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Breaking the Barriers: Making Unicorns Common

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ABSTRACT

In this constantly changing time, it is very important what all factors can lead to more disruptive innovation and the establishment of new ventures. It is necessary to research what is stopping individuals to enter into entrepreneurship. Due to high unemployment rates around the world, there is an immediate requirement to increase the labour force participation rate. Entrepreneurship is one big solution that can not only increase employment in current times but will also increase GDP in the long run. This will also present us with the opportunity to innovate in this constantly changing environment. This research paper discusses the misconceptions that act as barriers to entry in the start-up ecosystem and the role of government in breaking these barriers.

Keywords: Covid-19, Entrepreneurship, Innovation, Ventures, Start-ups

1. BACKGROUND

The outbreak of Covid-19 has impacted everyone in some or another way. Millions of jobs were lost and many more lives suffered. When many individuals sit jobless at home, they think of many ways to come out of this grave situation. Many times it is the prime reason for idea generations and thousands of start-ups being established.

The pandemic has impacted various mainstream industries -hospitality, tours and travels, healthcare, retail, banks, hotels, real estate, education, health, IT, recreation, media- all across the globe. As these industries look to come out of this situation, they look for innovative ideas to fuel this process.

As it is true in every crisis, there are thousands of opportunities if you are ready to accept the change. This crisis also provides many opportunities to innovate and make an impact on this world. It is rightly said that there is only one thing constant in this world - change.

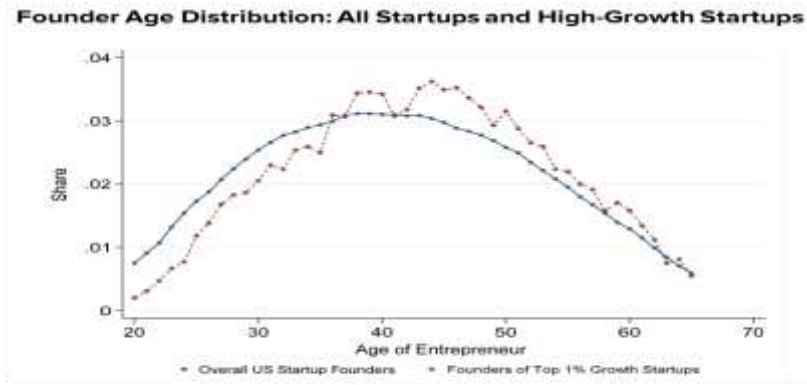
2. MISCONCEPTIONS PREVENTING INDIVIDUALS FROM PURSUING ENTREPRENEURSHIP

After detailed analysis, I hereby highlight 10 misconceptions held by people which prevent them from taking entrepreneurship as a career

(a) Entrepreneurs have to work long hours if they want their venture to succeed- Although it is true that entrepreneurs might have to work long hours during a particular phase of their start-up but it also true that this picture is wrongly portrayed. It has been observed that people who have standard working hours are usually better off at taking decisions in various situations.

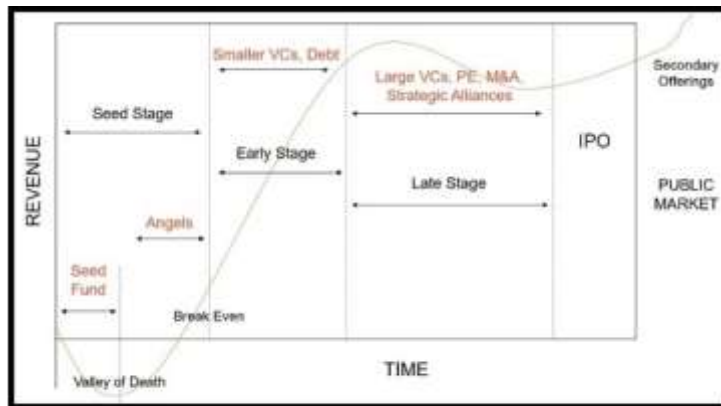
(b) Entrepreneurs have to do everything themselves- A start-up with the right team is crucial for the success of a venture. A team with well-delighted roles promotes responsibility for work and the success of various tasks. If only a single person is working, it might lead to extremely stressful situations stressing about the future and management of the enterprise. Having a team also enables group polarisation i.e. they can take extreme steps, which are crucial for an enterprise's success, when with a group than that they would take individually.

(c) Start-ups are only founded by young people- This is one of the biggest misconceptions people have. The average age of a start-up founder in the United States is 45. Younger people may be at an advantage in few areas like marketing but even then older people have a lot of industry knowledge and experience which is equally important for success in the start-up world. In fact, many successful brands like KFC were started when their founders were more than 60 years of age.



Source : Azoulay, Jones, Kim, and Miranda (2018) "Age and High-Growth Entrepreneurship"

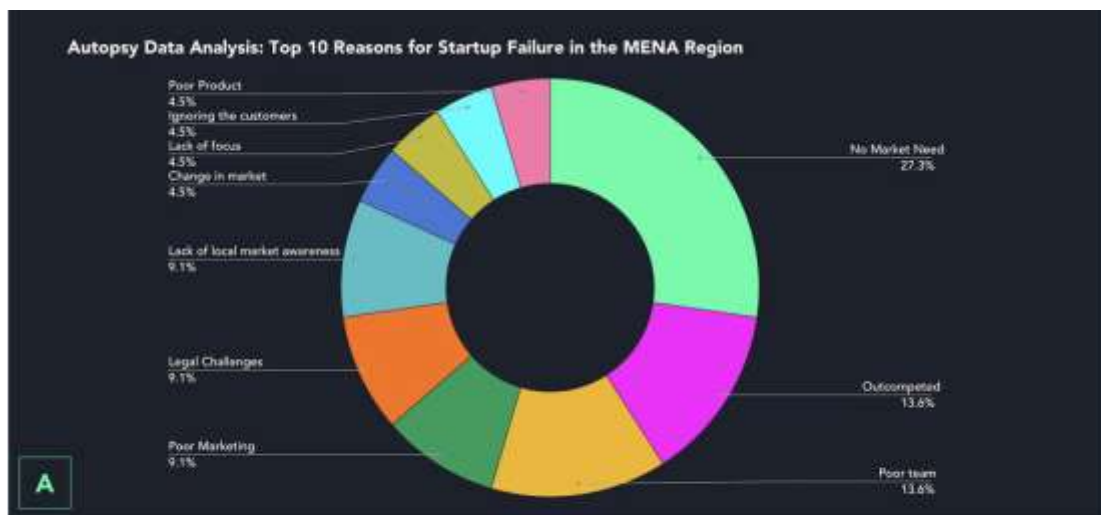
(d) Start-up founders are all high net worth individuals- Most of the start-ups are starting with investments from different sources like seed-funding, angel investors, and venture capitals. They provide you with financial and advisory resources which are potent for the success of a venture. They provide you with these resources in return for some equity. Usually, these individuals and firms believe in your idea and look for multiple-fold returns on their investment. Different sources of finance are available at different stages of entrepreneurship.



Source : startupindia.gov.in

(e) Entrepreneurs have to stake everything if they want to be successful- We often hear about individuals who risked their 9-5 job and lifetime savings to start their company and become successful. But we often forget about individuals who worked after their job to work on their dream idea with very little or no savings. As with every opportunity, founding a company also involves risks but it can be managed if thought properly.

(f) Any new idea will be accepted by the market- Even though it is true that new ideas excite everybody, it is also true that these ideas are just good when heard and when they are actually used. One of the biggest reasons for start-up failure in recent times is the lack of product-market fit.



Source : Getautopsy

(g) Urban areas are the only places to start a company- While it is true that urban areas provide a juncture of resources for a company, it is also true that Covid-19 has changed a lot of that. Working from home is the new normal. Founding a company remotely is also an option that can easily be explored. Now it is also possible to connect with talented people from all around the globe remotely.

(h) Idea is the only thing you need to build a company - It is evident that even the most adventurous ideas fail when done without planning. Most start-ups even pivot- change their direction – at least once in their lifespan. Planning is the most important step if you want to launch your own company. You must conduct proper financial and technological research to see if your idea is economically feasible. Surveying is one of the best ways to check if people like your idea and are willing to spend their money on your product/service. There are also different ways to conduct surveys to get the most optimum answers. Therefore, even though you will have to revise your plans a dozen times, it is a crucial step to the success of your business.

These are the major reasons that act as entry barriers in the entrepreneurial space. One must overcome these misconceptions to establish a successful venture.

3. INCENTIVES THAT SHOULD BE PROVIDED BY GOVERNMENT TO PROMOTE ENTREPRENEURSHIP

It has been observed that entrepreneurship activity is linked to higher economic growth. Entrepreneurship and Innovation are also credited to be the reason behind the United States being the world superpower. Indeed, the government should promote entrepreneurship through various functions such as :

(a) Angel Tax Exemption - Every small-cap firm should be exempted from paying taxes for an initial time of 3 years from the date of incorporation. This will enable the firm to protect its profit which can be further reinvested for the growth of the enterprise. If this exempted tax helps the start-up to grow, the government will eventually recover its taxes in the later stages of the company as these will contribute much more to the GDP as a successful company later.

(b) Short Entrepreneurship courses to be made available to university students- Instructional videos from renowned faculty will make it easier for students to navigate through a difficult phase of entrepreneurship. These videos will also help in the development of an entrepreneurial mindset among students.

(c) Accelerators- Government should form accelerators mentored by renowned entrepreneurs and faculty to help promising start-ups take a leap of faith. These groups will help ventures to solve the pain points that are stopping them from growing.

(d) Low-interest loans- Loans with very low interest and no collateral should be provided to start-ups that have stable earnings. This will enable shareholders to maintain their equity without compromising on the requirement of funds.

(e) Accelerated verification of documents- Timing is extremely crucial in the success of an enterprise. Start-ups should be given an option for accelerated verification of documents. It enables them to focus on other crucial parts than worrying about delayed approvals.

(f) Promotion of innovation in school curriculum itself - Most of a person's brain is developed in childhood only. This is the perfect time to infuse an entrepreneurial mindset among these children. Innovation should be made a part of the curriculum and out-of-the-box thinking should be promoted.

(h) Development of start-up ecosystem- Special areas for better facilities and opportunities for start-ups should be designated. In the areas, facilities required by start-ups should be provided at subsidized rates. Seminars from successful entrepreneurs should be regularly held here so that their experience and teachings can be leveraged by these start-up founders

These government initiatives will not only promote entrepreneurship but also promise a better future for our coming generations. Government support is indeed very beneficial for budding entrepreneurs as it helps them navigate through difficult phases very swiftly.

4. CONCLUSION

In summary, although the pandemic has taken many jobs, it has presented many new opportunities to come back stronger. Individuals have to stop believing in misconceptions about entrepreneurship and must use proper strategies and plans for starting their ventures.

Many ventures have already been successful in the start-up world and further innovations will continue to disrupt the world around us. Individuals should not be discouraged by preconceived notions held by them. They must take the first step of launching a venture to see the result.

The government's continued support will also help these ventures to expand stronger. The growth of these companies will also contribute significantly to the growth of GDP. It will also help place the country among world leaders in these constantly changing times.

This grave situation has presented us with the opportunity to come back even stronger with newer innovations that would not have been possible under normal circumstances. Nothing is impossible if one has unfaltering determination, unstaggering faith and is ready to do persistent hard work. Even the word impossible says "I'm possible" Even in the darkest time, there is always a ray of hope.

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