

Chapter 55

Youth Entrepreneurship in Indian Scenario

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ABSTRACT

Governments and local communities across the world have recognized that key to building prosperity and stimulate regional growth is fostering entrepreneurship among their people especially youth. Youth entrepreneurship has become a topic of interest for research scholars and also a subject of major concern for the Government. While youth entrepreneurship is an under-explored field, the main factor for its growing attention is the increased number of unemployed young people. Furthermore entrepreneurship is seen as a channel for the talents of many highly educated young people to explore their potential and cash their business acumen. By 2015, World Bank estimates that there will be about 3 billion youths less than 25 years old and a big portion of that will be in India. Many young people cannot find employment. This has become particularly acute since the education explosion in early 2000's and onset of the financial crisis in 2008. These outcomes are both inefficient and inequitable. Evidence shows that the unemployed are unhappier, more likely to experience a range of health issues, and face difficulties in integrating back into the labour market place (Bell & Blanchflower, 2009). For young people, the effects of unemployment may be particularly scarring. Evidence suggests that a spell of youth unemployment increases the likelihood of poorer wages and unemployment in later life (Blanchflower & Oswald, 1998). Such outcomes also have pronounced social costs. It represents a loss of potential output and leads to increased costs to the taxpayer apart from causing social disruptions. One potential way of integrating young people into the global economy is to increase youth entrepreneurship¹. The objective of this research paper is simple - to understand youth entrepreneurship and its role with focus on Indian scenario.

INTRODUCTION

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youth. Youth entrepreneurship has become a topic of interest for research scholars and also a subject of major concern for the Government. While youth entrepreneurship is an under-explored field, the main factor for its growing attention is the increased number of unemployed young people

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furthermore entrepreneurship is seen as a channel for the talents of many highly educated young people to explore their potential and cash their business acumen. By 2015, World Bank estimates that there will be about 3 billion youths less than 25 years old and a big portion of that will be in India. Promoting Youth entrepreneurship will not only help in reducing unemployment but more importantly showing young people that they have alternatives to create their own destiny by starting their own companies and just not waiting to find a job. A lot of constraints and perceived barriers to youth entrepreneurship have been identified like lack of capital, poor infrastructure, strict and cumbersome Government regulations, lack of guidance and awareness etc. This study tends to evaluate the individual factors governing youth entrepreneurship. A lot of work has been done to find the determinants of entrepreneurship. Different research works have stressed different determinants. For example, Shapero (1975) and Kets de Vries (1977) have stressed the importance of personality factors, psychodynamic characteristics, and the sociocultural background in fostering entrepreneurial behavior while Miller and Friesen (1978) and Mintzberg (1973) have stressed upon the decision making and strategy factors important for promoting entrepreneurship.

Bradberry (2007) envisaged that identifying one's career choice depends on one's personality traits and how one perceives a particular job. He further states that one's personality can give one a clear understanding whether or not each aspect of the profession chosen suits him or her. The objective of this research paper is simple - to understand what is youth entrepreneurship and its role in Indian scenario. Many young people cannot find employment. This has become particularly acute since the education explosion in early 2000's and onset of the financial crisis in 2008. These outcomes are both inefficient and inequitable. Evidence shows that the unemployed are unhappier, more likely to experience a range of health issues, and face difficulties in integrating back into the

labour market place (Bell & Blanchflower, 2009). For young people, the effects of unemployment may be particularly scarring. Evidence suggests that a spell of youth unemployment increases the likelihood of poorer wages and unemployment in later life (Blanchflower & Oswald, 1998).

Becoming an entrepreneur potentially offers benefits to the young person through deepening their human capital attributes (self-reliance, skill development) and increasing their levels of happiness (Blanchflower & Oswald, 1998). There is now strong evidence from studies such as Benz and Frey (2008) that self-employment increases the happiness of individuals. This is not because they earn more. Indeed, Hamilton (2000) suggests that they earn less. Instead, it is because the self-employed derive non-pecuniary benefits (e.g. greater latitude in work tasks) relative to those in employment.

It also offers societal benefits. Entrepreneurs create jobs, increase innovation, raise competition and are responsive to changing economic opportunities and trends. Entrepreneurship offers other positive externalities. A young person setting up a new business may provide 'demonstration' or learning externalities in that they may act as a role model for other young people. This may be particularly advantageous in deprived communities because setting up a new business – especially if it goes on to be successful – may signal that entrepreneurship is a mechanism for helping disadvantaged people break out of social exclusion. Indeed, one of the reasons why youth entrepreneurship is so attractive is that it offers an indigenous solution to economic disadvantage (De Clercq & Honig, 2011; Greene et al., 2008). For example, if 10 per cent of NEETs were integrated more fully in the EU labour market, estimates suggest that this could save EU taxpayers €10 billion per annum (Eurofound, 2011).

People with strong general Intelligence sometimes fail at business. Conversely, there are plenty of examples of those with comparatively lower IQs who are successful in business. Not

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