

# Challenges Faced by Entrepreneurs

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*Entrepreneurship is an essential factor in any country's growth and development opportunities. A country may contain valuable material resources, but only the entrepreneurs can use the resources for productive use. So, it is crucial to promote and develop an entrepreneurial mindset. Entrepreneurs also create job opportunities for the young generation. This paper examines the main challenges faced by entrepreneurs in starting their businesses. The main problems faced by entrepreneurs are financial, production problems, labor, and government-related problems. This paper discusses how entrepreneurs overcome barriers while starting their businesses. Data was collected using a questionnaire.*

**Keywords:** Entrepreneurship, entrepreneur, startup, challenges

## INTRODUCTION

Entrepreneurship is one of the crucial factors in a country's economic growth. It starts with individual creative thinking to solve a business problem and motivation, allowing them to create their own business. Entrepreneurship requires an enthusiastic entrepreneur who faces challenges and learns from failures in the pursuit of goals. Entrepreneurs play a significant role in creating jobs and innovating new products and services. A successful entrepreneur tends to be forward-looking, independent, and passionate.

Entrepreneurs face many challenges in starting their businesses, including financial, customer, production, customer-related problems, and many other issues discussed in the literature review below.

## LITERATURE REVIEW

The word 'entrepreneur' is defined as an individual who wants to achieve their goal of economic survival and advancement. The people who create a business are known as entrepreneurs, and they also develop goods and services for daily use (Lowrey, 2003). Entrepreneurs are responsible for improving customers' lifestyles and creating products according to changing market conditions (McKenzie et al., 2007).

Entrepreneurial skills are essential to learning in the classroom. Instead of focusing on specific management course content, the emphasis should be on enhancing the development of entrepreneurial skills and the significance of gaining the skill to learn as an ongoing process (Dana, 1987). Entrepreneurship

creates value by devoting the necessary skills, time, and effort. It also carries financial and social risks. The importance of entrepreneurship is rising today. The entrepreneurial process, including its inspiration, invention, continuity, and expansion, is influenced by various personal, societal, and environmental elements (Hisrich & Peters, 1992). A framework developed by Hood & Young (1993) revealed that successful entrepreneurs must originate in content, skills & behavior, mentality, and personality. The knowledge of recent development, leadership, and organizational transformation should be obtained to study entrepreneurship (Harrison & Leitch, 1994).

According to Vishwanath (2001), one of the main challenges for entrepreneurs is getting sufficient funds. The author also mentioned that entrepreneurs use bank loans and personal savings to start their businesses. Mambula (2002) revealed the significant issues faced by entrepreneurs. He researched small businesses, and the data shows that most business owners faced financial problems. The researcher suggested that businesses collaborate and that financial institutions provide training for small businesses. Tagoe et al. (2005) examined the financial challenges faced by entrepreneurs. He found that entrepreneurs' main challenges are finding affordable credit over a reasonable time, but the availability of collateral improves access to the required funds. Another study by Kumar (2006) also shows main issues faced by entrepreneurs are access to funds, lack of related education, and lack of motivation. Education and professional experience are two main factors for setting up a company, and it is also significant for a company's growth and

performance (Mizgajska & Wściubiak, 2016). Even though micro-credit facilities are available in some regions, without proper entrepreneurial education, it is challenging to develop a business (Afza et al., 2010). Another researcher also suggested that entrepreneurs also required access to technology, vocational training, and access to finances (Reshma, 2019). A study by Nayyar et al. (2007) suggested that intense competition from larger firms and the non-availability of raw materials are the significant challenges entrepreneurs face. Other challenging factors include a tight work schedule and not being popular in the market. Another study revealed many challenges for new entrepreneurs, including motivation, patience in solving problems, developing an effective business model, funding, the right location, finding good customers, and outperforming rivals (Kanchana et al., 2013). There are significant challenges to entrepreneurs in Cambodia, including legal and economic constraints, a need for policies to help SMEs, and Cambodian consumer culture and preferences (Panthamit et al., 2018).

Rizvi & Gupta (2009) found that startup-related activities and schemes only benefited a small number of entrepreneurs from the urban middle class, and this is due to their level of education and support from their families. KumarAmlathe & Mehrotra (2017) also find that entrepreneurs are often unaware of startup-related activities from the government. The government should formally announce startup-related activities and provide financial support to entrepreneurs (Mukharjee, 2022). The study by Balhara & Singh (2015), Barman & Chanu (2017), and Pandey (2013) revealed the motivating factors as educational qualification, supplementary income, family motivation, government policies & schemes, freedom in taking decisions, self-satisfaction, innovative thinking, and change in the business environment which are responsible for encouraging individuals to become entrepreneurs.

Successful men and women entrepreneurs share very similar motivations toward startups, and they also face a common challenge: access to sufficient funds (Cohoon et al., 2010). Family members' Motivations are a significant contributor to startups (Antony Jesurajan & Gnanadhas, 2011). Another study also supported that family motivation is one of the main challenges to starting a business (Dierberger et al., 2020). Families were discovered to be the primary motivating factor for starting a business. Family members are a good source of motivation (Antony Jesurajan & Gnanadhas, 2011).

## OBJECTIVES OF THE STUDY

There are two main objectives of the study as follows:

1. To analyze the various problems and challenges of entrepreneurs.
2. To suggest ways to overcome the challenges faced by entrepreneurs.

## RESEARCH METHODOLOGY

This study focused on successful and attempted startups in Cambodia. The information used in the study derives from the primary data. A well-structured questionnaire was prepared to collect the primary data.

## ANALYSIS

### Demographics profile

**Table 1**

*Demographic profile*

Particulars	Variables	Respondents	Percentage
Gender	Male	9	16%
	Female	16	64%
Age	Below 20 years	5	20%
	21-30 years	20	80%
	31-40 years	-	-
Educational Qualification	High School	-	-
	Bachelor Degree (Graduated)	17	68%
	Master Degree (Graduated)	-	-
	Current Bachelor Degree Student	7	28%
	Current Master Degree Student	1	4%
State of the Startup	Attempted to start a business	10	40%
	Successfully started a business	4	16%
	Formulated the idea but did not start the business	10	40%
	Others	1	4%

64% of the respondents are female, and 80% are between 21-30 years old. Table 1 shows that 68% of the respondents graduated from a Bachelor's degree program. Only 16% of the respondents successfully started a business, and the remaining attempted to start a business or formulated an idea but did not start the business.

## Motivation, strengths & weaknesses of the respondents

**Table 2**

*Motivation, strengths & weaknesses*

Particulars	Variables	Respondents	Percentage
Strength of the respondents	Family supports	25	100%
	Partner supports	9	36%
	Self-confidence	20	80%
respondents	Lack of management skills	13	52%
	Lack of education	7	28%
	Lack of entrepreneurial skills	14	56%
	Fear of failure	16	64%
Motivation	Self-confidence	16	64%
	Interest	20	80%
	Government schemes	1	4%

Table 2 shows that the biggest strength of the respondents is family support 100%, followed by self-confidence, which is 80%. 64% of the respondents are afraid of failure, and the primary motivation is the respondent's interest in starting a business.

## Source of funding

**Table 3**

*Source of funding*

Particulars	Variables	Respondents	Percentage
The primary source of the finance	Loans	8	32%
	Personal savings	13	52%
	Seeking help from friends	4	16%
	Family supports	14	56%

56% of the respondents received the finance for starting a business from their family.

## Challenges faced by the respondents during a startup

**Table 4**

*Startup challenges*

Particulars	Variables	Respondents	Percentage
Business related challenges	Market conditions	19	76%
	Legal or regulatory conditions	14	56%
	Financial related difficulties	14	56%
	Production problem	14	56%

Financial-related problems	Shortage of working capital	16	64%
	Shortage of funds for expansion	13	52%
	Repayment of loan	8	32%
	Improper budget plan	13	52%
	The problem of getting a loan	9	36%
	Poor financial management	10	40%
Production-related problems.	Raw materials related	17	68%
	Labor-related	18	72%
	Machinery related	16	64%
	Marketing related	10	40%
	Inadequate availability of land	9	36%
	Labor-related problems.	Unavailability of skilled labor	14
Increase in cost of labor		9	36%
Lack of experience		21	84%
Irregular in work		1	4%
The problem of working hours		10	40%
Problem of turnover		7	28%
Internal problems for the startup.	Lack of motivation and confidence	14	56%
	Lack of leadership quality	8	32%
	Finance	19	76%
	Poor self-image	7	28%
External problems for the startup.	Training opportunities	10	40%
	Access to the required technology	12	48%
	Lack of information	16	64%

Table 4 reveals that 76% of the respondents faced challenges related to the marking condition, 64% faced a shortage of working capital, 72% had production-related problems, especially with labor, and 84% said that the potential laborers did not have adequate experience. Startups also faced internal and external problems; 76% faced financial issues, and 64% did not have access to the proper information.

## Ways to overcome the challenges and keys to a successful startup

**Table 5**

*Ways to overcome the challenges and keys to a successful startup*

Particulars	Variables	Respondents	Percentage
Ways to overcome the challenges	Practical knowledge of the business	18	72%
	Proper business plan	24	96%
	Good management in place	16	64%
	Proper validation of the business assumptions	15	60%
	Guidance from a mentor	23	92%
Keys to a successful entrepreneurial venture	Access to enough finance	20	80%
	Good Idea	22	88%
	Luck	10	40%
	Hard Work	24	96%

Table 5 shows that 96% of the respondents preferred a proper business plan to overcome the challenges. The most important key factor in succeeding in an entrepreneurial venture is hard work said by 96% of the respondents.

## CONCLUSION

Entrepreneurs are needed in society to increase the country's economic value and provide jobs for young people. Entrepreneurs should be positive and open-minded and have enough knowledge about the business. The market conditions and technology should be updated regularly, which may help them succeed in the business.

Entrepreneurs face various problems while starting a business, and there are solutions for every situation. Finance is the major problem many entrepreneurs face while starting their entrepreneurial ventures. This problem can be rectified by personal savings and getting a bank loan. They must have enough strength to meet the challenge and succeed in their business.

According to this study, it has been concluded that the main challenges faced by entrepreneurs are competition in the market, financial challenges, lack of experience, labor-related issues, marketing challenges, etc. They used to overcome the barriers through hard work and having a proper business plan in the startup. The main strength of entrepreneurs is family support & self-confidence, and their weakness is the fear of failure they have while starting their business. Thus, they have confidence in their capacity to deal with the world and take practical steps to attain their goals.

## RECOMMENDATIONS

- Government agencies can conduct entrepreneurial programs, like talks by successful entrepreneurs, their success stories, how to create a proper business plan, the challenges they faced by them and how bravely they overcame, etc.
- Many entrepreneurs face the problem of finance. Government shall play an active role in providing loans to needy entrepreneurs through nationalized and cooperative banks. Bank loan procedures shall be less complicated and less time-consuming.
- Separate entrepreneurial organizations can be formed to help entrepreneurs by providing financial assistance, marketing materials, obtaining subsidies, technical know-how, raw material assistance, conducting market surveys to assess feasibility counseling, follow-up guidance, etc.
- Adequate data regarding the marketing situation should be made available to entrepreneurs.
- Government or entrepreneurial organizations also should look at opportunities for developing skilled labor for emerging market needs.

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