Entrepreneurial Obstacles and Challenges of Student Entrepreneurs

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Abstract
Starting and managing a business of students is incomprehensible due to the challenges and obstacles that they face. This paper aims to examine the obstacles encountered by student entrepreneurs during business startups and identify entrepreneurial challenges in running their own businesses. The respondents of this study are 55 student entrepreneurs from the Mindanao State University Tawi-Tawi College of Technology and Oceanography. The snowball sampling technique is used to identify the primary respondents. The qualitative technique is the method used in this paper. This research's main finding is that the primary obstacle to starting a business is a need for more financial capital. Lack of experience is the leading challenge in running their engagement. The student entrepreneurs should have a financial and technical support to those who currently starting up their business.

Keywords: Entrepreneurial Obstacles, Entrepreneurial Challenges, Entrepreneurial Skills, Student Entrepreneurs

1. Introduction
Entrepreneurial engagement of students found beneficial in supporting their personal and school expenses without the help of their parents (Caliat, 2024). The student entrepreneurs believe the interesting concern on entrepreneurship is a guide to national economic progress (Ceresia & Mendola, 2019), social welfare (Baltaci, 2017), growth for modern society (Stamboulis & Barlas, 2014), minimizing youth unemployment (Farid & Rahman, 2020) and income creation (Adejimola & Olufunmilayo, 2009) mainly to young students (Gwija et al., 2014). In addition, some students need to be more engaged in formal schooling due to economic consequences (Mariotti & Rabuzzi, 2009). To eradicate unrelenting issues such as poverty and job unemployment, as mentioned by the United Nations Department of Economic and Social Affairs, strong support for student entrepreneurs in universities like in Malaysia must be established (Farid & Rahman, 2020).

All inexperienced entrepreneurs will face various difficulties in starting their businesses and challenges in management (Fong et al., 2020), especially student entrepreneurs. Starting a business engagement takes work (Arthur & Arthur, 2020)—entrepreneurs are confronted with various obstacles in their business startup in Sweden (Gutoi & Abbas, 2021). In Nigeria, student entrepreneurs had significant obstacles in their startup ventures, such as a lack of funding and support (Aladejebi & Amao-Taiwo, 2023). Various business startups in Europe still need to improve (Harrysson & Ahmed, 2022) and face challenges such as a lack of entrepreneurial culture, market orientation, lack of capital, and a small
domestic market (Van Weele et al., 2018). According to the study of Anuar et al. (2013), there are three components of barriers to entrepreneurial startups: personality traits, entrepreneurial skills, and micro level.

In addition, business management has struggled to sustain business performance (Brown, 2013). In the university, student entrepreneurs find challenges in dealing with their business, such as financial and operational problems and managerial experience (Keat & Ahmad, 2012). In their business journey, they are usually confronted with challenges classified under financial, managerial, marketing, production, and technological (Sugiarto, 2014).

In this paper, the research explores the entrepreneurial obstacles during the early stage of student entrepreneurs' business in the Mindanao State University Tawi-Tawi College of Technology and Oceanography. In addition, the entrepreneurial challenges of student entrepreneurs are discovered when managing their businesses. Related literature is reviewed in Section 2 of this paper. Section 3 explains the method used in this study. The result of the information is discussed in Section 4. Section 5 presents the conclusion of this study.

2. Review of Related Literature

2.1 Entrepreneurship

Entrepreneurship is a broad term that depends on the set-up of an organization. Moreover, it creates new products, methods, goods, and innovations. Some new products are based on the process of identifying needs and problems through the use of creativity and a unique approach (Krley, 2012). Imagination helps illuminate the facts of creating new products (Kayne & Altman, 2005). A rational and logical approach can create new products (Habaradas & Tullao, 2017). Furthermore, it gives an idea of improving the old product (Mellor, 2009). It is a renowned source of innovation that creates an effect on economic development (Cornelissen & Clarke, 2010). It is vital to introduce innovative products in the market (Fuentelsaz et al., 2018) and create new markets (Johannisson, 2017) that stimulate economic growth and create employment (Thomas, 2023). If there is no market in the area, that would be an opportunity for an entrepreneur to create a market (Cuervo et al., 2007). Hence, entrepreneurs are the creators of new companies and innovators of a product (Kritikos, 2014).

2.2 Entrepreneurial Obstacles and Challenges

2.2.1 Entrepreneurial Obstacles During Business Startup

Setting up a business is challenging, and the entrepreneur has to face obstacles to conceptualize the business. These obstacles will help the entrepreneur, especially the young ones, shape their attitudes and minds to decide quickly. Some of the obstacles faced by new entrepreneurs are business operations such as employees, accounting, taxes, permits, and laws (Lougui & Nyström, 2014). Others are also experienced in facing business ideas and vision issues, raising capital for startups and business locations as classified on internal obstacles. External obstacles include competition and fortuitous business (Fong et al., 2020).

According to the study by Arranz et al. (2019), student entrepreneurs faced obstacles in starting their own businesses, such as financial problems, less experience, and less training. In addition, some youths want to explore business, but obstacles such as lack of capital, skill, support, market opportunities, and risk are challenging (Fatoki & Chindoga, 2011 & 2012). Some youth in Ghana also need more access to finance, have a negative socio-cultural attitude toward entrepreneurship, and have less management
experience (Smile, 2014). In the Philippines, entrepreneurs need help setting up their businesses, such as making business location decisions (Huissoon, 2014), having insufficient capital, and having an entrepreneurial mind (Santos, 2018). Some student entrepreneurs encountered cultural and technological challenges (Taylor et al., 2023).

### 2.2.2 Entrepreneurial Challenges in Managing the Business

Entrepreneurship drives national economies worldwide (Ceresia & Mendola, 2019). Furthermore, starting a business has obstacles and challenges, such as managing and running the business. Entrepreneurs must understand how to adapt to environmental changes and variations (Elkjaer, 2015). The study of Alawamleh et al. (2023) found that Jordanian entrepreneurs faced challenges such as financial and logistical support, distribution knowledge, business operation and information, and commercial relationships and connections.

Challenges interfered with student entrepreneurs' business, including a lack of capital, bureaucratic impediments, and the delicate balancing act of studies and running a business (Kabonga & Zvukuomba, 2021). Other major hindrances to entrepreneurial engagement are the need for more awareness and the inaccessibility of youth entrepreneurship programs and initiatives in the Western Cape (Gwija et al., 2014). The family was not supporting their venture (Che Nawi et al., 2022; Morales, 2022).

Some business students are positioned in the center of environmental and social dilemmas, but they need more resources to determine the issues in the business (Veleva, 2020). The student entrepreneurs had difficulty understanding due to a lack of knowledge and skills (Kurdyś-Kujawska & Wojtkowska, 2023), low-density connection (Soetanto & Qihai Huang, 2018), lack of experience, finances (Arranz et al., 2019), and explain foreseeable challenges (Kursheed et al., 2022). The inhibiting variables that the students agree with in managing a business are working capital, business operation, and the breakdown of the supply chain (Kafli et al., 2020).

When a business grows in the Philippines, there are continuous challenges regarding physical and social infrastructure, local business environment, access to financing, skill development, and training (Gozun & Rivera, 2021). Some face budgetary constraints, lack of workforce, complicated policies (Bueno & Ramos, 2023), task coordination, transportation, and stress management (Bignotia, 2022). Aside from budgets, entrepreneurs have crucial constraints, especially in terms of knowledge of financial management (Alegario et al., 2021).

### 3. Methods and Materials

The primary respondents of this research survey are the student-entrepreneurs of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography. There is no information from various offices on the list of student entrepreneurs; therefore, this research uses snowball sampling techniques in identifying the survey participants. The participants assisted the researchers in identifying other survey respondents. There were 55 respondents from different colleges on the campus.

This research uses a descriptive design, with the data collected through a survey. A structured questionnaire is used to gather primary data from the student-entrepreneurs. The questionnaire has two pages and three parts, including a demographic profile, a business owner profile, and the identification of the key respondents' challenges and obstacles.

Some items were measured using a checklist. The primary data was analyzed using frequency and percentage analysis. The data presented in this paper is presented using charts and tables.
4. Results and Discussion

4.1 Profile of the Respondents

Most of the respondents are female (61%). 36% were male, and 4% were members of the LGBTQ community (Table 1). The average age of the primary respondents is 23.36 years. Reflected in Figure 1 is the parents' occupation of the respondents; some of the mothers are full-time housewives (34%), and others are in the government (23%). Regarding the father's occupation of the respondents, no husband manages the household. They are government employees (18%) and farmers (13%).

![Figure 1. Parents' Occupation](image)

### Table 1. Distribution by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>F</th>
<th>%</th>
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<tbody>
<tr>
<td>Male</td>
<td>20</td>
<td>36%</td>
</tr>
<tr>
<td>Female</td>
<td>33</td>
<td>60%</td>
</tr>
<tr>
<td>LGBT</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>100%</td>
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</tbody>
</table>

4.2 Business Profile of the Respondents

4.2.1 Forms of Business

A business organization is an entity aimed at trading enterprises. Three forms of business enterprises include sole proprietorship, partnerships, and corporations (Woodward, 2024). A sole proprietorship is the most common kind of business enterprise. It is operated by a single individual who has complete control and management and decides on the enterprise (Hassuneh Law Firm, 2022). For partnerships, it is managed as a business enterprise and shared its profits or losses by two or more individuals (Britannica, 2024). A corporation is a legal organization separated by its owner (The Investopedia Team, 2024). In this study, 56% of respondents solely managed their enterprise. However, 44% managed their business with partners. The respondents engaged in business for an average of three years.
Table 2. Forms of Business

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Single Proprietorship</td>
<td>31</td>
<td>56%</td>
</tr>
<tr>
<td>Partnership</td>
<td>24</td>
<td>44%</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.2 Primary Activities in Business

Three primary business activities are services, merchandising, and manufacturing. Services are intangible and non-physical goods that cannot be touched or handled that are offered by the business (MBN, 2024). In addition, merchandising refers to the buying and selling of products. Manufacturing converts raw materials into finished products to meet customer expectations (Valencia & Roxas, 2014). In this study, 54% of the respondents were engaged in merchandising (Figure 2). Others also ventured into manufacturing (41%) and service (5%). Some respondents invested in photography and transportation services for service.

Figure 2. Primary Activities of Respondents

4.2.3 Product Sold by the Student-Entrepreneurs

As mentioned, 54% of the respondents were engaged in trading goods. Figure 3 reflects an identified list of products usually sold by student entrepreneurs. Most respondents sell food (32%) and clothing or apparel (28%). There is also 16% trading perfume.

Figure 3. Product Sold by the Student-Entrepreneurs

4.2.4 Estimated Monthly Sales by the Respondents

Sales are also called revenue, which the product sells to customers during a specific period (Business Literacy Institute, 2024). For this study, 35% of the respondents gained an estimated sales revenue of PhP 1,000.00—PhP 5,999.00 (35%). This is followed by PhP 16,000.00 and above, with 27%.
4.2.5 Sources of Capital
Identifying the source of capital is essential because it is the source of a business startup, which will be used for business operations (Boehlje & Ehmke, n.d.). For this study, Figure 5 reflects the student entrepreneurs' capital sources. The respondents sourced out their investment for entrepreneurial activities from their allowance (54%), family (31%), and risk capital (11%). There are students in their sources of capital come from their salary.

4.3 Entrepreneurial Obstacles and Challenges of the Respondents
This section identifies the entrepreneurial obstacles when starting the business and the challenges along their business journey.

4.3.1 Entrepreneurial Obstacles When Starting the Business
The entrepreneurs were asked about the obstacles when they started the business. The research result found that the significant obstacles of student entrepreneurs are lack of financial capital, difficulty finding suitable suppliers, and lack of support (Figure 6). 15% of the respondents have yet to find a source of capital for their startup capital. Finding suitable suppliers was one of the obstacles for 13% of the respondents. Lack of support, such as technical or emotional support, for 11% of the student entrepreneurs was a hindrance when they started their business. In addition, 9% were also enumerated as obstacles: the lack of entrepreneurial skills and no risk appetite.
4.3.2 Entrepreneurial Challenges

Challenges help entrepreneurs to grow. The respondents enumerated the challenges that they encountered in their business venture. The following are the primary entrepreneurial challenges: lack of experience, resources, less access to finance, production challenges (clients and suppliers), lack of institutional support, and lack of access to production networks. Due to a lack of experience among the 15% of the respondents, they need help managing the business. It is easier for entrepreneurs when they invest and manage with knowledge. The lack of financial, human, and technical resources was among the top, as enumerated by 13% of the respondents. As they managed along the way, there were times that they needed finances to catch up with other expenses and the cost of production. When they need a workforce, they cannot hire because they cannot immediately provide the workers’ wages.

5. Conclusion

According to Drucker (2005), entrepreneurs are willing to adapt and respond to changes, seize every opportunity, and constantly reach their goals despite hindrances and obstacles. Thus, the primary purpose of this study is to identify the major obstacles in starting a business and the primary challenges in managing a venture.
There were various business experiences among the student entrepreneurs regarding gender when starting a business. Finding suitable suppliers is the top obstacle faced by 64%, and lack of experience is one of the challenges encountered in managing the business among about 70% of female student entrepreneurs. Since it is the beginning of their venture, they needed help finding appropriate suppliers for their business since the location has a limited supplier. 81% of the male entrepreneurs needed more financial capital to start their engagement, and a lack of resources was a challenge in running a business. High risk impeded the confidence of students to borrow money for capital. Those who manage as single proprietors face different obstacles in business startups and challenges in running the business with partners. 71% of sole proprietors needed more support. This support is from external partners to assist them in pursuing their business concept. The challenge for business management among 68% of single proprietors is a lack of resources. Finding resources without a partner and lack of support from others is demanding. In partnership, lack of financial capital was one of the obstacles among 68% of the respondents. The result agrees with the study of Chimucheka & Rungani (2013), who found that the main factors were lack of collateral security, poor business plans, lack of knowledge, and lack of financial deposit. Meanwhile, 79% of partners faced challenges due to a lack of experience. According to Lentz & Laband (1990), the school can acquire informal experience since the university needs solid entrepreneurial activities for students.

Student entrepreneurs who engage in servicing, merchandising, and manufacturing face the same obstacles faced when they start their business: lack of financial capital. The challenges they encountered in engaging in service were a need for more resources and suitable equipment. They need more finances to purchase equipment or materials for business operations in their business journey. Lack of experience in traders and producers.

This paper provides information to concerned government agencies, academe, and private sectors to assist student entrepreneurs in achieving their goals. Academe can assist through technical assistance. Line agencies can provide financial assistance and support for equipment. This paper supports the study of Velasco (2016) that entrepreneurship is a viable solution for economic development and job creation in the Philippines.

References


50. Smile, D. (2014). Youth Entrepreneurship: Investigating Obstacles to Youth Enterprise Creation and


