



“Mind The Gap: Analyzing Young Entrepreneurs Perceptions Of Shortfalls In Their Startups”

***Amos M Jose, **Jeeva George**

* Student, B.Com, SB College, Changanacherry, Kerala

** Ph D Scholar, SGT University, Gurgaon

Corresponding Author: Jeeva George

ORCID Id: 0000-0002-3541-1884

ABSTRACT

Introduction: Global economic growth is predicted to slow down in current times. It is undoubtedly proven that entrepreneurship provides an essential lifeline for youth in years of economic downturns. Over 30 million startups are created globally every year, out of which 20% fail in the first 2 years and 45% within 5 years. This points out that there is a gap in startup business management which limits them from growing higher. Hence, this study is conducted to explore the identified gaps by the entrepreneurs.

Methods: This study has adopted a qualitative approach by conducting one-to-one, in-depth interviews, using semi-structured guided questions with prompts to direct discussion. Verbatim transcripts were analyzed, followed by coding and thematic categorization. **Results:** Thematic analysis resulted in identifying four major areas where entrepreneurs perceive gaps. The four evolved themes are (a) inappropriate strategic planning, (b) shortfalls in marketing, (c) risk aversion attitude, and (d) lack of scientific analysis of funding factors. **Conclusion:** Many startups either remain in the budding stage or end up failing due to various reasons. In this context, the present study explored the areas where gaps are identified by young entrepreneurs. This clearly highlights that there is an urgent need for a paradigm shift from "new startups" to "save startups." Scientifically analyzing the gaps and redesigning strategies to bridge the gaps will contribute to exponential growth for startups.

Keywords: Entrepreneur, Startup, Gap

INTRODUCTION

Financial self-reliance among youth is of paramount importance in today's rapidly evolving economic landscape. As individuals transition from adolescence to adulthood, cultivating financial independence empowers them to face the complexities of modern life with confidence and autonomy. The significance of financial self-reliance for youth is at an all-time high, as being economically self-dependent and self-reliable is a basic need of all humans (Kuratko, 2005). Man wants to be his own master.

At the individual level, financial self-reliance equips youth with the skills and mindset necessary to manage their finances effectively, make informed decisions, and pursue their goals and aspirations (Baby, 2019). By learning how to budget, save, invest, and plan for the future, young individuals can mitigate financial risks, seize opportunities, and build a solid foundation for long-term prosperity. Moreover, financial self-reliance instills a sense of responsibility and accountability, fostering traits such as resilience, discipline, and resourcefulness (Gompers & Lerner, 2001).

From an economic point of view, empowering youth with financial self-reliance is essential for promoting economic mobility, reducing dependence on external support systems, and fostering economic resilience (Sivakumar, 2020). By cultivating a generation of financially savvy individuals, societies can mitigate the adverse effects of economic downturns, market fluctuations, and unforeseen challenges, thereby promoting stability and sustainability in the long run.

Global economic growth is predicted to slow down in the current era. It is undoubtedly proven that entrepreneurship provides an essential lifeline for youth in years of economic downturns (Ries, 2011). Over 30 million startups are created globally every year, of which 20% fail in the first 2 years and 45% within 5 years. The overall unemployment rate is growing at an alarming speed. Among the unemployed, youth unemployment seems to be alarming. Due to this, there is a strong push in the entrepreneurial sector as these unemployed youth take up small ventures of their own for their well-being. It is found that these youngsters face many challenges from their family, friends, relatives, investors, and all stakeholders associated with them in order to become successful entrepreneurs, which is indeed a tedious task to fulfill (Baby, 2019).

The phenomenon of youth entrepreneurship has garnered significant attention in recent years, propelled by advancements in technology, increasing access to resources, and shifting societal attitudes toward risk-taking and innovation (Audretsch & Thurik, 2001). Young entrepreneurs, typically defined as individuals under the age of 35, exhibit a unique blend of ambition, creativity, and resilience, driving them to embark on ventures ranging from tech startups to social enterprises. Despite the gains of entrepreneurial pursuits, the journey is fraught with uncertainties, obstacles, and setbacks that often lead to the demise of promising ventures (Gayathri & Kumari, 2023).

Navigating the startup landscape presents a myriad of challenges for young entrepreneurs, such as securing funding and building a viable business model (Gompers & Lerner, 2001). While some ventures thrive and disrupt industries, many others succumb to failure, highlighting the precarious nature of startup endeavors (Nijkamp, 2003). Amidst this backdrop, it becomes imperative to explore the perceptions young entrepreneurs hold regarding the gaps or shortfalls that hinder their startups' progress (Thomas, 2020).

Understanding perceptions of shortfalls is critical because perceptions play a pivotal role in shaping entrepreneurial behavior and decision-making. They influence how individuals interpret and respond to challenges encountered during the startup journey (Cherukara & Manalel, 2017). By examining young entrepreneurs' perceptions of shortfalls in their ventures, this research seeks to uncover the underlying factors contributing to startup failure or stagnation. These perceptions encompass a spectrum of issues, ranging from resource constraints and market dynamics to internal challenges such as team dynamics and leadership capabilities (Shane, 2003).

SIGNIFICANCE

The present study holds immense significance for stakeholders across the entrepreneurial ecosystem, academia, and policymaking realms. By shedding light on the nuanced perspectives of young entrepreneurs regarding the challenges they face in their startups, this study has the potential to inform policy formulation, enhance entrepreneurial education and training, guide investment decisions, and catalyze innovation and economic development. This study embarks on a journey to uncover the hidden barriers obstructing the path to success for young entrepreneurs. Through a comprehensive examination of their perceptions, this research endeavors to shed light on the challenges, opportunities, and pathways forward in fostering a vibrant ecosystem conducive to the growth and prosperity of youth-led startups. This session holds significant implications for various stakeholders within the entrepreneurial ecosystem, as well as for academia and policy formulation (Gayathri & Kumari, 2023).

SCOPE OF STUDY

In the dynamic landscape of entrepreneurship, young entrepreneurs represent innovation, economic growth, and societal change. With a surge in entrepreneurial activity among the youth globally, there arises a critical need to understand the challenges they face in navigating the intricate terrain of startup ventures. This study delves into the depths of these challenges, aiming to unearth the nuanced perceptions young entrepreneurs hold regarding the shortcomings impeding the success of their startups. This study will enable upcoming entrepreneurs to understand the actual problem areas identified by existing entrepreneurs.

By addressing the gaps and shortfalls identified through this research, stakeholders can work collaboratively to create a more conducive environment for youth-led startups to thrive, innovate, and contribute to societal progress.

LITERATURE REVIEW

Youth entrepreneurship plays a pivotal role in economic growth, job creation, and innovation, especially in regions like Kerala (Audretsch & Thurik, 2001). However, young entrepreneurs, typically those under 35, face high failure rates, with a large percentage of startups failing within the first few years (Ries, 2011). Empowering these entrepreneurs with financial literacy and self-reliance is critical to fostering economic mobility and reducing dependency on traditional employment avenues (Sivakumar, 2020).

Several studies highlight the significant barriers faced by young entrepreneurs, such as securing adequate funding and building sustainable business models (Gompers & Lerner, 2001). Personal factors such as age, education, and entrepreneurial experience also play an essential role in determining success (Cherukara & Manalel, 2017). Entrepreneurial passion is yet another critical factor that drives young entrepreneurs to persist through adversity. Gayathri & Kumari (2023) emphasize how passion enabled business owners to withstand significant challenges, such as the Ockhi flood and COVID-19 pandemic, in the MSME sector in Kerala.

One of the most common shortcomings is the lack of comprehensive strategic planning. Sarasvathy (2001) points out that many young entrepreneurs, due to limited experience, often rely on improvisation rather than structured planning, which can act as a barrier long-term growth. In Kerala, many startups lack the necessary foresight for sustainable expansion, which contributes to business stagnation or failure (Thomas, 2020).

Marketing is another area where young entrepreneurs embrace difficulties. Nwankwo & Gbadamosi (2011) note that marketing efforts in small and medium enterprises (SMEs) tend to be informal and unstructured. Many young entrepreneurs rely heavily on digital marketing platforms like social media, which can be limiting if not paired with broader marketing strategies (Thomas, 2019). Despite the potential of these platforms, such limited approaches may not always effectively reach the target audience.

Risk aversion is also existing among young entrepreneurs, with many hesitating to take on debt or seek external funding. Shane (2003) observes that this reluctance to embrace risk often limits growth opportunities. Most young entrepreneurs adopt bootstrapping strategies, but the lack of alternative funding sources, such as venture capital or crowdfunding, stunts the scaling of their businesses (Goel, 2018).

In summary, young entrepreneurs in Kerala face significant challenges in areas such as strategic planning, marketing, and funding. Addressing these gaps through targeted education and access to resources can help create a more supportive environment for youth-led startups, enabling them to grow and succeed.

PROBLEM STATEMENT

A Study to explore the identified gaps perceived in their start-ups by young Entrepreneurs in Kerala

VARIABLES

The independent variables included demographic factors such as gender and age of the entrepreneur, place of the business and the age of business,

OBJECTIVES

To explore the identified gaps perceived by young entrepreneurs in their start ups in Kerala

OPERATIONAL DEFINITION

Young entrepreneur : A youth aged between 18 to 28 who has initiated a startup, either innovation-based or driven by other entrepreneurial needs, such as addressing a market demand or necessity.

Gaps : any hurdles which arose during the course of the entrepreneurship journey which either explicitly or in a hidden manner acted as the reason for the slow growth or the fall of a business.

METHODOLOGY

This study has adopted an exploratory research design with an experience survey. In-depth interviews were chosen to allow for a comprehensive understanding of individual entrepreneur experiences and to explore the gaps identified by the young entrepreneurs. A semi-structured format with guide questions and prompts was used to maintain flexibility in exploring different perspectives while ensuring consistency across interviews. The sample size of 6 entrepreneurs was deemed appropriate to capture a diverse range of perceptions and discussions were intended to focus on the participant's perception on factors which acted as hindrance to the growth of their startups. Interview lasted for 30-40 minutes which was recorded using a digital audio recorder and transcribed verbatim. Moderator facilitated discussions.

Verbatim is transcribed, followed by coding and thematic categorization. Thematic analysis was used to categorize the findings, with multiple rounds of coding to ensure accuracy and consistency. Results were cross-referenced with existing literature on entrepreneurship to ensure relevance and validity.

DATA ANALYSIS

The research was based on personal interviews conducted with six young entrepreneurs, aged 18–28, using snowball sampling. The interviews were recorded verbatim and included various questions, which were equally asked to all participants. Additional questions were posed to individual participants based on the clarity of their responses. The budding entrepreneurs interviewed were:

1. Ms GA (age 20), Kottayam, Curry Powder Business

GA is a curry powder-based entrepreneur who always aspired to be successful. After exploring various business opportunities, she chose the food industry, stating: *“Food is an area whose demand will remain stable despite uncertainties.”* She personally experienced an infection from established curry powders in India, which motivated her to create a product free of chemicals. She adopted a sample marketing strategy focusing on hotels, facing societal prejudices and multiple rejections. However, over time, customers accepted her products, and she now employs 10 people.

2. Mr AM (age 28), Idukki, Natural Products

AM is one of the most successful entrepreneurs interviewed. He identified a clear gap in the organic sector in Idukki. In 2020, he started *Nature Finders* with his personal capital, producing organic products like honey, cashews, and tea powder through transparent partnerships with local farmers. After proving the quality of his products, he branded them with a trademark. The business expanded to include tourism-related services such as ticket booking and advertising at the airport. AM currently has an office in Idukki and plans to open another at Cochin airport.

3. Mr ST (age 19), Kottayam, Marketing Agency

ST, the youngest and most experienced entrepreneur on the list, was guided by the need for achievement (nAch principle) during his secondary schooling. He initially started with an online shop and later created a YouTube vlog to reach a larger audience. Upon recognizing a gap in the local marketing field, he founded a marketing agency. As the vlog proved ineffective, he diversified his audience by starting a short film channel, *Kadha Originals*. ST now employs 10 people and focuses on building a strong company ecosystem, prioritizing employee morale, nation-building, and ethical values.

4. Ms SL (age 20), Trivandrum, Fashion Designing

SL is an entrepreneur with just two months of experience. Her strength lies in creating customer-need-based designs, partnering with her college for printing. She claims, *"The novelty in my business, in this high-competition field, is the uniqueness of my designs."* Though her family is involved in business, she refused their aid, choosing instead to leverage college resources, as she believes in self-achievement.

5. Mr AA (age 21), Ernakulam, Service Sector

AA ventured into the service sector, planning his business since his higher secondary school years. His startup, *Enodo Group*, provides services like catering, transport, and tourism. Initially unsupported by his family, he gained their backing only after demonstrating profits. Today, he operates with a substantial number of employees and has expansion plans in the pipeline.

6 Ms CRN (age 20), Madurai, Arbitrage Business

CRN, unlike the others, began her entrepreneurship journey with three partners. Her business model involves arbitrage, where they import textiles from places like Delhi at lower prices and resell them in Kerala at higher rates. Since starting in mid-2023, the venture has faced ups and downs, particularly with the challenge of maintaining momentum during the business's initial stages. Despite these hurdles, CRN remains committed to navigating the complexities of the business.

RESULTS

From the interviews, it became evident that young entrepreneurs differ significantly from traditional, established entrepreneurial models. They are highly aware of business theories and maintain a positive attitude toward problem-solving. Their focus on psychological factors, such as motivation and resilience, is remarkable, as they are driven by the need for achievement (nAch principle).

Despite their innovative approaches, certain recurring gaps prevent these startups from becoming well-established businesses. These gaps were grouped into four broad categories:

1. Lack of Proper Strategic Planning

Guided by the nAch principle, many entrepreneurs lacked a clear, comprehensive plan with adequate projections. Both CRN and SL underperformed in planning, as they ventured without a clear projection and still do not have a forward-looking plan. ST suffers from entrepreneurial "hopping" and anhedonia, affecting the direction of his ventures. AM is an exception, having invested significant time in meeting managers, attending seminars, and visiting factories to understand each aspect of his business thoroughly. GA and AM had planning phases, but these were not extensive enough to ensure sustained success.

2. Shortfalls in Marketing

GA remarked, *“For me, the lifeblood of business is marketing,”* but in practice, many entrepreneurs, aside from ST and AM, devoted insufficient attention to marketing. Most chose highly competitive fields without a strong focus on customer customization, except SL. SL, however, displays a form of marketing myopia, neglecting broader customer engagement strategies. All participants relied on Instagram for marketing, yet ST,s use of a short film channel for audience acquisition stood out. AM benefited from combining tourism with his product offerings and creating an effective website. GA relied on her father’s established business network.

3. Risk Aversion Attitude

Although the entrepreneurs expressed a willingness to take risks, their actions suggested otherwise. For example, GA chose the food sector to mitigate the risks posed by uncertainties like the COVID-19 pandemic. Many participants were reluctant to take on debt, which limited their growth potential. Aside from AM and AA, most entrepreneurs lacked a long-term vision for expansion.

4. Lack of Scientific Analysis of Funding Factors

All participants bootstrapped their businesses, relying on personal savings and reinvesting profits. None utilized alternative funding strategies like crowdfunding, venture capital, or angel investors. This reliance on internal funding contributed to slow growth. AM was an exception, using five credit cards to finance his business. None of the entrepreneurs accessed available government grants or institutional aid.

It is noteworthy that entrepreneurs who exhibited fewer of these shortcomings, such as AM, have been more successful.

DISCUSSION

The findings from this study offer critical insights into the challenges that young entrepreneurs in Kerala face. These obstacles, which are identified by the participants, stem from various internal and external factors, primarily revolving around insufficient strategic planning, ineffective marketing approaches, a reluctance to embrace risk, and a lack of diversified funding sources. These barriers impede the growth of startups, even those with potential, and often cause them to stagnate or fail. The participants' perception of these gaps highlights the need for more robust frameworks that could better support new business ventures in their critical formative years. As Shane (2003) notes, the unwillingness to take on risk is a recurring theme among startups, further limiting growth opportunities.

Interestingly, many of the entrepreneurs relied heavily on digital marketing, with platforms like Instagram being a popular choice. While this approach can be effective for certain markets, the lack

of a broader, more diversified marketing strategy was evident. This aligns with findings by Nwankwo and Gbadamosi (2011), who suggest that small and medium-sized enterprises (SMEs) often engage in informal marketing, which can be limiting. The reliance on social media, while cost-effective, does not always result in reaching a wider audience or effectively engaging customers. Entrepreneurs like AM, who adopted a more holistic marketing approach by integrating tourism with product offerings, seemed to be more successful. This suggests that a multifaceted marketing strategy is key to sustaining growth.

Moreover, the participants' approach to funding their ventures was predominantly through personal savings or reinvestment of profits, which severely restricted their ability to scale. None of the participants utilized external funding sources such as venture capital, government grants, or crowdfunding. Sarasvathy's (2001) concept of effectuation, where entrepreneurs make decisions based on available resources rather than on long-term planning, resonates with the findings. The absence of external financial support not only slows down expansion but also exposes these businesses to higher risks during market fluctuations or economic downturns.

Finally, the importance of strategic planning cannot be overstated. Entrepreneurs who lacked a clear vision or long-term projections, such as SL and CRN, struggled with consistent growth. This is consistent with the research of Thomas (2020), which suggests that startups often fail due to poor foresight and planning. In contrast, AM's methodical approach—attending seminars, visiting factories, and engaging with industry experts—enabled him to navigate the business landscape more effectively. This highlights the need for young entrepreneurs to adopt more comprehensive strategies that consider long-term goals alongside short-term gains.

This research contributes to the growing body of literature on youth entrepreneurship by offering insights into the challenges young entrepreneurs face. These findings aim to inform policymakers, investors, educators, and aspiring entrepreneurs about critical areas in need of support within the startup ecosystem. The results could guide the development of targeted interventions and programs to bolster the resilience and success of young entrepreneurs.

CONCLUSION

Many startups remain in their budding stages or fail due to various reasons. This study explores the gaps identified by young entrepreneurs in Kerala, highlighting the urgent need for a shift from focusing solely on launching new startups to "saving" and sustaining them. By scientifically analyzing these gaps and redesigning strategies—such as enhancing marketing efforts, adopting alternative funding methods, and improving long-term planning—exponential growth in youth-led startups can be achieved.

REFERENCE

1. Audretsch, D. B., & Thurik, A. R. (2001). What's new about the new economy? Sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change*, 10(1), 267-315. <https://doi.org/10.1093/icc/10.1.267>
2. Baby, J. (2019). Entrepreneurial ecosystem: Opportunities and challenges among youth with special reference to Trissur District, Kerala. *International Journal of Scientific and Research Publications*, 9(5), 45-56. <https://doi.org/10.29322/IJSRP.9.05.2019.p9010>
3. Blank, S., & Dorf, B. (2012). *The startup owner's manual: The step-by-step guide for building a great company*. K&S Ranch.
4. Cherukara, J. M., & Manalel, J. (2017). Demographic and personal factors influencing entrepreneurial success—Study based on MSMEs of Kerala. *12th Biennial Conference, Entrepreneurship Development Institute of India*, Ahmedabad, 22-24 February.
5. Gayathri, H., & Kumari, T. (2023). The impact of entrepreneurial passion on the entrepreneurial performance in MSMEs at Kollam District in Kerala. *International Journal of Entrepreneurship and Small Business*, 43(2), 178-190. <https://doi.org/10.1504/IJESB.2023.10025874>
6. Gartner, W. B. (1989). Who is an entrepreneur? Is the wrong question. *Entrepreneurship Theory and Practice*, 13(4), 47-68. <https://doi.org/10.1177/104225878901300406>
7. Goel, V. (2018). An empirical study of factors affecting entrepreneurial development in MSMEs in Kerala. *Journal of Entrepreneurship and Innovation in Emerging Economies*, 4(1), 67-83. <https://doi.org/10.1177/2393957517747316>
8. Gompers, P., & Lerner, J. (2001). *The venture capital cycle*. MIT Press.
9. Hisrich, R. D., & Peters, M. P. (2002). *Entrepreneurship*. McGraw-Hill.
10. Jini, T. (2020). Entrepreneurial skill and development of micro enterprises in Kerala with special reference to Malappuram District. *International Journal of Research and Review*, 7(12), 281-287.
11. Kuratko, D. F. (2005). The emergence of entrepreneurship education: Development, trends, and challenges. *Entrepreneurship Theory and Practice*, 29(5), 577-598. <https://doi.org/10.1111/j.1540-6520.2005.00099.x>
12. Mathew, J., & Jacob, S. (2020). Challenges faced by women entrepreneurs in Kerala. *International Journal of Research in Commerce and Management*, 11(8), 34-41.
13. Nijkamp, P. (2003). Entrepreneurship in a modern network economy. *Regional Studies*, 37(4), 395-405. <https://doi.org/10.1080/0034340032000074402>

14. Nwankwo, S., & Gbadamosi, A. (2011). *Entrepreneurship marketing: Principles and practice of SME marketing*. Routledge.
15. Padmakumar, K. R., & Paul, A. (2022). Sustainable entrepreneurship among youth in Kerala: Opportunities and challenges. *Kerala Economic Journal*, 21(3), 89-102.
16. Puhakka, V. (2011). Developing a creative-cognitive model of entrepreneurial alertness to business opportunities. *Journal of Enterprising Culture*, 19(3), 285-312.
17. Ries, E. (2011). *The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses*. Crown Publishing Group.
18. Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review*, 26(2), 243-263.
19. Schaper, M. T., Volery, T., Weber, P., & Gibson, B. (2014). *Entrepreneurship and small business*. Wiley.
20. Shane, S. (2003). *A general theory of entrepreneurship: The individual-opportunity nexus*. Edward Elgar Publishing.
21. Singh, R., & Goyal, S. (2018). Factors affecting entrepreneurial intentions among university students in Kerala. *International Journal of Entrepreneurship and Innovation*, 19(4), 235-248.
22. Sivakumar, A. (2020). Youth entrepreneurship development programs in Kerala: A critical review. *South Asian Journal of Business and Management Cases*, 9(2), 125-138.
23. Thomas, A. S., & Mueller, S. L. (2000). A case for comparative entrepreneurship: Assessing the relevance of culture. *Journal of International Business Studies*, 31(2), 287-301.
24. Thomas, J. (2019). Analysis of factors influencing youth entrepreneurship in Kerala. *Journal of Innovation and Entrepreneurship*, 8(1), 56-70. <https://doi.org/10.1186/s13731-019-0111-4>
25. Thomas, J. (2020). A study of entrepreneurial resilience in youth-led startups in Kerala. *International Journal of Entrepreneurial Behavior & Research*, 26(7), 1435-1456. <https://doi.org/10.1108/IJEBr-04-2020-0219>