

# Role of Entrepreneurship During Covid 19 to Reduce Youth Unemployment

Monalisha Chakraborty<sup>1</sup>, Dr Prasanta Parida<sup>2</sup>

<sup>1</sup>Research Scholar, KIIT University

<sup>2</sup>Associate Professor, KIIT University

## Abstract

Entrepreneurship is important for creating wealth and job opportunities. Youth are considered under the adult population and their unemployment is generally 2-3 times higher than the general unemployment rate. In the coming decade reducing Youth Unemployment will be one of the most important goal of nations. In the Millennium Development Programme, United Nations has adopted Goal number 8 for reducing unemployment. About 201 million are unemployed out of 1 billion youth as per the estimates of the International Labour Organisation (ILO).

The purpose of the study is to examine the impact of entrepreneurship as a viable solution to tackle the problem of youth unemployment during Covid 19 in Odisha and its effect on country's economy. Review of relevant international and national literature are done to draw major conclusions and also to meet the objective to reduce unemployment with the help of entrepreneurship. In business start-ups, youth face specific issues due to their limited experience. The entrepreneurial framework of a country also offers incentive to young entrepreneurs. By proposing a viable model, the study brings out that youth entrepreneurship as a viable option to reduce youth unemployment.

Covid-19 era brought some catalysing changes in the enterprises. Important transformational strategies were taken by retailing and non-retailing businesses. Techniques of operating business from home, the impact on profitability, stress induced by the pandemic, and maintaining a good physical and mental health, the issue of domesticity while running a business, the scarcity of resources, the need for achievement, and personal benefit were some of the focussed areas of entrepreneurs. During Covid-19 the challenges were a step further as the trend in unemployment, new work-from-home model, enable the motivation to start a new business and get an opportunity to excel in that time of crisis.

**Keywords:** Entrepreneurship, Unemployment, Youth, Covid 19

## Introduction

Entrepreneur plays a significant role in the economic development. In the process of industrialization and economic growth entrepreneurs serve as a catalyst. In India, entrepreneurship is regarded as one of the crucial and significantly influencing sector in its economy. It is the driving force which drives the nation's economic growth. In order to gain a clear vision and understanding of the factors affecting entrepreneurship, which will lead to success or failure of entrepreneurs. It is a vital component to know about the development of comprehensive policy planning to stimulate enterprises. In today's world lives about one billion youth. That means one person in five is between the age of 15 and 24 years. Technical progress alone cannot lead to, unless. Technological breakthroughs are

important along with technical progress to put to economic use by entrepreneurs. Some of the roles of entrepreneurs are: -1. Capital Formation 2. Improvement in Per Capita Income 3. Generation of Employment 4. Balanced Regional Development 5. Improvement in Living Standards 6. Economic Independence 7. Backward and Forward Linkages

From time immemorial the problem of unemployment exists. But it remains as a bitter truth when there is any sudden outbreak of disease, political disturbance, natural disaster etc. One of such kind is the Covid 19 pandemic which has made youth jobless. Ever since mankind began to make wealth, there were men standing in the streets idly as no one found them fit enough to be hired for work. Sometimes, supply of workers exceeded the demand, sometimes the workers were unwilling or incapable to take up the jobs offered. If we are to believe the numbers, at any given time, a reservoir of 2.5-3% people remain unemployed. Thomas Carlyle (1843) once observed “Bubble periods with their panics and commercial crisis will again become infrequent and steady modest industry will take the place of gambling speculation”. This prophecy has not come true. Riding on good fortune the public has come out with new aspirations, new needs and new preferences. Unfortunately, demand for a commodity has not translated into demand for labour. The prosperous years after war usually made people complacent and it was followed by severe depression. But statistics has never made it so urgent and ominous as it is today. Approximately one billion youth live in the world today. This means that approximately one person in five is between the age of 15 and 24 years, or 18% of the world’s population are youth, and children (5-14 years) comprise of 19.8%. The majority (almost 85%) of the world’s youth live in developing countries, with approximately 60 percent in Asia alone. A remaining 23 percent live in the developing regions of Africa, and Latin America and the Caribbean (UN, Youth Policy and Development division, 2015). According to the International Labour Organization (ILO), almost 74 million young people (aged 15-24) were looking for work in 2014 (ILO, 2015).

In the coming decade, 500 million youth will be added to the global work force. The global financial crisis of 2009 eroded the real wages of 1.5 billion people (ILO, 2008/09). Fixity of habits and reluctance to leave employment and enter the vagaries of labour market has led to seasonal unemployment. Fight against youth unemployment is a Millennium Development Goal of the UN covered under goal 8, target number 16. It is interesting to note that the unemployment rate of the youth is usually 2-3 times that of the adult population. Most of the young people are employed in the informal sector and take home 44% less pay than their counterparts in the organised sector. Unemployment goes with loss of production output, misallocation of resources and loss of labour market skills. Unemployment and poverty come from the same womb. According to UNICEF, of the world’s one billion slum dwellers, over 70 percent are under the age of 30 (Ali, 2014). The restlessness of the youth in such trying times may lead them to take up crime and anti-social activities. Instability and conflict in less developed countries have been linked with expanding youth populations, particularly among youth who have had limited economic opportunities. According to a report titled “The Security Demographic” by Population Action International, which examined post-cold war civil conflicts around the world, a country with more than 40 percent of its population aged between 15 and 29 was 2.3 times more likely to face civil strife than one with lower proportions. The severity and length of conflict is also demonstrated to be greater (Ali, 2014).

**Literature review**

Rana et al. 2020 studied that new employment will be stimulated with creation of new products and services and this process with new employees will help the economy accelerate development.

Liguori & Pittz, 2020 observed that new techniques that can be introduced and implemented to run the enterprises in a better way despite of so many challenges during the Covid-19 pandemic.

Business standard, 2022 studied that the only sector recruiting people during covid-19 is the healthcare sector while many large capitalist companies need to cut off 50% of the employees.

Sharma et al. (2020), studied that the internal data assessment during the pandemic has depicted many small businesses.

Chatterjee & Kar (2020) said that the social network sites have profoundly helped the small business increase their reach into the community during covid-19 pandemic. As per the view of social platforms became the area of advertising and showcasing their products and services.

Shahriaret et al. (2021), studied that the technical knowledge of a major portion of the employees increases during work from home concept for some of the companies.

Bargal et al. 2021 studied that during the global pandemic period the overall rate of unemployment of India has increased by 15%.

Chaudhery and Raj (2021), stated that the new business practices of COVID-19 project new approaches of different organisations with necessary equipment and opportunities of employment during the crisis period.

Mukul and Saini (2021), mentioned that there are increased opportunities of advanced businesses when entrepreneurs provide differential options of innovation. Differential aspects may lead to policy changes and also aim to minimise the negative impact of COVID-19 crisis in India.

**Objective:**

- 1) To study the impact of entrepreneurship as a viable solution to tackle the problem of youth unemployment during Covid 19.
- 2) To study a viable model for youth entrepreneurship to reduce unemployment.

**Methodology:**

The present research has to supervise some important constructs which includes the following:

The problems faced by the entrepreneurs for collection of raw materials and their mode of operation during the COVID period.

Management of physical and mental health, given Social-Media as a marketing tool to promote the responses one gets from it and the impact on their revenue generation.

Through judgmental sampling entrepreneurs are selected from in and around different districts of Odisha. Entrepreneurs of different ages and belonging from different classes of society, from different professional backgrounds with varied experiences are selected.

Interviewed entrepreneurs from either retailing or non-retailing business, to ensure the maximum possibility of gaining an insight of the real-life problems faced by both kinds of businesses during the Covid crisis. Different ages of entrepreneurs are selected to explore different types of challenges they have undergone while handling the business, given the physical and mental stress offered by the current situation.

Prior to the interview, all respondents are given a detailed deliberation on the topic. An Inter-rater Qualitative Study is performed.

The analysis will be used to understand the common challenges and the problems faced majorly by the entrepreneurs from different age groups with different experiences.

#### **Analysis-**

1. The problems of poverty, unemployment and displacement problems in Odishawas expected to solve through entrepreneurship specially during Covid crisis.
2. But it was noticed that, around 80 percent of the enterprises in the state have stopped operation due to absence of the employees and workers during temporary shutdown and enforcement of lockdown by the government. Without any manufacturing products, it is a great problem for the enterprises to pay rent, electricity bill, wages of labourers, service loans and other charges.
3. It was found that, micro enterprises are mostly affected due to the outbreak of the pandemic. In the present circumstances, to restart the closed units, it is necessary for the government to provide better quality of raw material at lower cost in time, reduce electricity charges and tax rate.
4. Financial support is highly necessary to run a business. Banks should encourage the entrepreneurs to take loan without any collateral security. They should be given sufficient time for the repayment of loan without charging any interest. This process should continue with effect from lockdown period till the time these units resume their normal production. After that, government can impose taxes. Banks can also charge interest to the entrepreneur.
5. It is also necessary to carry out a comprehensive bailout package for the revival of the closed- units. Besides that, there is a need of innovative use of manpower, technology, diversification of products for the sustainable development of different enterprises. Government should take the advice of MSME department, other countries for solving the present crisis.
6. Foreign companies should be encouraged to get established in Odisha. Government should also encourage foreign investment and technology so that more industries can be developed. A large number of unemployed Youth can get benefit out of it. Skill development program has to be conducted from time to time at the local level, so that production can be increased.
7. By introducing different policy measures and schemes, the problems of entrepreneurs cannot be solved completely. So, proper awareness and motivation is important for the entrepreneursto continue their business without any harassment. They should be rewarded accordingly. A strong moral support is necessary for them. In the grass root level, gram panchayats, DRDA,DICs should conduct meeting from time to time. If possible, Trade fair should be organized at the village level. So that the entrepreneurs will develop a strong will power and competitive spirit in their business. If they feel any harassment, they can't develop. Besides that, the educated young people should be encouraged to start the business.
8. During, COVID 19 the workers had a fear to join their duty. So, proper sanitisation and face mask was very important to reduce the spread of infection. Only the enterprises in green zone areas were allowed to function with social restrictions. So, to reduce the problem of unemployment and crime rates.
9. Substantial opportunity should be created for employment of the workers who have been adversely affected by the pandemic, tiny enterprises (investments less than 5 lakhs)specially located in rural areas, operating from homestead and often without access to electricity.

10. The enterprises in the State are overwhelmingly informal both in the labour and production processes. The workers do not have formal skill training or access to benefits as may be available through state schemes, including ESI, PF and maternity leave. The State needs to strengthen or build up an entrepreneurial environment focusing on business infrastructure. Only then large-scale employment generation possibilities could fructify.
11. An inclusive and responsive move would be to earmark a fund to pay for the travel and incidental expenses of migrant-returnees and provide a wage allowance/ guarantee for the income lost due to the pandemic. Being often informal (unaccounted for) and migrant workers most MSMEs would not have paid their wages due

### **Result and discussion**

Covid-19 era brought some catalysing changes in the enterprises. Important transformational strategies were taken to carry out the businesses. Techniques of operating business from home, the impact on profitability, stress induced by the pandemic, and maintaining a good physical and mental health, the issue of domesticity while running a business, the scarcity of resources, the need for achievement, and personal benefit were some of the focussed areas of entrepreneurs. During Covid-19 the challenges were a step further as the trend in unemployment, new work-from-home model, enable the motivation to start a new business and get an opportunity to excel in that time of crisis.

There are prospects of youth entrepreneurship as a solution to the problem of unemployment. Despite all the travails that a young man or woman entrepreneur has to face, there is a suitable sustainable model that can be applied with a great degree of success in a particular area and in difficult situation like the Covid pandemic. Odisha is a state in the Eastern part of India.

Odisha has abundant natural resources and a large coastline. Odisha has emerged as the most preferred destination for overseas investors with investment proposals. It contains a fifth of India's coal, a quarter of its iron ore, a third of its bauxite reserves and most of the chromite. Rourkela Steel Plant was the first integrated steel plant in the public sector in India, built with collaboration of Germany.

The unique problem that plagues Odisha is that of youth unemployment. Lack of a business culture and diversion to risk taking has been the major deterrents preventing the youth from making it as entrepreneurs. They need to cultivate a business culture, training ground for prospective candidates and a support system for business start-ups. The working-class group can be broadly divided into unskilled, semi-skilled and skilled group that has a potential for training. Therefore, the types of intervention will be structural for the unskilled, interventional for the semi-skilled and log end training for the skilled but unemployed youth. Unskilled refers to an education level below that of high school with no vocational training, semi-skilled refers to those with the necessary qualification and a short and sketchy on the job training but no formal vocational training. A skilled person has the necessary educational qualification and a new idea but is unable to convert it into productive business value. Structural training refers to a comprehensive programme for skill development, interventional training is aimed at apprenticeship programme and log end help refers to help in accessing finance, start up a business with less hassles. It is important to reduce the inactivity in the working age group and promote entrepreneurship in youth as an answer to unemployment.

The young entrepreneur who ventures out with a new business idea faces considerable difficulties in starting a business and sustaining it long enough to get success. Programmes focussed on nurturing young entrepreneurs have to keep in mind that their training must be demand driven and suitable to the

needs of the market. Emphasis should be on core skills and competencies like risk assessment, decision making and networking that are useful in the practical fields.

The major participants should be the Non-Governmental Institutions that can help to reach out and provide post placement support, private players who can impart skills, governmental agencies that can subsidise training and provide social protection and financial institutions for credit assistance. The programme comprises training, financial assistance and policy advocacy to create a sustainable model for entrepreneurship. Tie up with market players are essential to ensure a foothold in the market. Post placement support services are also necessary to survive and expand after establishment of the venture. Labour protection is another component necessary for a sustainable model of job growth. The five components of the Entrepreneurship Development Programme (EDP) are described below:



**Figure I: Odisha Entrepreneurship Development Programme (EDP) Model**

The training has to be a targeted initiative for the semi- skilled and unskilled group. Capacity building through local regeneration has to be the key factor. Excellent communication skills are mandatory along with proper training to succeed not only to revive from pandemic situation but for general awareness as well. For the unskilled group, a basic programme that includes the alternative specific to their locality will be suitable.

1. Intermediary Assistance broadly comprises certain pilot projects of six months to one year that can provide temporary jobs and intermediate relief to the youth after the training and before embarking on a successful venture. If these projects are found sustainable, these projects can be expanded to cover a longer period.
2. Employment Support Programmes tie up with market players are very important to provide employment support facilities. Universities can collaborate with industries to evolve apprenticeship projects and on the job training. An analysis of the local labour market will be useful in modifying the programme according to market needs
3. Partnership with Stakeholders is a good idea to include the local community as a stakeholder in such ventures. Local, voluntary and community organisations can organise seminars and disseminate information and awareness of such projects. To ensure gender parity, a suitable percentage of the

vacancies in the training programme should be reserved for women. In a state where girls exceed boys in number with a favourable sex ratio (1084 females per 1000 males), it is imperative that women are encouraged to be in the forefront.

4. For financing, the training cost will be shared by the Government, Industry and the individual. Capital for business startups can be provided through Micro Financing Institutions (MFIs). For other innovative ideas with a higher potential for growth, Venture Capitalists (VCs) may be approached. Odisha has got success in Self Help Group involving women. In eco-tourism and rural tourism projects, group undertakings are likely to be more successful. Apart from financing and training, studying from the best models throughout the world is of utmost importance.

### Conclusion:

Entrepreneurship and employment are related to each other. Both need to be propelled smoothly to get the maximum advantage out of them. During Covid 19 pandemic there was joblessness everywhere. So, entrepreneurship can be one important viable option to create jobs. Through proper Entrepreneurship Development Programme (EDP) and other skill development programmes there can be more enterprises to provide jobs to millions of unemployment youth to face any kind of adversity. Need careful and inclusive policy attention through institutional innovations addressing some vulnerabilities to accommodate the concerns of the vast number of informal enterprises vital to the sector.

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