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OVERCOMING THE MAJOR CHALLENGES IN NEW ENTREPRENEURSHIP: AN ORIENTATION THROUGH SOFT SKILLS

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Abstract

The impact of globalization has also brought about significant economic transformation in the business world, thus ushering in rapid changes in technology and its development and adaptation, extended competition, a pressure shift from general to international audience and many more. Today more and more individuals believe that starting their own business would provide them a platform where their passion for innovation and social responsibilities can meet. Hence the idea of stimulating entrepreneurship has caught the attention of many nations worldwide. Studies reveal entrepreneurship as an act of undertaking a work or job, to bring about both social and economic growth and promoting individuals' fulfilment in attaining desired goals. However, the path to begin entrepreneurship is not a cake walk. There are many challenges and obstacles for the individuals who switch over from their career as an employee to commence a new endeavour as a leader. At times, they succeed and many a time, they fail. Hence individuals must build certain skills and abilities, with a purpose of altering their ideas into action and receiving positive results. The purpose of this paper is to study the need to develop soft skills in order to overcome the challenges that new entrepreneurs face and achieve success.

Keywords: *New Entrepreneurs, Entrepreneurship, Entrepreneurial Skills, Challenges, Soft Skills*

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1. Introduction

With distributive changes in the world economy, a significant impact has been witnessed in international trade, cultural exchange, economic growth, corporate management, functions and operations and industrial relations. A large part of any national economy is also dependent on big small businesses, which also have been affected by globalization. The rise of entrepreneurial ventures, has facilitated economic development and stimulated improvised products and services, generated national wealth and brought about social changes. Entrepreneurs are thus considered as assets who are known to generate wealth for society and nation. Through their entrepreneurial ventures, they furnish jobs and wipe off unemployment in various sectors. Apart from achieving individual goals to find solutions to a number of modern day problems, entrepreneurs play a pivotal role in augmenting the growth and standard of the entire community as well. However, it is an obvious fact that the starting of a business is often the hardest task. Starting up something from the ground level with little or no knowledge about the upcoming restraints is one of the most difficult stages in forming or creating something new. For new entrepreneurs, however, challenges persist throughout the journey of entrepreneurship, from finance to marketing, from building team to envisioning, from making rules to dealing with unknown and many more related problems. Only advantage the new entrepreneurs possess is their passion towards creating something new for public benefit and their own growth. Studies reveal that some of the biggest challenges, faced by new entrepreneurs, can be resolved. Commonly termed as soft skills, these skill sets are a must in every field, especially for the new entrepreneurs to fight every challenge and to improve their chances of success. Soft skills can

be defined as “non-technical and not reliant on abstract reasoning, involving interpersonal and intrapersonal abilities to facilitate masterly performance in particular social contexts” (Hurrell, 2015, p.4). Inculcating and practising a bunch of these traits is the key to every business, relationship, personnel development, among others. This paper analysed in detail the importance of entrepreneurship, challenges that the new entrepreneurs face and finally, the remedies to overcome the barriers.

2. Review of Literature

Entrepreneurship is related to the pursuit of risky and innovative business ventures to capture new opportunities (Boundless, 2018). Basically, entrepreneurship is starting, managing, building and sustaining a new business which involves lots of risks like financing, outsourcing, marketing and many more. Entrepreneurship is development of innovative ideas, crafted into action, with a purpose to receive solutions to real world current problems. Hence starting with a new business is not easy. It significantly impacts our own lives and those of our fellow citizens as a vital source of new job creation and a source of vast majority of new technology and products. Entrepreneurship also plays a key role in providing effective and innovative solutions to environmental and social problems (Carsrud and Brannback, 2007, p. 6). However, starting and sustaining a new business venture requires essential factors like acquisition of knowledge and learning. The growth of the venture is highly dependent on what knowledge the business has achieved and what portion does it intend to share. Apart from knowledge and learning, creativity also plays a powerful role. The key factor of evolutionary entrepreneurship is evolutionary learning because the production of knowledge itself cannot be a factor causing economic growth. The focus has to be on the demand of knowledge by entrepreneurs, who

have gathered enough entrepreneurial energy, to require resources for their major goal or vision (Kattel, Kregel and Reinert, 2009, p. 212).

Many debates arise regarding whether entrepreneurs are made or natural. A leading American business magazine discusses the answer to the question to be somewhere in the middle. According to Jamal Edwards, it is a matter of nature versus nurture. He reckoned that an entrepreneur was 5% born with innate abilities and 95% made by life experiences (Francis, 2017). A lot of changes take over from inheritance to gaining experiences and lessons. Majority of enthusiastic entrepreneurs begin to invent but only few implement. Doug Richards, founder of the School for Start-Ups, declared that people have enormous capacity for change. As they grow and undertake new tasks, they become more confident. There is also significant amount of information that can be learned through lessons and as that knowledge expands, other intangibles such as ability to calculate risks, perseverance, resilience and desire, also grow (Francis, 2017). For a new entrepreneur, starting a new business brings with it unique challenges from lacking a well developed business plan and undercapitalization to personality conflicts and an incomplete marketing strategy (Koester, 2009, p.44).

To face the challenges and the need to meet every end, with the purpose of making a new business venture successful, entrepreneurs need to develop certain skills and abilities in various forms and stages of entrepreneurships. Entrepreneurial skills are broad and cover a number of sub skills, with an orientation to achieve success in new dealings. Skills like proper planning, organising and utilizing time, improve the attainment of success. They tend to maximise the likelihood of achieving success by setting challenging, yet achievable goals, and show a great deal of persistence and

determination in pursuing their goals. They perform significantly better when they have positive and definite feedback as to how well they are doing (Nieuwenhuizen, 2008, p. 4).

3. Importance of Entrepreneurship

Entrepreneurs are able innovators, who are known to generate wealth for society and nation, in doing business through their creativity. Discussed below are a few among the many important contributions by entrepreneurs.

3.1. Generates Wealth

The idea to start a new business, requires launching of newer and better versions of products, services and technology, which instigate new markets to be formed, thus enabling more wealth to nation and adding to national income. There is economic value in the assigning of a price to the product, that enables it to be made, bought and sold in the market, the generation of a surplus value arising from the reward for actions taken in an environment of uncertainty and for the investment made to create value (Mitra, 2013, p. 45).

3.2 Create Job Opportunities

Entrepreneurship envisions opportunities, endeavours to commercialize it and creates jobs. Entrepreneurial firms generate individual and employee wealth, which can generate tax revenues. They are also the seeds from which large successful organisations grow like Microsoft, Cisco systems, and The Body Shop (Westhead and Wright, 2013, p.54).

3.3 Bring Social Change

Entrepreneurs attempt to change the mindsets of people and encourage them to see things the way they envision it. In India, for example, child line enlists street kids as the front lines of a national child protection network. In Canada, the Planned Lifetime Advocacy Network has shown that disabled people, who

are welcomed as full community participants, enrich others' lives in unforeseeable ways. In the United States, peace games trains fifth graders in urban elementary schools to be peace builders, who teach younger students, how to resolve conflicts in lunchrooms and in the schoolyard (Bornstein and Davis, 2010, p. 76).

Entrepreneurs face many challenges, big and small, which at times are both rewarding and harsh. Young minds, with a simple academic degree, with less or no experience but with a passion to innovate and create and with an enthusiasm to bring positive changes, often face tough and harsh challenges which they might have difficulty to overcome. The field they have chosen is unique and there is a lot of difference between thoughts and converting thoughts into action.

4. Objectives of the Study

The major objective of this study was to discover the relevance of developing soft skills in order to overcome the challenges new entrepreneurs face and thus helping them to achieve by maximizing the chances.

5. Challenges in New Entrepreneurship

5.1 Financing

The issue of finance or the funding can be one of the difficult parts to resolve. New entrepreneurs may not yet have any network that would come forward to provide finance. Making profit can take a lot of time, almost around one or two years. With financing a start-up, there are other important terms associated, which are important for the new entrepreneurs to know about like equity and debt financing. While financing is exchange of money for a share of business ownership, debt financing is borrowed money, which has to be repaid over a period of time, with interest (Gundry and Kickul, 2006, p. 237). However, studies suggest that non monetary features of

entrepreneurial activities may be greater incentives to prospective small business starters, and success is strongly connected to thorough planning by achievers in the field (Alstete, 2008, p.584-594). Hence it is always advisable to decide the financing part, keeping in mind that winning investors and finance highly depend on rigorous planning, communication and interpersonal relationships.

5.2. Team Building

New entrepreneurs face a lot of difficulty if they have never formed or managed a team. Hence choosing a right team of members, who would just fit into their roles and areas of responsibilities, would be stressful. The importance of a good quality team lies in the fact that lot of difficult works get done easily and effortlessly. Also, when it comes to raising funds, studies reveal that single entrepreneurs are less likely to attract funds but team-led ventures sustain more and receive major returns. Successful entrepreneurs search out people and form and build a team based on what the opportunity requires and when. Team members will contribute high value to a venture if they complement and balance the lead entrepreneur and each other (Timmons, 2009, p.294-295). Hence it is essential that new entrepreneurs choose quality members and form a substantial team for successful achievements.

5.3 Envisioning

A new entrepreneur has to develop creative ideas and he is expected to envision the future of the start-up. The team members would look up to the leader in rough times or during times of competition. They are expected to come up with ideas, solutions and plans or alternatives and structured map to move ahead with. The most difficult part in envisioning is remaining focused, creative and ever ready with solutions and answers to problems which may arise

tomorrow. The importance of a vision in shaping an organisation's objectives and driving the formation of its strategies is based on the assumption that because of dramatic changes that can occur in the global environment, today's successful strategies are unlikely to work in the changed world of tomorrow (**Drori and Landau, 2011, p. 105**).

5.4 Fear of Uncertainty

With so much of creativity and innovation required in entrepreneurship, a lot of questions arise in the minds of the new entrepreneurs like the stability of business, success of business, and whether the start-up would benefit the society or appreciated by people or not. In fact, none of these questions has any relevant or steady answers. Economist Frank Knight pointed out an important quality about entrepreneurial opportunities. According to him, there is fundamental uncertainty about them. He observed that one cannot collect more information or perform more analysis to reduce uncertainty. There is no meaningful way in which to predict the future prospects of an entrepreneurial opportunity and then act on it (**Bruner, 2003, p. 153**).

5.5 Defining Rules

To enforce something and make others follow, can should become tough. Guidelines, principles and policies are important features, which support any business to run smoothly. **Ozung (2018, p.51)** emphasizes that the bid to specifically define the rules of the game of entrepreneurship is an especially important mission because entrepreneurship will only take on its full meaning when it can be approached, learnt and practised on the basis of its fundamental laws.

5.6 Making Decision

With no experience at all, decision making for new entrepreneurs is just like experimenting

with different situations and at times, it can completely exhaust them. Habitual entrepreneurs, by virtue of their long and varied experience, have become expert decision-makers, capable of matching their decision-making mode with the cognitive nature of the situation. On the other hand, novice entrepreneurs are unlikely to possess these skills (**Gustafsson, 2003, p. 3**).

The challenges discussed above are few of many which either lead to prosperity or adversity. However, new entrepreneurs must have enough of patience and perseverance to accept both failures and success in their stride. They need to develop a skill set commonly termed as soft skills. The following section studies in detail a list of soft skills that are a must to overcome the aforementioned barriers.

5.7 Interpersonal Skills

New entrepreneurs need a platform, to start their entrepreneurship journey, which is incomplete without the support of people who are and who will be associated with the business venture like investors, project leaders, stakeholders, vendors, clients, corporations and others. Hence it is important first to build a good and strong rapport with them through interpersonal skills. It is also essential to understand that new entrepreneurs would be known and recognised first by their personality and the quality of their work. In order to make the quality of their work reach people and in turn receive their support requires how well and how confidently the new entrepreneurs win the hearts of their potential supporters. Through the ability to communicate well, respond constructively, present confidently, and fulfil effectively the needs and requirements of the investors and other eminent personalities, the new entrepreneurs would be able to receive their part of support. Being personally organised and effective is at the core of entrepreneurial

working. This involves being clear and focused on goals and priorities and being able to manage time and personal resources to achieve. In turn, this generates confidence in the ability to achieve desired results **(Rae, 2014, p. 45)**.

New entrepreneurs exhibit compassion as and when required because it is not only with the outside parties with whom the entrepreneurs will have to deal with but also with people within the business venture, who are equally important and with the same compassion. Interpersonal skills embody a wide range of skills and ability to communicate, understand, and motivate both individuals and groups. Such skills are extremely important to the manager of a new enterprise, who wants to improve his or her chances of survival and success through the process of networking with others to discuss common problems and opportunities **(Griffin, 2016, p. 298)**.

5.8 Leadership Qualities

To form a persistent team and manage them, entrepreneurs are required to be competent enough to possess strong leadership skills in order to create historical results. A single individual cannot make efficient decisions and new entrepreneurs are required to inspire the team members constantly and keep them motivated and focused so that each team member feels free to provide suggestions, which enable decision making easily. Business world is changing fast and new entrepreneurs must give up the traditional ways of doing things and learn doing things differently. According to **Greenberg, et al., (2011, p. 25)**, entrepreneurial leaders need the skills and the knowledge to define the world rather than be defined by it. To achieve this, entrepreneurial leaders must identify, assess, and shape opportunities in a variety of contexts, ranging from the predictable to the unknowable.

5.9 Creativity Skills

Developing creativity is an art, a survival skill which fosters powerful visioning sensibility, to find out the hidden layers and implementing ideas towards revealing those hidden layers and making them work in reality. The use of wide range of idea creation techniques, is necessary to create new and worthwhile ideas to elaborate, refine, analyze and evaluate their own ideas in order to improve and maximize creative efforts **(Piirto, 2011, p.1)**. Ideas do not merely emerge by chance and do not appear in just any one's mind. Only inquisitive people who question, investigate, search, enquire and are curious for ideas and are passionate to alter ideas into action are likely to be creative in their thoughts. New entrepreneurs are required to generate ideas which are replete with richness and variety in order to sustain in this competitive world. New entrepreneurs can start with first understanding the characteristics of the problem and then finding solutions

5.10 Dealing with Fear and Uncertainty

Entrepreneurs must not stick to be perfect all the time as pursuing perfection, without carrying parallel thoughts of failure, weaken mental and emotional stability, further leading to fear. This is because of the same reason that entrepreneurs lose trust in them and fail miserably. Rather, they must concentrate on moving forward with not much expectation to be perfect all the time. This will break the illusion of fear and uncertainty. Majority of new entrepreneurs are of the view that uncertainty arises because of one key element in entrepreneurship and that is risk. The risk of failing is equal to fear of failing. Self motivating willingness to gamble separates leaders from the rank and file. Entrepreneurial spirit of risk is the power generator for every business, when it is just starting out and even when it is fifty

years old. Lose the spirit of risk, and the business begins to decay (**Panaggio, 2013, p. Ix**).

5.11 Being Ethical

New entrepreneurs must understand that whatever rules they make, must be based on certain codes of conduct and ethics. To be effective, a code of conduct must be acceptable to all the relevant stakeholders and must fit within the competitive realities of the marketplace (**Sethi, 2003, p.64**). Codes of conduct, apart from the basic structure, are standard implementations necessary to operate and establish the countless situations in business. Codes of ethics represent norms and values that are inherent in the company's objectives, that the corporation stands for and can be held accountable for. These standards are established in a written document, which is very transparent for the company's internal and external environment (**Bacher, 2007, p.3**). Codes of ethics, on the other hand, are meant for the organisation and it enrolls even the leader. These are the strategies that determine the scope of business organisation and the development of those strategies with the passing of time. According to **Malachowski (2001, p.66)**, strategic change is about the long term direction of the organisation and it is likely to have major implications on how the resources of the organisation are deployed and therefore, affect the detailed operational activities of most parts of the organisation.

5.12 Decision Making Skills

Making right choices mark the beginning of new projects, works, relationships and plans and making right decisions encourage new entrepreneurs to step into a competitive world and endeavour to sustain. Hence before making any decisions, new entrepreneurs are supposed to have a clear picture on the background of the problem. This would provide them scope and space to think better on finding out solutions and

focusing on making decisions. New entrepreneurs are likely to suffer the consequences of decision making, as **Fayolle (2014, p. 402)** maintained, since actual consequences from a decision cannot be known at the time the decision is made. The decision maker generally faces risk and uncertainty and often bases one's decision on assumptions, projections and intended goals. Entrepreneurs do not always have enough of information before taking a decision. Decision making in start-up ventures is almost done in the face of irresolvable ambiguity (**Duening, Hisrich and Lechter, 2009, p. 430**). Hence new entrepreneurs must understand this fact and must have enough courage to find the solution of a problem, with whatever information they carry and must select the best possible way to deal with the probable consequences that the decision is offering.

6. Conclusion

This paper studied the importance of entrepreneurship and the challenges new entrepreneurs face. The paper also provides skills and abilities new entrepreneurs must adopt with a purpose to battle the challenges and bring organisational excellence. Entrepreneurship is a crucial agenda to generate innovation and promote social and economic growth. The entrepreneurial skills are mainly related to both internal and external parties, leading, creativity, vision, ethics and decision making. Today, a number of educational institutions have entrepreneurship development as a core subject in their curriculum as the world today requires entrepreneurs, who with their skills and abilities, not only run their own business but also add to the per capita income of a country along with other benefits. This study would be beneficial to management groups of various institutions and organisations and also for new entrepreneurs who are willing to make their own business ventures.

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