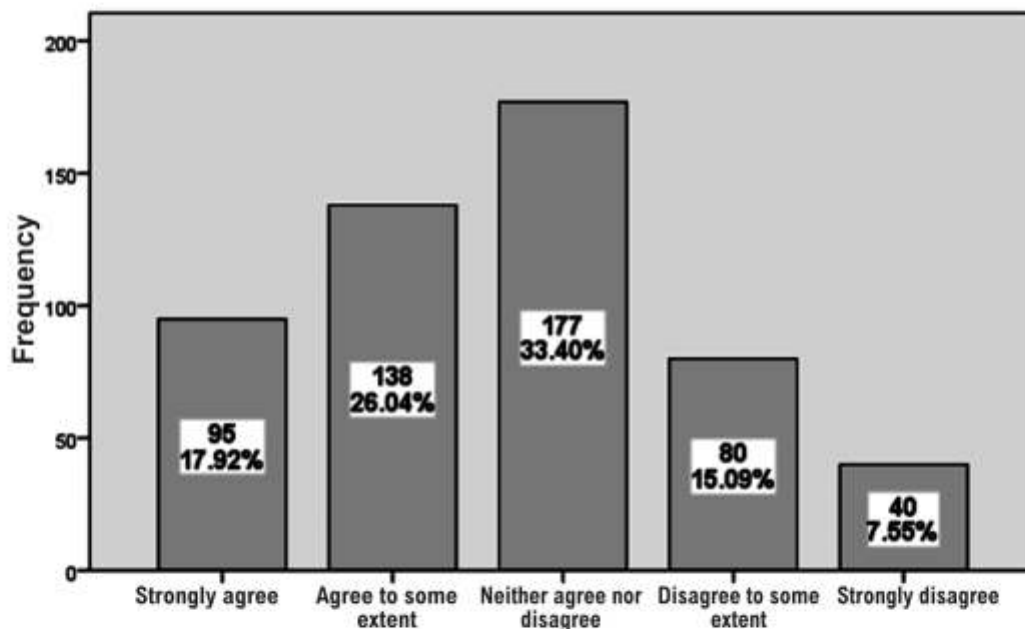
As is seen from the data above 53.6% of the respondents perceive “Lack of proper and accurate guidelines” as a considerable barrier in starting an enterprise. Only 18% of the respondents do not perceive it to be a barrier.

*Description regarding the strength of barrier*

‘Difficulty in dealing with Government bureaucracy discourages me to start my own enterprise’

**Table 7:** Frequency distribution of barrier: ‘Difficulty in dealing with the Government bureaucracy discourages me to start my own enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	95	17.9	17.9	17.9
Agree to some extent	138	26.0	26.0	44.0
Neither agree nor disagree	177	33.4	33.4	77.4
Disagree to some extent	80	15.1	15.1	92.5
Strongly disagree	40	7.5	7.5	100.0
Total	530	100.0	100.0	



**Figure 6:** Strength of barrier: ‘Difficulty in dealing with the Government bureaucracy discourage me to start my own enterprise’.

*Interpretation*

As is seen from the data above 44% of the respondents perceive “Difficulty in dealing with the Government bureaucracy” as a considerable barrier in starting up an enterprise. Only 22.6% of the respondents do not perceive it to be a barrier.

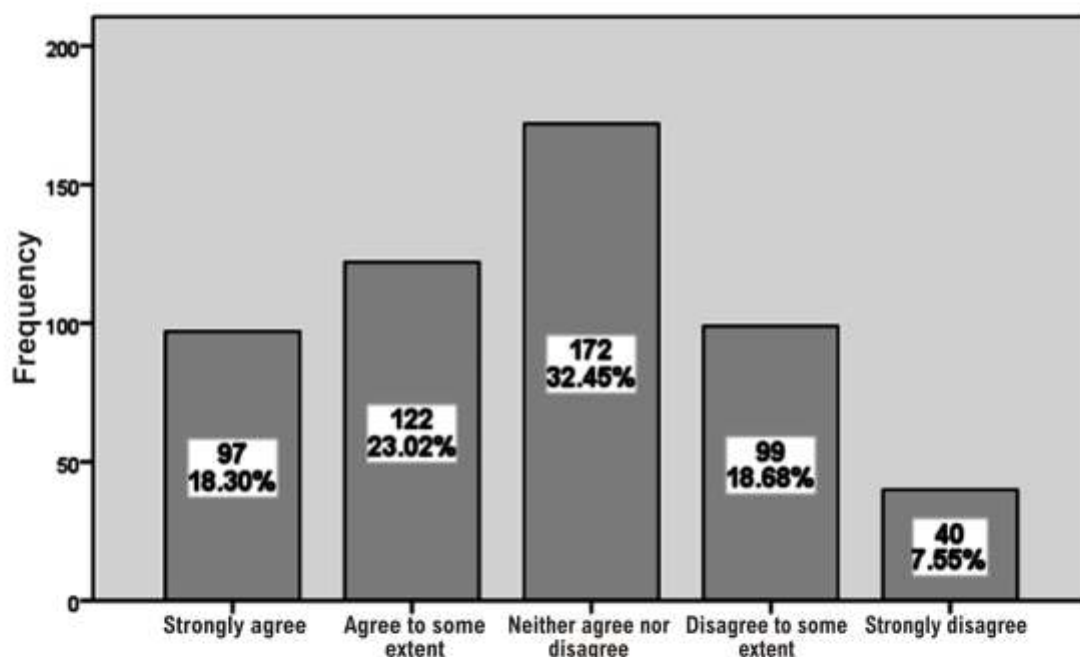
*Description regarding the strength of barrier*

‘The political and social environment of the country is not suitable to start up an enterprise’



**Table 8:** Frequency distribution of barrier: ‘The political & social environment of our country is not suitable to start up an enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	97	18.3	18.3	18.3
Agree to some extent	122	23.0	23.0	41.3
Neither agree nor disagree	172	32.5	32.5	73.8
Disagree to some extent	99	18.7	18.7	92.5
Strongly disagree	40	7.5	7.5	100.0
Total	530	100.0	100.0	



**Figure 7:** Strength of barrier: ‘The political & social environment of our country is not suitable to start up an enterprise’.

*Interpretation*

As is seen from the data above 41.3% of the respondents perceive that “Political & social environment of the country” is a considerable barrier in starting an enterprise. Only 26.2% of the respondents do not perceive it to be a major barrier.

**Findings and Conclusion**

It is seen that nearly 91% of the respondents are falling in “Moderate” to “High” category and only 8.3% of the respondents were falling in the “Low” perceived barriers category. We can comfortably conclude that the youth of Uttarakhand overall have a high level of perceived barriers to Entrepreneurship. Lack of

professional experience, initial investment and lack of accurate guidelines in starting an enterprise were rated to be the major perceived barriers to which over 50% of the respondents perceived as a significant barrier. Whereas market uncertainty, political and social environment of the country and difficulty in dealing with the Government bureaucracy were rated high by over 40% of the respondents. This has given us a clear picture on the issues faced by youth. The State Government therefore has to develop appropriate programs to tackle these issues and ultimately create a healthy entrepreneurial climate.

## References

- Ahmad, Z. S., Xavier, S.R. 2012. Entrepreneurial environments and growth: evidence from Malaysia GEM data. *Journal of Chinese Entrepreneurship*, 4(1), 50–69.
- Bates, T. 1995. Self-employment entry across industry groups. *Journal of Business Venturing*, 10(2), 143-156.
- Chowdhury, M. S. 2007. Overcoming entrepreneurship development constraints: the case of Bangladesh. *Journal of Enterprising Communities: People and Places in the Global Economy*, 1(3), 240–251.
- Cichello, P.L., Almeleh, C., Ncube, L., Oosthuizen, M. 2006. Perceived Barriers to entry into self-employment in Khayelitsha, South Africa: Crime, Risk, and Start-up Capital Dominates Profit Concern.
- Collins, C.J., Hanges, P.J., Locke, E.A. 2004. The Relationship of Achievement Motivation to Entrepreneurial Behavior: A Meta-Analysis. *Human Performance*, 17(1)95-117.
- Jodyanne, K. 2009. Motivational factors in a push-pull theory of entrepreneurship, Gender in Management: *An International Journal*, 24 (5), 346-364.
- Kunene, T.R. 2008. A critical analysis of entrepreneurship and business skills in SME's in the textile and clothing industry in Johannesburg, South Africa. *University of Pretoria, Pretoria*
- Kwong, C., Jones-Evans, D., Thompson, P. 2012. Differences in perceptions of access to finance between potential male and female entrepreneurs: Evidence from the UK. *International Journal of Entrepreneurial Behaviour and Research*, 18(1),75–97.
- Morrison, A. 2000. Entrepreneurship: What triggers it?. *International Journal of Entrepreneurial Behaviour and Research*, 6(2), 59-72.
- Nabi, G., Liñán, F. 2011. Graduate entrepreneurship in the developing world: intentions, education and development. *Education + Training*, 53(5), 325–334.
- Robertson, M., Collins, A., Medeira, N., Slater, J. 2003. Barriers to start-up and their effect on aspirant entrepreneurs. *Education + Training*, 45(6), 308–316.
- Sandhu, M.S., Sidique, S.F., Riaz, S. 2011. Entrepreneurship barriers and entrepreneurial inclination among Malaysian postgraduate student. *International Journal of Entrepreneurial Behaviour and Research*, 17(4), 428–449.
- Taormina, R.J., Lao, S.K.M. 2007. Measuring Chinese entrepreneurial motivation, personality and environmental influences. *International Journal of Entrepreneurial Behaviour and Research*, 13(4), 200-221.