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Exploring the Challenges Faced by Young Entrepreneurs in Business Incubators

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Abstract:

This paper explores the multifaceted nature of entrepreneurial success among young entrepreneurs in developing economies, emphasizing the critical roles of resource accessibility, Mentorship quality, and growth constraints. Utilizing Structural Equation Modelling (SEM), the study investigates how these factors interact and influence entrepreneurial outcomes, revealing that resource accessibility has the most significant positive impact, while growth constraints has the most significant positive impact, while growth constraint exert a substantial negative effect. The research highlights that over half of the variance in entrepreneurial success can be explained by these constructs, underscoring the importance of tailored support systems. The findings suggest that enhancing resource provision, reducing barriers, and improving mentorship quality are vital for fostering sustainable entrepreneurial growth, particularly in resource constrained environments. This study contributes to the literature by providing a comprehensive analysis of the complex interplay among key success drivers and offers pragmatic insights for designing effective entrepreneurial support initiatives in developing economies.

Keywords: Entrepreneurial Success, Resource accessibility, Growth constraints, Mentorship quality, Developing economies, Innovation, Business Development.

INTRODUCTION:

"Entrepreneurship is now widely acknowledged as a key driver of economic growth, innovation, and employment generation, especially in developing economies (Schumpeter, 1934)."Entrepreneurial success is a multi-dimensional phenomenon that represents a range of financial and non-financial achievements. Historically, it has been considered as revenue growth, profitability, and survival of the business (Brush et al., 2006). Contemporary definitions have, however, expanded to encompass intangible aspects like innovation, stakeholder value, social contribution, and the entrepreneur's personal satisfaction (Lichtenstein & Lyons, 2001). This wider perspective tallies with the more sophisticated settings in which entrepreneurs now work, particularly in developing countries where achievement could also be affected by cultural and institutional considerations.

Influential models have placed entrepreneurial success as a result of both internal strengths and external factors. For instance, the Resource-Based View (Barney, 1991) posits that access to valuable and inimitable resources financial, social, and human capital facilitates long-term success. Consistent with this, Ahmad and Xavier (2012) established that accessibility to resources has a significant impact on the success rate of small and medium-sized enterprises (SMEs), especially in emerging markets.

Empirical research has identified a range of success drivers, such as innovation ability, quality of mentorship, responsiveness to changes in the market, and availability of finance. For example, as reported by the Global

Entrepreneurship Monitor (GEM) Report 2023, early-stage entrepreneurs in high-income economies have a greater business success rate (around 60%) compared to those in low-income economies (just below 30%), primarily as a result of variations in institutional assistance and access to capital. Additionally, Kusa et al. (2022) reveal in a study that entrepreneurial success is also now measured on the basis of resilience and sustainability, particularly in the post-COVID-19 era.

Success in developing economies is limited by infrastructural issues and regulatory hurdles. As indicated by the World Bank's Doing Business Report (2020), South Asian and Sub-Saharan African small firms encounter over 25 procedural steps to set up a business and conduct business, and this significantly influences early-stage success. However, despite these limitations, entrepreneurs in such places tend to redefine success to include survival, job creation, and contribution to society, demonstrating the contextual meaning of success indicators (Singh et al., 2021).

Additionally, education and gender also come into play when defining and realizing success. Women entrepreneurs are generally subjected to more challenges in terms of fewer opportunities for mentorship and lesser access to formal credit, but some case studies indicate that women-founded startups with appropriate guidance and training tend to outperform their male counterparts in social entrepreneurship fields (Kelley et al., 2015).

Quality Mentorship is the support given by seasoned professionals to entrepreneurs by both psychological motivation and practical advice. St-Jean and Audet (2012) pointed out that high-quality mentorship can have a great impact on entrepreneurs' learning and adaptability throughout the startup process. Recent research also reaffirms that good mentorship strengthens entrepreneurial skills, enhances strategic thinking, and increases confidence levels among new entrepreneurs (Jain & Ali, 2022).

Growth Constraints refer to challenges that constrain a start-up’s capacity for expansion, such as financial inadequacies, policy impediments, unavailability of expert labor, and entrance obstacles. Kelley et al. (2015) and Singh et al. (2021) pointed out that such constraints are particularly acute in emerging economies, where business scaling may be hindered by the limitations in infrastructure and governing systems. Current studies also discover that such constraints can have a devastating effect on the sustainability of businesses and hinder market competitiveness (Raj & Das, 2023).

Resource Accessibility reflects the ease with which entrepreneurs acquire financial capital, human talent, networks, and technology. Barney (1991) presented the Resource-Based View (RBV), wherein access to valuable, rare, and inimitable resources is said to lead to sustained competitive advantage. Ahmad and Xavier (2012) extended this in the context of SMEs, highlighting that limited access to critical resources tends to limit growth. More recently, researchers have observed that digital change and online platforms are increasingly being used as alternative channels to obtain resources in constrained environments (Ali et al., 2021).

Entrepreneurial Success is not just financial profitability but also growth in business, innovation, sustainability, and value creation for stakeholders. Lichtenstein and Lyons (2001) and Brush et al. (2006) emphasized that entrepreneurial success is multi-dimensional with tangible and intangible results. In recent research, scholars have incorporated social impact, founder well-being, and long-term value creation into the overall definition of entrepreneurial success (Kusa et al., 2022).

In emerging economies, the institutional and infrastructural support systems to which entrepreneurs have access tend to be behind those in developed economies (Khanna & Palepu, 2010). Entrepreneurs have to conduct business in environments where resources are limited, and they are constrained by challenges like restricted access to capital, regulatory obstacles, human capital shortages, and a lack of adequate mentoring and network support (Acs & Virgill, 2010; Aidis, Estrin, & Mickiewicz, 2008). These characteristics strongly stifle the ability of startups to grow and maintain growth in the long run.

- To examine the impact of mentorship quality, growth constraints, and resource accessibility on entrepreneurial success.
- To analyse the interrelationships among the factors influencing startup growth.

In conclusion, entrepreneurial success is not a one-size-fits-all model. It is dynamic, multidimensional, and highly dependent on the environment of the entrepreneur, resources available, and socio-economic conditions. Present studies support a holistic definition of success incorporating business development, impact on society, innovation, and personal satisfaction. As digital resources and support environments continue to grow, subsequent research may identify even more sophisticated signs of being a successful entrepreneur in the 21st century. This study seeks to bridge an important knowledge gap by analysing how mentorship, growth constraints, and access to resources intersect to influence entrepreneurial success in developing economies. Based on data-based insights and pragmatic implications, it not only enriches academic knowledge but also helps design more successful entrepreneurial support initiatives.

REVIEW OF LITERATURE:

Business incubators are key platforms for developing young entrepreneurs through mentorship, financial assistance, networking, and business services. They help in the promotion of innovation, minimizing start-up failure, and speeding up business development.(Saberi & Hamdan, 2019) Nonetheless, young entrepreneurs experience a number of challenges within incubator environments, such as financial limitations, managerial inexperience, market accessibility challenges, and psychological stress.(Zreen et al., 2019) These challenges can prevent them from effectively utilizing incubator resources, thus constraining the long-term viability of their businesses. Knowledge of these challenges is important for enhancing incubator models and providing better assistance to young entrepreneurs in achieving business success. Perceived obstacle included the following: inadequate foundational understanding of general business; conflicting advice from outside organisations; (Li et al., 2020)absence of mentors with industry specific knowledge; insufficient funding; and a history of family company ownership. The course material, financial benefit, control and taking risks, creativity and creative ideas, mentoring from business partners, and the overall package of support were all perceived as supportive elements. It may be possible to improve the connections between internal and external support. In 2011, smith and Beasley getting various certificates and permission can be a bureaucratic hassle, and gaining government policies and support can be challenging. Therefore, government policies and support can be challenging. Therefore, government policies must support the formation of new business and offer a single point of contact for permits and approvals. Mentoring can help break through the mental barrier that result from believing that what happened to others in the business world will also happen to oneself and counselling. The most common impediments kids face when attempting to become entrepreneurs are those related to school culture, finances, character, education, and family. (Shaw & Sørensen, Pahurkar, Kolte, & Dr. Surbhi Jain 2022) After the negative attitudes of the family and society, financial constraints are the second most common barrier that trainees in India face while trying to become entrepreneurs.(Agarwal et al., 2020) The most common barriers that Indian students face while trying to start their own business are a lack social efficacy, a lack of resource efficacy, a lack of business acumen efficacy, and a lack of personal effectiveness.(Albort-Morant & Ribeiro-Soriano, 2016; Battistella et al., 2017) The article lists several barriers to postgraduate students in India with an entrepreneurial inclination a lack of resources, stress aversion, risk aversion, fear of failing, and a lack of social networking. (Albort-Morant & Oghazi, 2016)Business incubators are important in fostering young entrepreneurs by exposing them to adequate resources, mentorship, and networking opportunities. These advantages notwithstanding, young entrepreneurs are confronted with numerous challenges in incubator environments that deter their development and success. A fundamental challenge is financial limitation. Most young entrepreneurs have difficulty in obtaining sufficient funding to grow their businesses, as they do not have financial history, collateral, or credit (Abdelfattah et al., 2023) Although incubators can offer some seed capital or investor connections, the competition for funding is fierce, and entrepreneurs need to show high growth prospects to secure external investment (Xue, 2012)Moreover, incubators themselves might have limited funds, limiting the degree to which they can fund start-ups at their initial stages.(Smith & Beasley, 2011)

Another important challenge is the absence of business acumen and managerial expertise. Young entrepreneurs might bring innovative ideas to incubators but lack the hands-on experience necessary to successfully operate a business. Studies highlight that many start-ups fail due to poor financial management, ineffective marketing strategies, and weak leadership (Albort-Morant & Oghazi, 2016)Although incubators offer mentorship and

training programs, the effectiveness of these programs varies, and entrepreneurs may struggle to translate theoretical knowledge into practical decision-making. Additionally, incubators have formal programs with set timeframes, which can be incompatible with the speed at which young entrepreneurs learn business (Rosado-Cubero et al., 2024)Access to markets and networking also pose major challenges. Business incubators provide access to networks of industry specialists, investors, and prospective customers; however, young entrepreneurs might struggle to utilize these networks effectively (Abdelfattah et al., 2023)Short social capital and diminished confidence in taking ideas to investors can inhibit their potential to form strong relations within the business network (Knezović et al., 2023)Furthermore, venturing into competitive markets with no established brand or customer base can be challenging for them to acquire early adopters for their products or services. Failing to gain entry into the appropriate market segments can hamper business growth and result in early failure.(Antonovica et al., 2023)Incubators' support systems and physical structures can also be problematic. While some incubators offer wide-ranging mentorship and networking, others might centre on physical facilities, with less hands-on business advice (Benneworth, 2004)Additionally, incubators can have a "one-size-fits-all" strategy that does not account for the heterogeneity of needs among young entrepreneurs from various sectors and backgrounds (Lee et al., 2019)The strict format of incubator programs also restricts flexibility, compelling entrepreneurs to achieve set milestones instead of enabling evolving business growth.

Emotional and psychological issues further add to the problems of young entrepreneurs. Uncertainty, performance pressure, and expectations from incubators and investors may result in stress and burnout (Mahmood et al., 2016)The fear of failure and absence of resilience will prevent young entrepreneurs from taking well-calculated risks necessary for innovation and expansion. Without proper mental health interventions, entrepreneurial activities remain vulnerable to sustainability (Eshun, 2009)In summary, while business incubators offer a conducive environment for start-up entrepreneurs, financial constraints, inexperience, networking challenges, incubator restrictions, and psychological issues pose hurdles to success. Future studies must investigate how incubators can make their support structures more responsive to these challenges to improve the long-term viability of young start-ups.

OBJECTIVES:

- To analyse the impact of resource accessibility, Growth constraints, and mentorship quality on the entrepreneurial success of young entrepreneurs in Business incubators.
- To examine the interrelationships among key success drivers and their combined influence on startup performance using structural equation modelling (SEM).
- To evaluate the extent to which these construct explain variations in entrepreneurial success, particularly in resource constrained environments.
- To provide pragmatic insights and recommendations for designing effective entrepreneurial support systems aimed to at enhancing startup sustainability and growth.
- To contribute to the academic understanding of success factors in emerging economies by integrating the Resource Based View (RBV) and Multidimensional definitions of entrepreneurial success.

RESEARCH GAP:

Although entrepreneurial success has been widely studies, most research examines individual factors in isolation (Ahmad & Xavier, 2012). There is a limited exploration of how mentorship, resource access, and growth constraints jointly influence success (St-Jean & Audet, 2012). Existing literature is heavily focused on developed countries, making it less applicable to developing economies (Acts & Virgill, 2010; Khanna & Palepu, 2010). Entrepreneurs in countries like India face unique socio economic challenges that remain underexplored. And then few studies employ the advanced method models like Structural Equation Modelling (SEM) to analyse variable Interrelationships (Hair et.al. 2010). Success is often defined only in financial terms, ignoring innovation, social value, and sustainability (Brush et.al, 2006; Kusa et al., 2022). This narrow approach overlooks the multidimensional nature of entrepreneurial success in modern contexts. There’s a need to integrate multiple success drivers in to a comprehensive analytical model. Context specific insights are required to tailor

support systems for young entrepreneurs in developing regions (Singh et al., 2021). Addressing these gaps can improve policy and incubation strategies to enhance startup sustainability (Raj & Das, 2023).

RESEARCH QUESTIONS:

How do resource accessibility, growth constraints, and mentorship quality individually and jointly influence entrepreneurial success in developing economies?

What is the relative importance of resource access, growth challenges and mentorship in determining the success of startups in resource constrained environments?

How can entrepreneurial support systems be tailored to better address the specific challenges faced by young entrepreneurs in developing countries?

In what ways do multidimensional measures of success, including social impact and sustainability, relate to the key success drivers in emerging economies?

How do internal strengths and external factors interact to influence the long term resilience and growth of startups in resource limited settings?

RESEARCH MODEL:

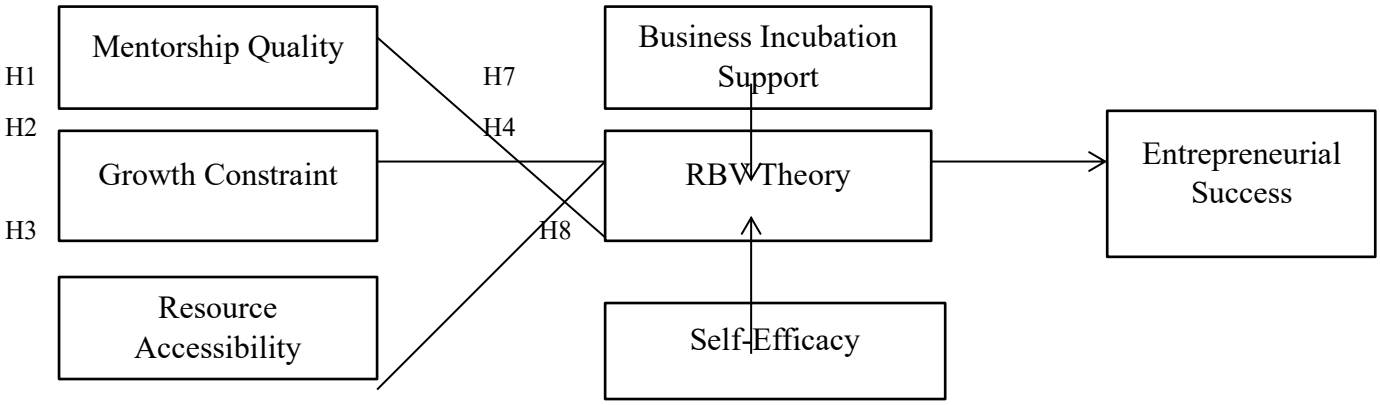


FIG 1: RESEARCH MODEL

HYPOTHESIS:

H1: Mentorship Quality has positive influence on entrepreneurial success through RBV (Resource Based View) Theory.

H2: Growth Constraint negatively impacts entrepreneurial success through RBV theory.

H3: Resource accessibility has a positive influence on entrepreneurial success through RBV theory.

H4: RBV theory mediates the relationship between mentorship quality and entrepreneurial success.

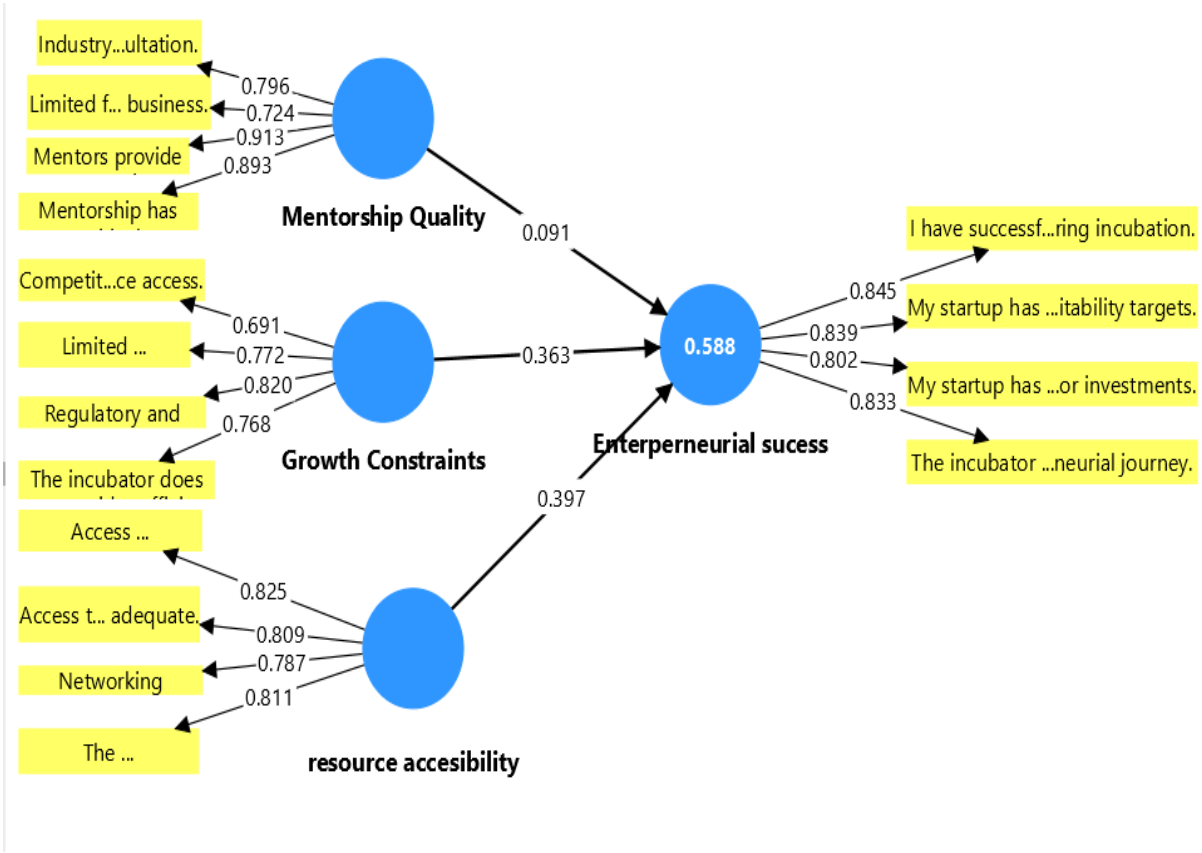
H5: RBV theory mediates the relationship between growth constraint and entrepreneurial success.

H6: RBV theory mediates the relationship between resource accessibility and entrepreneurial success.

H7: Business Incubation support positively moderates the relationship between RBV theory and entrepreneurial success.

H8: Self-efficacy positively moderates the relationship between RBV theory and entrepreneurial success.

FIG 2: OUTPUT OF INTERPRETATION



DATA ANALYSIS AND INTERPRETATION:

The model in this research employed Structural Equation Modelling (SEM) to determine entrepreneurial success drivers. Four key constructs based on RBV theory to test the model fit those are: Mentorship Quality, Growth Constraints, Resource Accessibility, and Entrepreneurial Success. As per the scale development process four scales for each construct completed by startup founders in the interview process and it is considered as enablers of the study. These were scored on a scale, and the model examined how well each question described its construct. All the values, or factor loadings, were greater than 0.70, The last value in the middle of the model (0.588) is the explained variance of entrepreneurial success. This figure (referred to as R^2) indicates that approximately 58.8% of entrepreneurial success is explained by the three variables (mentorship, constraints, and resources). That is a decent percentage, indicating that our model explains over half of the factors behind success. Three main constructs of the study (Mentorship Quality, Growth Constraints, and Resource Accessibility) influence Entrepreneurial Success. This ensured that the constructs were indeed valid and the items used to assess them were fit for purpose (Hair et al., 2010).

The measurement model had high reliability and validity. Most of the factor loadings were greater than 0.70, indicating strong indicator reliability, such that every observed item closely represents the construct being measured (Hair et al., 2010). Besides, the values of Composite Reliability (CR) and Average Variance Extracted (AVE) were higher than the values CR of more than 0.70 and AVE of more than 0.50 which indicates that the constructs in the model were internally consistent and valid (Fornell & Larcker, 1981). Discriminant validity was also determined, making sure that every construct was distinct and reflecting different facets of the startup experience, and not overlapping or reflecting the same thing. This is crucial in ensuring that the SEM model is properly designed and the results are reliable.

ANALYSIS AND RELATIONSHIPS BETWEEN VARIABLES:

The second half of the analysis considered how these constructs are interrelated, particularly how they influence Entrepreneurial Success. SEM enables us to consider these relationships simultaneously. The model indicated that Resource Accessibility had the most significant influence on Entrepreneurial Success (path coefficient = 0.397), such that startups with greater access to funds, networks, and tools were more likely to succeed. Growth Constraints exerted a moderate negative effect (0.363), indicating that increased barriers diminish prospects of success. Mentorship Quality exerted a lower impact (0.091), implying that although advisory support is valuable, it in itself cannot ensure startup success. Overall, the model accounted for 58.8% of entrepreneurial success variation ($R^2 = 0.588$), which implies that over half of what contributes to the success of a startup was accounted for by these three variables. This is consistent with previous findings by Isaga (2018) and Ahmad & Xavier (2012).

CONCLUSION:

The conclusion of this paper underscores that entrepreneurial success is a complex, multidimensional construct influenced primarily by resource accessibility, growth constraints, and mentorship quality. The study finding demonstrates that:

Resource Accessibility has the most significant positive effect on entrepreneurial success, emphasizing the importance of startups having adequate access to financial, human, and social resources.

Growth constraints negatively impact success, indicating that barriers such as regulatory issues, financial limitations and infrastructural challenges hinder startup development.

Mentorship Quality contributes positively but to a lesser extent, highlighting its role in supporting entrepreneurs but not being solely sufficient for success.

The integrated model explains approximately 58.8% of the variation in entrepreneurial success, suggesting the need for policymakers, incubators, and support organizations to focus on enhancing resource availability and alleviating growth barriers to foster sustainable.

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