

A Study on Challenges Faced by New Entrepreneurs in MSME Ecosystem

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Abstract- The aim of the study is to examine the key challenges influencing the survival and sustainability of new entrepreneurs within the MSME ecosystem. The objectives of the study are to identify the major financial, operational, and market-related obstacles faced by new entrepreneurs, to analyze the impact of these challenges on business continuity, and to evaluate the role of ecosystem support factors such as mentoring, policy awareness, and institutional assistance in enhancing entrepreneurial sustainability. The study primarily depends on primary data collected through a well-structured and framed questionnaire administered to new MSME entrepreneurs. A descriptive and analytical research design has been adopted, and the Stratified sampling method was used for data collection. Appropriate statistical tools were applied to analyze the relationship between survival challenges and entrepreneurial sustainability. The results of the study reveal that limited access to finance, inadequate working capital, weak financial management practices, lack of managerial skills, and intense market competition significantly affect the survival of new MSME ventures. Furthermore, the findings indicate that insufficient awareness of government schemes, minimal mentoring support, and ineffective institutional assistance weaken the entrepreneurial support framework. Conversely, entrepreneurs with access to proper guidance, skill development programs, and policy support demonstrate better adaptability and resilience. The study concludes that strengthening ecosystem support mechanisms is essential for improving the long-term survival and sustainable growth of new entrepreneurs in the MSME sector.

Keywords: New entrepreneurs, MSME ecosystem, survival challenges, ecosystem support, entrepreneurial sustainability.

I.INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play a vital role in economic growth by generating employment, promoting innovation, and supporting inclusive development. In recent years, many individuals have entered entrepreneurship through the MSME sector; however, new entrepreneurs often face serious difficulties during the early stages of their ventures. Limited business experience, inadequate financial resources, operational inefficiencies, and intense market competition frequently affect the sustainability of newly established MSMEs, leading to high failure rates.

Apart from internal business challenges, external ecosystem support factors significantly influence entrepreneurial survival. Limited access to mentorship, poor awareness of government policies and schemes, and insufficient institutional assistance weaken the ability of new entrepreneurs to manage risks and adapt to changing business environments. This study focuses on examining the key survival challenges faced by new entrepreneurs within the MSME ecosystem, with special attention to financial, operational, market-related difficulties, and the role of ecosystem support in sustaining new MSME ventures.

II.REVIEW OF LITERATURE:

Sharma & Gupta (2019)
Sharma and Gupta explored the searches of early-stage MSME entrepreneurs in India and set up that multitudinous businesses failed mainly due to weak financial planning and limited access to institutional credit. The study refocused out that new entrepreneurs

constantly fail to directly estimate their working capital conditions, which results in cash crunches during the original stages. This review fluently shows that proper financial preparedness and timely backing are decisive factors in the survival of lately formed MSMEs.

OECD Report (2020)

The OECD report assessed MSME ecosystems in several developing nations and revealed that complicated regulations and shy institutional backing produce serious obstacles for new entrepreneurs. The lack of policy clarity and poor collaboration among support agencies were set up to reduce confidence among business owners. The findings suggest that simplifying regulations and strengthening institutional collaboration can significantly meliorate enterprise sustainability.

Al- Hassan & Riyadh (2020)

Al- Hassan studied MSME sustainability in arising husbandry and observed that poor communication of programs and detainments in administrative blessings discouraged multitudinous new entrepreneurs. The study emphasized that inconsistent government support creates queries during the early business stages. The disquisition indicates that transparent programs and timely superintendent processes are essential for encouraging entrepreneurial continuity.

Mensah (2018)

Mensah excavated into small business failures in arising husbandry and set up that informal operating practices and low financial awareness significantly reduced survival chances. Multitudinous entrepreneurs demanded introductory financial operation chops and failed to adopt formal business systems. This review suggests that perfecting financial knowledge and encouraging formal business practices are critical for long- term enterprise success.

Rahman & Hossain (2019)

Rahman and Hossain analyzed the challenges faced by MSME entrepreneurs and set up that shifting demand and high competition placed heavy pressure on lately established enterprises. Limited capital and resources made it delicate for these businesses to respond effectively to request changes. The study

highlights that demand query remains a major trouble for early- stage entrepreneurial survival.

Singh (2021)

He concentrated on-financial factors impacting MSME failure and linked cerebral stress, fear of failure, and social pressure as significant reasons for entrepreneurial exit. These factors were set up to affect confidence, provocation, and decision- making capability. The findings stress the significance of incorporating internal health support and social instigations into entrepreneurship development enterprises.

European Commission (2020)

This commission reported that multitudinous new entrepreneurs demanded awareness of being support programs and educated detainments in entering monitory backing. As a result, they plodded to make informed opinions during critical business stages. This review demonstrates that timely access to information and monitory services plays a vital part in sustaining new enterprises.

Patel & Shah (2018)

The authors examined MSMEs in Gujarat and set up that poor functional planning and weak force chain collaboration negatively affected early business survival. Inefficient internal processes constantly reacted in increased costs and functional detainments. The study highlights that effective functional operation is essential for perfecting the survival prospects of new MSMEs.

López & García (2022)

López and García analyzed early business failures and concluded that weak collaboration among financial institutions, training bodies, and government agencies reduced the survival eventuality of new enterprises. Shattered support systems limited entrepreneurs' access to essential resources. The study confirms that a well- connected entrepreneurial ecosystem is vital for sustaining lately established businesses.

III.STATEMENT OF THE PROBLEM

- New MSME entrepreneurs face persistent financial, operational, and market challenges that

reduce business stability during the critical initial stage.

- Even experienced entrepreneurs experience early-stage instability, indicating that experience alone is insufficient to ensure MSME sustainability.
- Limited awareness of government schemes and weak institutional support restrict entrepreneurs' access to available assistance and survival-enhancing resources.

IV.NEED FOR THE STUDY

There is a growing concern regarding the high failure and discontinuation rates among new MSME entrepreneurs, indicating the presence of serious survival challenges. Existing studies provide limited focus on the early-stage difficulties faced by new entrepreneurs within the MSME ecosystem. This study is needed to identify key financial, operational, market-related, and ecosystem support issues that directly affect sustainability. The findings will support policymakers and support institutions in improving targeted interventions. The study will also help new entrepreneurs better prepare for long-term business survival.

V.OBJECTIVES OF THE STUDY

Primary Objectives

1. To examine the key survival challenges faced by new entrepreneurs operating within the MSME ecosystem.

Secondary Objectives

1. To identify financial, operational, and m
2. To Market-related difficulties that influence the sustainability of new MSME ventures.
3. To analyze the role of ecosystem support factors such as mentorship, policy awareness, and institutional assistance in the survival of new entrepreneurs.

HYPOTHESIS

H0 - There is no relationship between Experience and Sustainability of New MSME ventures.

H1 - There is a relationship between Experience and Sustainability of New MSME ventures.

VI.RESEARCH METHODOLOGY

In this study, the Stratified sampling method was chosen. Questionnaires were

Distributed to 100 entrepreneur. 100 entrepreneur responded actively to the questionnaire.

Sample Size

The sample size of the study has been limited to 100.

Sampling Technique

- Research Design: Descriptive Research
- Sample Design: Stratified sampling

VII.METHODS OF DATA COLLECTION

- Primary data: Data was collected through a questionnaire using Google forms.
- Secondary data: The secondary data was collected through various sources like articles, research papers, websites and publications.
- Sample Area: The data has been collected from 100 respondents. Which has a diverse presence of Micro, Small and Medium Enterprises across manufacturing, trading, and service sectors. The selected area provides a suitable environment to examine the challenges faced by new entrepreneurs due to active business participation and MSME ecosystem support structures.

TOOLS APPLIED FOR RESEARCH:

- SPSS
- Correlation

VIII.DATA ANALYSIS & INTERPRETATION

H0 - There is no relationship between Experience and Sustainability of New MSME ventures.

H1 - There is a relationship between Experience and Sustainability of New MSME ventures.

Correlations							
		Entrepreneurial Experience	Sustainability of New MSME Ventures				
			Irregular cash flow	High operating costs reduce.	Lack of skilled manpower affects	Market-related difficulties influence	Delayed payments from customer
Entrepreneurial Experience	Pearson Correlation	1	-.045	-.168	.153	.221*	-.103
	Sig. (2-tailed)		.656	.095	.128	.027	.308
	N	100	100	100	100	100	100
Sustainability of New MSME Ventures [Irregular cash flow creates challenges in maintaining business sustainability.]	Pearson Correlation	-.045	1	-.242*	-.045	.045	-.008
	Sig. (2-tailed)	.656		.015	.655	.655	.940
	N	100	100	100	100	100	100
Sustainability of New MSME Ventures [High operating costs reduce the sustainability of new MSME businesses.]	Pearson Correlation	-.168	-.242*	1	-.184	.012	-.208*
	Sig. (2-tailed)	.095	.015		.067	.903	.038
	N	100	100	100	100	100	100
Sustainability of New MSME Ventures [Lack of skilled manpower affects the sustainability of business operations.]	Pearson Correlation	.153	-.045	-.184	1	-.117	.116
	Sig. (2-tailed)	.128	.655	.067		.247	.252
	N	100	100	100	100	100	100
Sustainability of New MSME Ventures [Market-related difficulties influence the sustainability of new MSME ventures.]	Pearson Correlation	.221*	.045	.012	-.117	1	-.060
	Sig. (2-tailed)	.027	.655	.903	.247		.553
	N	100	100	100	100	100	100
Sustainability of New MSME Ventures [Delayed payments from customers create financial strain on the enterprise.]	Pearson Correlation	-.103	-.008	-.208*	.116	-.060	1
	Sig. (2-tailed)	.308	.940	.038	.252	.553	
	N	100	100	100	100	100	100

INFERENCE:

The correlation test between entrepreneurial experience and individual sustainability indicators (e.g., irregular cash flow $r=-0.045$, $p=0.656$) shows no statistically significant linear relationship at the 0.05 level. While experience significantly correlates with market difficulties ($r=0.221$, $p=0.027$), overall weak and mostly non-significant ties across challenges support accepted to null hypothesis. This implies experience does not broadly influence MSME sustainability in the sample.

IX.FINDINGS

1. Most of the respondents belong to the age group of 25-44 years.
2. It is found that 88% are male respondents and 12% were female respondents.
3. Most of the respondents have 3-5 years of entrepreneurial experience.
4. It is found that most of the respondents belong to undergraduate degree holders.
5. Most of the respondents (58%) are married, followed by single (38%).
6. 52% of the respondents earn Rs. 1,50,001-3,00,000 annual income from business.
7. It is clear that 60% of the respondents have low level of technological adoption in business operations.
8. 60% of the respondents are partially aware about government MSME support schemes.
9. 42% of the respondents experienced moderately unstable business revenue during first two years.
10. Most of the respondents (30%) indicate policy and regulatory guidance would have helped business survival better.

11. It is clear that 52% of the respondents faced income between Rs. 1,50,001-3,00,000 while 32% earn above Rs. 3,00,000.
12. It is found that most respondents (18%) faced challenge combination 3,5 during initial business stage.
13. Most of the respondents (20%) experienced financial issue combination 3,4 affecting business most.
14. It is found that market-related factor combinations like 2,5 (12%) and 1,5 (10%) affected business survival most.
15. Most of the respondents (20%) faced operational issue combination 1,3 creating most difficulty in sustaining MSME.
16. It is clear that skill gap combination 2,5 affected 18% of respondents' business survival most.

X.SUGGESTIONS

- ❖ MSMEs should prioritize policy advocacy and nonsupervisory guidance training programs, as 30% of entrepreneurs linked these as critical for survival, addressing the independent sustainability challenges shown in non-significant correlations.
- ❖ Government schemes mindfulness juggernauts are essential since 60 remain only incompletely apprehensive; targeted digital outreach could bridge this gap and enhance technology relinquishment beyond the current 60% low operation position.
- ❖ Ecosystem hookups for request liaison and mentorship can stabilize early profit (72% unstable in first two times), completing the weak links between experience and functional challenges.

XI.CONCLUSION

The study finds that fiscal constraints, functional inefficiencies, and request-related difficulties are the primary challenges affecting the survival of new MSME entrepreneurs. Irregular cash inflow, high operating costs, delayed payments, and low technology relinquishment significantly weaken business sustainability, especially during the original stages of business operations.

The results further indicate that indeed educated entrepreneurs feel business insecurity during the early stages, pressing that experience alone isn't sufficient to insure sustainability. Numerous new entrepreneurs aren't completely apprehensive of government schemes and support handed by MSME and affiliated institutions, which limits their capability to pierce available benefits and backing.

Therefore, the study concludes that increasing awareness of government schemes and strengthening institutional and ecosystem support is essential. Targeted awareness programs, mentorship initiatives, and improved communication from MSME organizations can help new entrepreneurs utilize support systems effectively and enhance survival and long-term business sustainability.

XII.SCOPE FOR FURTHER RESEARCH

- Future research could adopt longitudinal designs tracking MSME survival over 5+ years to establish causality between experience, technology adoption, and sustainability outcomes beyond cross-sectional snapshots.
- Comparative studies across regions or sectors would reveal if low scheme awareness (60%) and revenue instability patterns are nationwide or context-specific, aiding tailored policy interventions.
- Qualitative interviews with the 12% female entrepreneurs could uncover gender-specific barriers, while experimental pilots testing digital training impacts would provide actionable evidence for scalability.
- Investigating the specific meanings of multiple-response codes (1,2,3 etc.) through qualitative follow-up would clarify dominant challenges like financial strain versus market factors affecting MSME survival.
- Experimental interventions testing policy guidance workshops on the 60% partially aware group could measure actual improvements in scheme utilization and business outcomes.

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