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Nascent Entrepreneur-Challenges and Issues

*Vagesh MV, Sunena Thaddaeus, Udhaya kumar D
Corresponding Author: Vagesh MV

Abstract: *A nascent entrepreneur is defined as a person who is now trying to start a new business, who expects to be the owner or part owner of the new firm, who has been active in trying to start the new firm in the past 12 months and whose start-up did not yet have a positive monthly cash flow that covers expenses and the owner-manager salaries for more than three months. This paper is discussing about the problems faced by the entrepreneurs, entrepreneurial process and entrepreneurial framework conditions.*

***Keyword**: Entrepreneurs, Nascent entrepreneurs, problems, process, entrepreneurial framework conditions.*

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I. Introduction

An entrepreneur is a starter. An entrepreneur is an initiator, a challenger and a driver. Someone that creates something new, either an initiative, a business or a company. He or she is the beginning (and sometimes the end) of a venture, project or activity. The entrepreneur might not be the ideate, but he or she is definitely the one that decides to make that idea a reality.

Entrepreneur is the driver. The entrepreneur is the person in charge, the leader and the person to look to for leadership. He or she is the one that pushes forward and inspires a team to follow. The entrepreneur is the one that sits in the driver's seat, and has the ability to change direction, accelerate, slow down or even stop a venture.

An entrepreneur is accountable and responsible. The entrepreneur is the ultimate responsible for the destiny of its venture, which can be a company, a project, or any other endeavor. The entrepreneur is the one that has the highest stakes at the venture, thus the one that needs to be empowered to fully direct the endeavor.
Entrepreneurship as defined by NKC is"the professional application of knowledge, skills and competencies and monetizing new ideas, by an individual or set of people by launching and enterprise or diversifying from an existing one, thus to pursue growth while generating wealth, employment and social good"

*According to Global Entrepreneurship Monitor report (2013),*a nascent entrepreneur is defined as a person who is now trying to start a new business, who expects to be the owner or part owner of the new firm, who has been active in trying to start the new firm in the past 12 months and whose start-up did not yet have a positive monthly cash flow that covers expenses and the owner-manager salaries for more than three months.

PROBLEMS AND OUTCOMES IN NASCENT ENTREPRENEURSHIP:

- People setting up a business may face numerous unexpected obstacles and difficulties, and these may take longer to resolve than expected.
- New ventures can be resource-hungry and sometimes acquiring these resources may prove more difficult, expensive, or time-consuming than originally planned.
- Information may be difficult to obtain, prove unreliable, lack in specificity, or turn out to be irrelevant. Governmental regulations may delay the process. A new competitor may capture the targeted customers. Furthermore, one may dislike particular aspects of venturing, for example book-keeping or selling.
- The market may prove to be less interested in one's product or service than was initially hoped for, which can make it difficult to keep up initial levels of enthusiasm. All these difficulties accrue to uncertainty regarding the market, the business environment, and one's own capabilities. These can be compounded by conflict arising among the business partners.
- Personal or family problems may intervene making the list of potential setbacks, and obstacles endless. Nascent entrepreneurs (NE) try to solve these issues, mitigate their impact, or work around them. For instance, being rejected for a bank loan may be problematic for those who have no other financing options but is less of a problem for someone who has not offered the bank any collateral yet, or who has a family member who has expressed willingness to invest. Whether something is experienced as a problem is

determined by one's aims and expectations, response options, and response actions as much as by objective features.

- Inventories of objective occurrences of issues would obscure underlying heterogeneity in whether an objective issue was actually experienced as problematic or not. Therefore, when studying problems the research has to focus on subjective assessments of whether problems were encountered
- Lack of self- confidence

LEGAL PROBLEMS FACED

Unfortunately, India's regulatory framework creates issues for entrepreneurs and investors both inside and outside of the country. Startups are the growth engines of economy – if India is to be a considered amongst the developed countries, it needs to unlock its full potential through innovation and ingenuity. Policy and legal framework should encourage and reward entrepreneurs, rather they try and restrict them.

Entrepreneurship in India has slowly taken off in the past few years. There exists a good fraction of youth who strongly believe that they have the knowledge and skills to invest in innovation and technology in order to address the genuine needs of millions of people. However, this trend is still looked down upon as solely the choice of mavericks. Within the confines of India's highly regimented educational system, opportunities to develop critical skills including selling, evaluating opportunities, recruiting and managing teams, raising resources, and handling finances are rare.

In a country where almost 50% of the population is below 35 years of age, budding entrepreneurs today have enormous opportunities arising from the increased consumption patterns in rural and urban India. The environment needs to become more friendly and encouraging, especially when it comes to nascent entrepreneurs who have a zeal for setting out on new ventures. Public and private bodies need to be more organized in trying to help these entrepreneurs overcome the various socio-economic obstacles they face while setting up and running their businesses. More needs to be done, and getting this right will require metamorphosis in many areas.

Entrepreneurs in India face a broad set of challenges in setting up and growing their businesses but nonetheless one must still believe in the country's long term entrepreneurship potential. In the past, Indian has witnessed some of the most innovative and successful entrepreneurial ventures and it still possesses the fire to provide an attractive ecosystem to work and invest in the country.

However, in order to create a true innovation-led economy where growth is underpinned by productivity enhancements and not just better access to valuable natural resources, entrepreneurs must be given proper support by the societal environment to start with.

ENTREPRENEURIAL FRAMEWORK CONDITIONS:

Finance: The availability of financial resources, equity, and debt for small and medium enterprises (SMEs) including grants and subsidies.

Government policies: The extent to which taxes or regulations are either size-neutral or encourage SMEs.

Government programs: The presence and quality of direct programs to assist new and growing firms at all levels of government (national, regional, and municipal).

Entrepreneurial education and training: The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels (primary, secondary, and post-school).

R&D transfer: The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.

Commercial and professional infrastructure: The presence of property rights and commercial, accounting, and other legal services and institutions that support or promote SMEs.

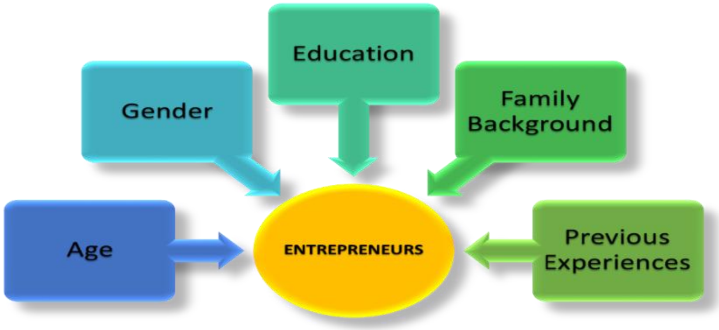
Entry regulation: It contains two components - (1) Market Dynamics: the level of change in markets from year to year, and (2) Market Openness: the extent to which new firms are free to enter the existing markets.

Physical infrastructure and services: Ease of access to physical resources i.e. communication, utilities, transportation, land or space, at a price that does not discriminate against SMEs.

Cultural and social norms: The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase the personal wealth and income.

Conceptual Framework: The conceptual framework includes several individual and demographic factors (gender, age, geographic location. These individual attributes facilitate entrepreneurship activities.

FIGURE 1: Factors That Promote And Limit The Entrepreneurial Capacity

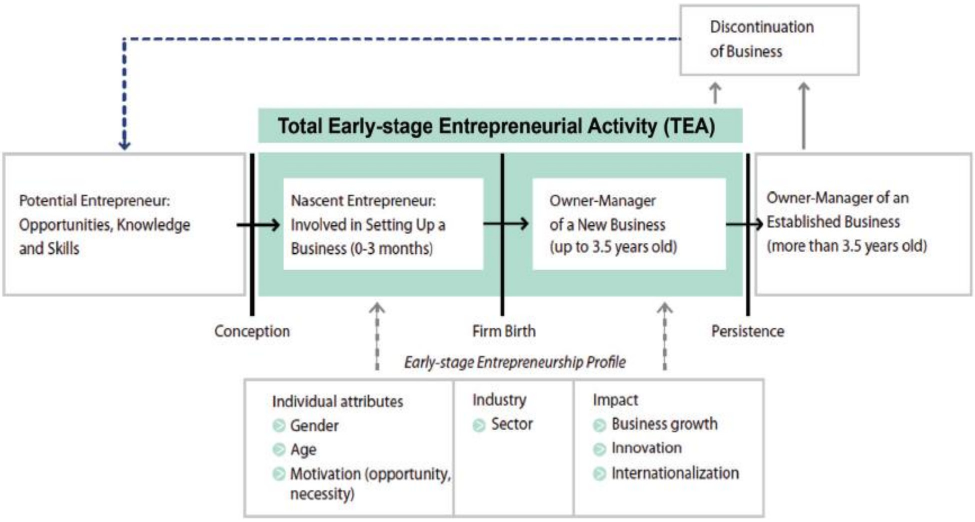


Apart from these attributes, this model also includes motivational aspects (necessity-based vs. opportunity-based venturing, improvement-driven venturing, etc.) and other complex factors such as perception of opportunities, perception of own capabilities to act entrepreneurially, fear of failure, and entrepreneurial intentions.

Entrepreneurship is not a monolithic concept, rather it is a dynamic process and it has several interdependent dimensions. Hence, in order to have holistic understanding about the concept. Entrepreneurial activities are defined in terms of organizational life-cycle approach (nascent, new venture, established venture, the types of activity (high growth, innovation, internationalization) and the sector of the activity (total early stage entrepreneurial activity TEA, social entrepreneurial activity SEA, employee entrepreneurial activity EEA).

It also provides insights on ambitious entrepreneurial activity (both from the stand point of an owner-managed venture and of an entrepreneurial employee). Finally, descriptors such as age and gender are used to emphasize some distinctive patterns.

FIGURE 2: The Entrepreneurship Process



II. Conclusion

Socio-cultural factors such as norms, values, social networks, social perceptions and the degree of cultural acceptance of, and support for are important for Nascent Entrepreneurship.

Communities traditionally associated with business and trade have leveraged networks and natural webs of interdependence, in building informal ecosystems that provide credit support, infrastructure, socialization and risk management.

Encouraging Nascent Entrepreneurship involves widening the social base of capital, which in turn also means enlarging networks and including access to new entrepreneurs from communities that are not traditionally associated with business. Formal and informal associations play a key role in nurturing Entrepreneurship. The task of ensuring greater social acceptability for Nascent Entrepreneurship also requires dissemination of best practices, documenting unsuccessful ideas as well as other entrepreneurial experiences at all levels. Reward and recognition at various levels, from local to global, also help in promoting Nascent Entrepreneurship.

A combination of debt and equity models will spur early stage finance for Entrepreneurship in the foreseeable future. There is a widely held perception that it is very difficult to get bank loans at the start-up stage while becoming comparatively easy at the growth stage. While there are new initiatives and schemes, perceptions on bank finance have not improved for entrepreneurs to a great extent. It is in these sectors, where the information asymmetries and perceived risk levels are considered higher, that Angels, VCs and PE funds are beginning to fill a crucial market gap and need incentives for more involvement.

Recent financial schemes reflect greater recognition being given to Entrepreneurship. In addition, interesting financial innovations are occurring in the rural and informal entrepreneurial spaces. Some ideas worth exploring include establishing a secondary market for newer companies; creating new mechanisms for start-up funding, seed capital, enhancing understanding of the financial aspects of Entrepreneurship among start-ups and improving the business environment for Entrepreneurship. A secondary market for smaller companies will, in particular, provide exit options to the seed stage investor as well as value-addition to the entrepreneur by ensuring visibility, access to additional capital, broadening the shareholder base and generating networks with the wider business community.

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