

## **RISE OF YOUTH ENTREPRENEURSHIP DURING COVID**

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### **ABSTRACT**

The COVID-19 pandemic has shifted the pace of business in a variety of ways. The abrupt halt in global economic activity forced global business to either fluctuate or change direction entirely. Despite the fact that this has affected and continues to affect many businesses, owners, and working populations, young entrepreneurs have seized this opportunity to begin educating themselves about financial security and independence. Since the beginning of the pandemic, small firms and start-ups have been rising, and it appears that there is no preventing the young entrepreneurs from taking over the economy. Many of these firms were able to adjust to the pandemic and continue operating. Using techniques such as transitioning to an online service model, changing business strategies, engaging more with stakeholders, and decreasing costs, these youth businesses were able to stay afloat during the pandemic. Policymakers can undertake measures aimed at boosting knowledge of these prospects, particularly in businesses that tend to be more resistant to COVID-19, such as technology intensive sectors, which have higher post-entry employment growth and contribute disproportionately to job creation. These policy interventions should attempt to provide the necessary conditions and incentives for innovative start-ups and future entrepreneurs, as well as to increase their potential and competencies to seize opportunities. Reducing barriers to entrepreneurship, such as administrative burdens, providing incentives for start-ups and entrepreneurs, ensuring that funding is available, and boosting entrepreneurial potential and training could help speed up the recovery by limiting the negative employment and innovation effects of a missing generation of new firms.

**Keywords:** Entrepreneurship, Entrepreneur, Startup, COVID-19, Pandemic.

## **Rise of Youth Entrepreneurship during COVID**

Entrepreneurs play a major role in a country's economic progress. They not only contribute to the economic growth by creating jobs in respective industries, but are also drivers of creativity, innovation and change (MyGov Blog, 2019; Chauhan & Aggarwal, 2017). The term "entrepreneurship" invariably brings a few defining characteristics to one's mind like ideas, opportunity, implementation, profits, and risk-taking among others. Undoubtedly, all of these constructs and characteristics are central to understanding who an entrepreneur is and what they do.

Kusumsiri and Jayawardane's (2013) paper provides an overview of how entrepreneurship has been understood from different perspectives. From an economic viewpoint, an entrepreneur is someone who has a knack for taking risks, making profits and being able to endure losses. Having an ability to anticipate profitable opportunities in the market or "creative alertness" (Deakins and Freel, 2009 as cited in Kusumsiri and Jayawardane, 2013), along with sharp decision making skills are also crucial to an entrepreneur's role. On the other hand, from a psychological lens, an entrepreneur is one who possesses certain traits which allow them to experience a sense of control and be in-charge (high need for achievement, risk-taking, and an internal locus of control). Being curious, wanting to express one's creative side, taking independent decisions, being in control of one's work, being enthusiastic about change and challenges are some of the key factors (in addition to the monetary and social goals) which give one a push to start an enterprise (Rao, n.d.). In a similar vein, the managerial approach to understanding an entrepreneur also focuses on the individual's ability and approach towards structuring, organizing, and managing their project/start-up. Hence, in order to gain a clearer understanding of what, why and how an entrepreneur does certain things, one needs to consider all influential factors in the boundless territory of entrepreneurship.

In a nutshell, entrepreneurship entails an entrepreneur and their organization's skill and ability in spotting or creating a window of opportunity for themselves, and then utilizing the available resources to maximize their profits, in the context of uncertainty. Depending upon the nature of risk-taking, size of enterprise (micro, small, medium, large scale, the kind of business (agricultural, manufacturing, etc.), ownership type (state, private, joint, etc.), and other measures, enterprises can be sorted out into different categories. Launching one's own venture could prove to be a humongous task from discovering a problem, through evaluation of ideas, plans, and available resources to finally the implementation of strategies (Rao, n.d.). According to the Economic Survey 2019-20 report (GoI, 2020), India has dramatically risen in the entrepreneurial

sector from 45,000 new firms in 2006 to 1,25,000 in 2018. Given this context, the current paper discusses the rise of youth entrepreneurship during the COVID-19 pandemic.

### **Youth Entrepreneurship**

According to the Ministry of Commerce and Economics, Government of India (Startup India, n.d.), India boasts of the world's third-largest startup environment (Kulkarni, 2020), with a predicted annual growth of 12-15 percent year after year. Over the years, the country has witnessed a tremendous growth in new service sector firms followed by manufacturing, infrastructure and agriculture-based enterprises (Govt. of India, Economic Survey Report 2019-20). Some successful Indian enterprises include BYJU'S, OYO, Unacademy, Swiggy, Zomato, and Smallcase.

Youth is a period of exploring and experimenting in order to become independent adults. The entrepreneurship sector provides them with the perfect stage to unleash their creativity in a rather novel way. In the wake of rising unemployment, cut-throat competition, and difficult life circumstances (lack of financial instability, family concerns, lack of formal education), entrepreneurship has been a relevant alternative for a lot of young Indians (Chauhan & Aggarwal, 2017). Entrepreneurs are often those who question the conventional ways or systems, wish to be their own boss, and their projects or undertakings are often driven by a vision or goal (eg. social causes like provision of basic education for all). Srivastav (2019) highlights that factors like globalization, technological advancements and unemployment have given a push to young peoples' increasing involvement in enterprises. It is, however, imperative to note that a host of factors influence one's decision to enter the field, like, one's own personality characteristics, family support, values and beliefs, skills, industry knowledge and experience, support and resources available (investments, recognition, funding, government schemes, contests, connections, human resources), appropriate guidance and mentorship, to name a few. The lack of many of these factors, in addition to high environmental uncertainty, comprise major challenges to be dealt with by the young enterprises (Chauhan & Aggarwal, 2017).

However, despite these challenges, the entrepreneurial spirit thrives as witnessed in the Indian franchise of the American reality show "Shark Tank" (2021). Shark Tank is a platform where entrepreneurs present their business ideas, products and services to a panel of investors who then decide whether to invest in their company. In a BBC article, Clarence (2022) describes the impact this business reality show has had in the Indian context. The show was instrumental in bringing to the fore myriad businesses and entrepreneurs from various socio-economic backgrounds, all with a zest for innovation and courage to face challenges head-on. The

involvement of youth is evident in the fact that “of the 67 businesses that received deals on the show, 59 had one founder under the age of 25”.

### **COVID-19 and Enterprises**

According to a report by UNDP India (2021), in collaboration with the NITI Aayog, social issues are a pressing concern worldwide, and in India as well. The report indicates that India's entrepreneurial environment, its resources and the young spirits make it one of the most attractive destinations for investors looking to contribute to enterprises working towards social causes. The report not only discusses India's potential in the entrepreneurial sector, but also shares insights (from the data collected by connecting with young entrepreneurs) on various issues they dealt with during the pandemic.

85% of them reported being negatively hit by the pandemic in terms of having to deal with lack of funding, manpower shortage due to migrations, disconnect with customers, and other logistical challenges. Despite these challenges, one key finding is the optimism expressed. About 60% of these entrepreneurs were certain of their work picking up after the pandemic was over. This could also be attributed to the sense of control, resourcefulness and a passion that one experiences in their youth. A lot of these businesses, in fact, adapted to the pandemic to keep going. Adopting strategies like shifting to an online service model, modifying business strategies, communicating more with the stakeholders and cutting down on expenses helped these youth enterprises run during the pandemic.

Entrepreneurship entails innovation and creative problem solving, which various articles point towards by sharing how enterprises survived, grew and gave way to startups given the pandemic context. UNDP's (2021) report highlights the positive changes seen in the entrepreneurial ecosystem owing to the pandemic situation. The tech industry along with textiles, health, food and skill development sectors saw a boost; online presence and functioning (digitization) of enterprises became more important than ever; with all activities shifting to the virtual mode, the process of networking, seeking funding and investors became easier and resource efficient; modified business models (like home delivery systems), and an emphasis on capacity building within enterprises. The American economy has witnessed a rise in the number of startup registrations following the pandemic (PIIE, 2021) despite the losses suffered by enterprises worldwide. The plausible reasons for this rise could be in part due to the changing demands or needs of the customers - to which startups have efficiently responded to. In addition, a rise in the unemployment rates (people losing jobs or not getting hired due to pandemic) also seem to contribute to the rise in the entrepreneurial sector.

It is important to note that there were many enterprises out there, which utilized various ways of dealing with the challenges thrown at them by the pandemic. Nykaa, an Indian e-commerce company and an Unicorn (Business Standard, 2020) halted their marketing expenses; and international enterprises (Schiff, 2020) dealt with the pandemic's aftermath. Kris Lopez, the founder of L2BNB, a business offering luxury weeklong stays modified the business model by talking with their regular clients about what they needed - long term quarantined stays, and that kept them going despite the heavy blow to the hospitality and travel sector due to COVID. These enterprises are proof that critical thinking, resilience, innovation and flexibility are key for a player in the entrepreneurial field (Akula & Singh, 2021). Nonetheless, as per the Global Entrepreneurship Monitor (2021) data, Indians present an encouraging view in the realm of entrepreneurship. India's self-perceived opportunities and capabilities rate is higher than the global average, however, it's equally important to note that the fear of failure is higher in Indians in contrast to the global average, which could possibly explain the lower than global average entrepreneurial intentions for Indians.

### **Conclusion**

All in all, some major changes took place during the pandemic which need to be looked at closely to understand the impact on entrepreneurs and their enterprises. The purpose of this paper was to throw light on how young enterprises have risen during a life-altering crisis situation - COVID-19 pandemic. Entrepreneurship and crisis or challenging situations can be seen as two sides of the same coin. They both exist together. One just needs to tap into their potential, the available resources and do what they do best. It is also imperative to note that the policies made by the government and private bodies need to encourage entrepreneurs if they want this sector to flourish and unleash its full potential.

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