

### MISCONCEPTIONS AND MYTHS ABOUT ENTREPRENEURSHIP<sup>1</sup>

There are so many myths and misconceptions about entrepreneurship. These fallacies prevent prospective entrepreneurs from undertaking new ventures. Most of the myths are negative in nature, and even then we can spot out some positive also. Most people still believe that entrepreneurship is the short cut to become a millionaire. Some view that it is high risky venture and only very few people can cope up with these high risky environment. Some believe that no commercial banks will fund their project unless they have collateral security. Some of the most common misconceptions about entrepreneurship are summarized below :

1. It takes a lot of money to finance a new business. Not true. The typical startup only requires about 25,000 to get going.

2. Venture capitalists are a good place to go for startup money. Not unless you start a computer or biotech company. VCs only fund about 3,000 companies per year and only about one quarter of those companies are in the seed or startup stage.

3. Most business angels are rich. Almost three quarters of the people who provide capital to fund the startups of other people who are friends, neighbors, co-workers or family.

4. Startups can't be financed with debt. Actually, debt is more common than equity.

5. Banks don't lend money to startups. This is another myth. Again, the data published by RBI shows that banks account for 16 percent of all the financing provided to companies that are 2 years old or younger.

6. Most entrepreneurs start businesses in attractive industries. In fact, the opposite is true. Most entrepreneurs head right for the worst industries for startups. That means that most entrepreneurs are picking industries in which they are most likely to fail.

7. The growth of a startup depends more on an entrepreneur's talent than on the business he chooses.

The industry you choose to start your company has a huge effect on the odds that it will grow. There is nothing anyone has discovered about the effects of entrepreneurial talent that has a similar magnitude effect on the growth of new businesses.

8. Most entrepreneurs are successful financially. This is another myth. Entrepreneurship creates a lot of wealth, but it is very unevenly distributed. Only the top 10 percent of entrepreneurs earn more money than employees. And the typical entrepreneur earns less

<sup>1</sup> These misconceptions and myths can be removed either by talking with a successful entrepreneur or by attending an entrepreneurial development programme.

money in the initial stages than he would have earned working for someone else.

10. Starting a business is easy. Actually it isn't, and most people who begin the process of starting a company fail to get one up and running.

### **ENTREPRENEURSHIP AS A CAREER OPTION**

Times are changing rapidly among the youth of today, Today more and more youngsters are adopting entrepreneurship as a career. Most interestingly, a sizeable number actually start their ventures much before they complete their formal education.

According to a study conducted by International School of Entrepreneurship Education and Development (ISEED), revealed that more than 87% students surveyed aspire to become an entrepreneur at one point of time in life, while about 90% believe that the country is full of entrepreneurship opportunities. And, about 22% want to start immediately after completing studies, while 32% want to start within five years of completion of their studies. About 12% have already started their ventures during their student life in the areas related to education, entertainment and mobile apps, the study revealed.

Today, with the unstable and precarious circumstances under which the professionals with degrees are hired and fired every day is a frightening figure indeed, hence the youth understand that nothing is promised in the professional world of today, no matter how qualified you actually are. Therefore it is much easier to go after their wildest dreams and aspirations by starting out on their own.

#### **Reasons for selecting entrepreneurship as a career**

- The desire to be their own boss and have better control
- The motivation to take risks in the changed global environment where unexplored new opportunities were present
- The ambition to develop and execute a plan right from the ground level
- The aim to do well financially and take their growth to unprecedented level
- High level of achievement motivation
- New open business environment
- Success stories of great entrepreneurs
- Greater freedom and choice
- Passion of serving society