



# Challenges Faced By New Start-Ups

**Khyal Jadav**

Faculty of Management  
GLS University  
Ahmedabad, India

**Debashish Roy**

Faculty of Management  
GLS University  
Ahmedabad, India

**Abstract** – The journey of a new startup is fraught with hurdles and obstacles that test the resilience and adaptability of entrepreneurs. This study aims to elucidate and analyze the multifaceted challenges encountered by emerging startups in today's dynamic business environment. Drawing upon a comprehensive review of literature and empirical research, this paper identifies key challenges faced by new startups across various dimensions, including but not limited to, financial constraints, market competition, regulatory compliance, talent acquisition, and technological disruptions. Through qualitative analysis of case studies and interviews with startup founders and industry experts, this research provides nuanced insights into the nature and impact of these challenges on the survival and growth of startups. Furthermore, this study examines the interplay between different challenges and the strategies employed by startups to mitigate their adverse effects. By exploring real-world examples and success stories, this paper offers practical recommendations and best practices for aspiring entrepreneurs and stakeholders to navigate the turbulent waters of startup ventures.

**Keywords** – Challenges, New Start-Ups, Funding, Business, Strategies

## I. INTRODUCTION

Startups are like new seeds planted in the business world. They're small, fresh businesses with big dreams. These companies are all about new ideas and doing things differently. But just like a tiny plant faces challenges growing in a new environment, startups encounter a bunch of tough hurdles on their path to success in the business world. Startups have a tough journey ahead. They face a bunch of problems that make it hard for them to grow. Rules set by the government are complicated, making it tough for startups to move fast and do things their own way. Getting money is another big problem. Even though some people invest in startups, it's still hard for many of these new businesses to get the funds they need. This is even harder for startups outside big cities. Finding and keeping talented people is a big headache too. Start-ups need smart and skilled folks to help them grow, but bigger companies can offer better pay and benefits, making it tough for startups to attract and hold onto talent. This makes it hard for them to compete and grow as fast as they'd like. Competition is intense in the startup world. Many startups are trying to do similar things, which makes it hard for any one of them to stand out. Plus, protecting their unique ideas from being copied or imitated by others becomes a big worry. Attracting and keeping smart people is a real challenge too. Startups need clever minds to help them grow, but big companies can offer better pay and benefits. This makes it hard for startups to find and retain talented folks, slowing their progress. Startups have a lot of tough problems to deal with. Rules are confusing, there's not always enough money, finding the right team is hard, convincing people to try new things is tough, competition is everywhere, and keeping everything safe online is a worry. They want to grow fast, but they also need to do it the right way. Overcoming these problems is super important for startups to succeed in today's fast business world.

## Objectives

- To identify the challenges and issues faced by startups.
- Analyzing how these challenges affect the growth and sustainability of startups.
- To find practical ways to solve these problems and help startups do better.

## II. LITREATURE REVIEW

Anurag Mathur and Dr. Himanshu Agarwal (2023), the study of challenges faced by startup industries. The major objective of the study is to evaluate the challenges faced by Startup industries. The study was undertaken primary and secondary data and used descriptive survey research method. The analysis done between Components and Number of Respondents. The study found that startup industries face challenges like lack of funding, tough competition, complex rules, finding skilled workers, and keeping up with customer needs. The study concludes that they need better access to funding, simplified regulations, support in finding skilled talent, tools to navigate tough competition, and strategies to meet changing customer demands in order to succeed. Mrs. Anitha and Dr. Veena.M (2022), a study on challenges faced by startup entrepreneurs. The main objective of the study is to analyse the challenges faced by the startup entrepreneurs in India. The method of research used is descriptive research method and the data was collected is based on secondary data collected from research articles and books. The analysis shows that startup entrepreneurs need good financial planning, adaptability, and mentorship to overcome common challenges and succeed in their ventures. The study finds that startup entrepreneurs commonly face challenges such as limited funding and resources, tough competition, highlighting the need for adaptability and mentorship to navigate these hurdles effectively. The study concludes that India's entrepreneurs miss out on scheme benefits due to limited awareness



despite government efforts. Despite hurdles, India's startup ecosystem ranks third globally, signalling potential for significant economic growth.

### III. RESEARCH METHODOLOGY

Research methodology is the method of explaining that how the researcher has carried out the specific research. It includes the procedures or techniques that are used to identify, select, process, and analyse the information found regarding a specific topic.

#### 1. Research Gap

During our research we also covered street vendors and some small businesses. The research gap is that we covered some Street vendors which are not done by other researchers.

#### 2. Scope of the Study

The scope of studying problems faced by new startups involves understanding challenges like funding issues, market competition, and operational hurdles. It helps identify solutions to support these businesses in their early stages.

#### 3. Need of the Study

Gap in Existing Literature: Existing literature might lack a comprehensive understanding of the specific challenges faced by startups in various sectors or regions. It might also lack updated insights into emerging challenges. Our Study's Contribution: Our study aims to fill this gap by conducting in-depth research that identifies, categorizes, and analyzes the multifaceted challenges faced by startups. We'll provide update and nuanced insights into these challenges, advancing the current understanding of the topic through empirical evidence and practical observations.

#### 4. Research Design: Descriptive Research

##### Sampling Design

- **Population:** Research was conducted on people who have startups.
- **Sampling Frame:** Ahmedabad
- **Sampling Method:** non-probability convenience sampling
- **Sampling Size:** 110

#### 5. Data Collection

- **Primary Data:** The data was collected through a survey conducted.
- **Secondary Data:** The data was collected through journals, websites and research papers.

#### 6. Statistical Tools

Microsoft Excel 2021, SPSS and Google Forms is used for data analysis. For the measurement and analysis of the information gathered, appropriate mathematical and statistical techniques used.

#### 7. Limitation of the Study

The study on challenges faced by new startups may face limitations that are important to consider. One limitation could be the sample size, meaning the number of startups studied might not represent the entire population accurately. Another limitation might be the duration of the study; if it only examines startups over a short period, it might miss long-term challenges. Additionally, the study's methodology, like surveys or interviews, might introduce bias or inaccuracies based on how questions are asked or interpreted. Also, the study may overlook cultural or regional differences that influence startup challenges. Finally, the findings of the study might not be applicable to all industries or sectors, limiting their generalizability. These limitations highlight the need for caution when interpreting the results and suggest avenues for further research to gain a comprehensive understanding of startup challenges.

#### 8. Beneficiaries of the Study

New startups in India face numerous challenges as they embark on their entrepreneurial journey. These challenges include fierce competition, limited access to funding, bureaucratic hurdles, complex regulatory frameworks, and a lack of skilled talent. Additionally, infrastructure limitations and cultural barriers can also pose significant obstacles. However, studying these challenges can yield invaluable insights for aspiring entrepreneurs, policymakers, investors, and academic researchers. By understanding the specific hurdles faced by startups, stakeholders can devise targeted solutions and support mechanisms to foster a more conducive environment for entrepreneurship. This can lead to increased innovation, job creation, economic growth, and ultimately, the establishment of a thriving startup ecosystem in India. In simpler terms, studying the challenges faced by new startups can help everyone involved in supporting entrepreneurship to better address those challenges, leading to more successful startups, more jobs, and a stronger economy overall..

### IV. ANALYSIS

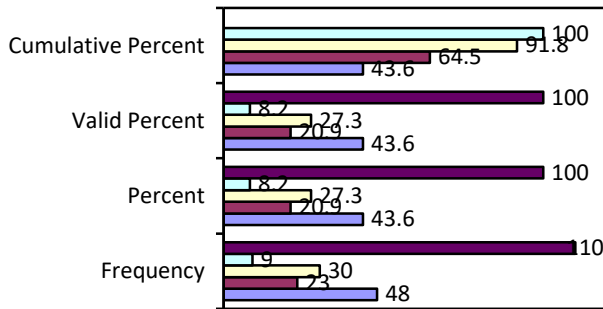
#### 1. Have You Conducted a Market Research to Understand Your Target Audience?

Table 1: Market research

	Frequency	Percent	Valid Percent	Cumulative Percent
A)yes	48	43.6	43.6	43.6
B)no	23	20.9	20.9	64.5
C)In progress	30	27.3	27.3	91.8
D)not applicable	9	8.2	8.2	100
Total	110	100	100	



**Market research**



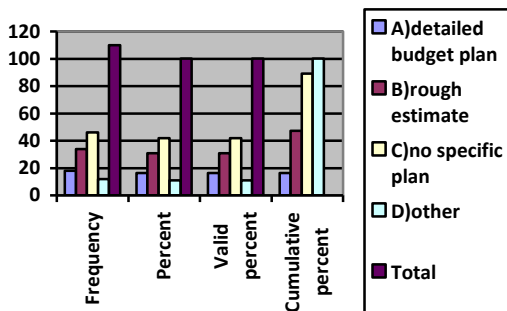
**Fig 1: Likert scale of market research**

Interpretation: From the above graph we can see that 48 of people have conducted market research to target the audience, 30 are doing research for the same, 23 have not gone for the research and for 9 individuals business it is not applicable.

**2. How do you Plan to Manage Allocate Your Startup Budget Effectively?**

**Table 2: Budget**

	Frequency	Percent	Valid percent	Cumulative percent
A)detailed budget plan	18	16.4	16.4	16.4
B)rough estimate	34	30.9	30.9	47.3
C)no specific plan	46	41.8	41.8	89.1
D)other	12	10.9	10.9	100.0
Total	110	100.0	100.0	



**Fig 2: Likert scale of start-up budget**

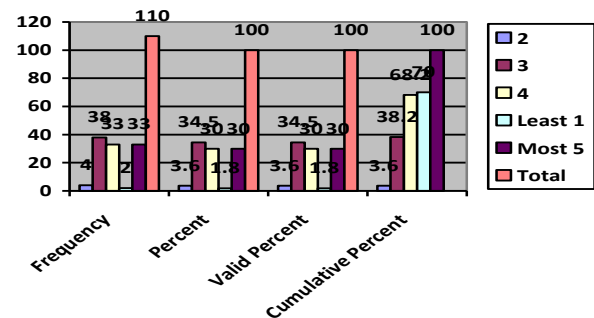
Interpretation:- From the above graph we can see that 46 individuals were not having specific plans for startup, 34

individuals were having rough estimates for startup, 18 individuals were having a detailed plan for startup and others were 12.

**3. How Will You Measure the Overall Success and Impact of Your Business in the Long Term?**

**Table 3: Success and Impact in long term**

	Frequency	Percent	Valid Percent	Cumulative Percent
2	4	3.6	3.6	3.6
3	38	34.5	34.5	38.2
4	33	30.0	30.0	68.2
Least 1	2	1.8	1.8	70.0
Most 5	33	30.0	30.0	100.0
Total	110	100.0	100.0	



**Fig 3: Likert scale of Profitability**

Interpretation:-Profitability: 33 individuals have the most profitability and 2 individuals have the least profit.

**4. From how many time you are engaged with this start-up?**

**Table 4: Engaged with start-up**

	Frequency	Percent	Valid Percent	Cumulative Percent
1-2 year	21	19.1	19.1	19.1
2-3 year	29	26.4	26.4	45.7
6month-1 year	19	17.3	17.3	62.7
Less than 6month	7	6.4	6.4	69.1
More than 3year	34	30.9	30.9	100.0
Total	110	100.0	100.0	

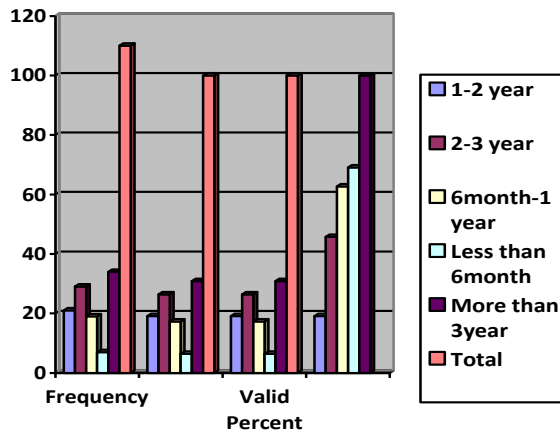


Fig 4: Time of engaged

Interpretation:- The graph shows that 34 are engaged in a startup from more than 3 yrs, 29 are engaged from 2 to 3 yrs, 21 are engaged from 1 to 2 yrs and 19 are from less than 6 months.

**Q.5 Have you face difficulties in managing cash flow?**

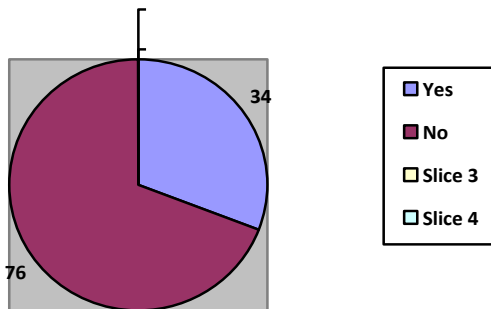


Fig 5: Difficulties in Cash flow

Table 5: Test of Normality

How many time you are engaged with this startup?	Kolmogorov-Smirnov			Shapiro-Wilk		
	statistic	df	Sig.	statistic	df	Sig.
<6month	.256	7	.833	7	7	.086
6month-1year	.262	19	.862	19	19	.010
1-2year	.268	21	.000	21	21	.000
2-3year	.293	29	.000	29	29	.000
>3years	.293	34	.000	34	34	.000

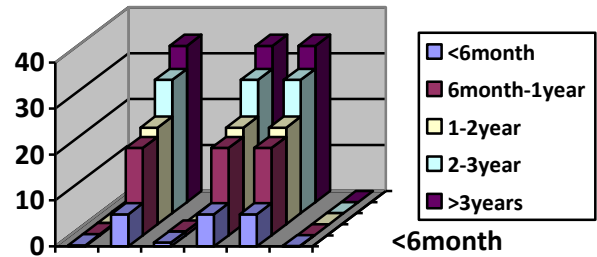


Fig 6: Time of start-up

**Hypothesis Framing**

- H0:** there is no significant relationship between age and time engaged with startup.
- H1:** there is significant relationship between age and time engaged with startup.

**Part C Chi-square**

Table 6: Test of Chi-square

	Value	df	Asymp. Sig. (2-sided)
Pearson chi-square	14.190	12	.289
Likelihood	15.732	12	.204
Liner-by-linear association	4.867	1	.027
N of valid cases	110		

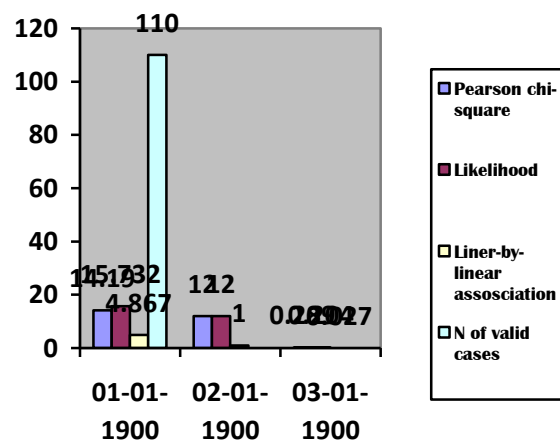
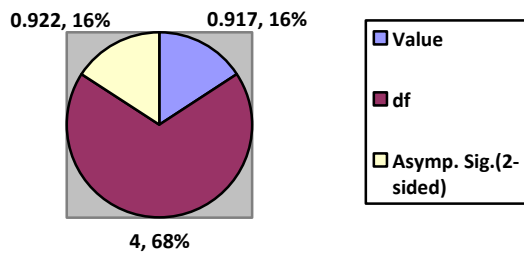


Fig 7: Chi-square



**Table 7: Chi-square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	.917	4	.922
Likelihood Ratio	.871	4	.929
Liner-by-linear association	.819	1	.365
N of valid cases	110		



**Fig 8: Value of tests**

**Part D Anova Testing**

**Table 8: Anova Test**

	Sum of squares	DF	Mean square	F	Sig.
Rate the challenges did you faced in HR management?	2.493	2	1.247	1.216	.300
1) Finding employees rate the challenges did you faced in HR?	105.318	109	.902	4.887	.009
2) Training and development challenges faced in HR?	106.218	109	.975	.987	.376
3) Employee relation in HR?	132.264	109	1.211	1.098	.337
4) Conflict management In HR?	117.055	109	1.068	1.299	.277
5) Growth planning in HR?	137.963	107	1.289	.540	.585
6) Culture development	139.355	109	1.289	.540	.585

H0 null hypothesis is fail to reject.

**V. FINDINGS**

Study finds that, 41 individuals states that they have faced challenges for financial constrains and 39 individuals has faced difficulties in marketing and promotions, 35 individuals were affected by from competition and 33 individuals have difficulties in finding best employees, 34 individuals faced challenges in building customers,31 individuals fails to in managing time, and 26 respondents have faced difficulties in brand differentiation. he challenges can affects the consumer satisfaction as per 45 individuals , and social impact as per 35 individuals and financial as per 34 individuals. The main focus should be on financial planning and do market research, focus on consumers experience and learn from mistakes.

**VI. CONCLUSION**

Starting a new business is like starting a big adventure. We talked about how it can be hard for startups to get the money they need, share their cool ideas, and work well as a team. Depending too much on just one way to make money and keeping online info safe are also big worries. A lot of startups struggle with talking clearly and making the best use of information about their customers. But it's really, important to know that overcoming these challenges is like unlocking success in their business journey. It's like finishing one part of a storybook and feeling excited about what comes next. Even though there are tough parts, the adventure of running a business keeps going, and there are many chances for startups to get bigger and be successful. The story of entrepreneurship keeps going, and with each challenge faced, there's the promise of even more great things waiting to be discovered and achieved. This research project shows how startups, despite challenges, keep moving forward, paving the way for a future full of possibilities. So, despite the challenges, the journey is ongoing, and there are plenty of opportunities for more growth and success ahead.

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