Volume 22 Issue 5
Originally issued as B1

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 22 Issue 1 Version 1.0 Year 2022
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Problematic Issues for Starting a Business Faced by Business Graduates

By T.D.S.D Randuwa, Liyanahity L.R.L, Rathnayake E.P, Kovalan.S, Prof. Alles. L & Senevirathne.N

Sri Lanka Institute of Information Technology

Abstract- The objective of this research paper is to investigate the process and obstacles that new business start-ups face. The identification of entry barriers is critical because the removal of these restrictions and the development of small businesses may lead to the development of the country, as small businesses are the lifeblood of our economy. These serve as engines for developing countries such as Sri Lanka, which is now a lower-middle emerging market. The objective of this research is to identify and investigate the most fundamental issues that new businesses encounter.

Our country's government aims to reduce unemployment, with the higher unemployment rate among fresh graduates. For more than three decades, graduate unemployment has been a major issue in Sri Lanka. We investigated the challenges, difficulties, and obstacles that graduating entrepreneurs have faced or would face while launching a startup through this study. For this study, 184 newly graduated business faculty students from private tertiary educational institute provided data.

Keywords: *business graduates, entrepreneurialism, start-up barriers, youth unemployment.*

GJMBR-B Classification: *DDC Code: 791.4372 LCC Code: PN1997.2*



Strictly as per the compliance and regulations of:

© 2022. T.D.S.D Randuwa, Liyanahity L.R.L, Rathnayake E.P, Kovalan.S, Prof. Alles. L & Senevirathne.N. This research/review article is distributed under the terms of the Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0). You must give appropriate credit to authors and reference this article if parts of the article are reproduced in any manner. Applicable licensing terms are at https://creative commons.org/licenses/by-nc-nd/4.0/.

The Problematic Issues for Starting a Business Faced by Business Graduates

T.D.S.D Randuwa [α], Liyanahity L.R.L [σ], Rathnayake E.P [ρ], Kovalan.S [ω], Prof. Alles. L [¥] & Senevirathne.N [§]

Abstract- The objective of this research paper is to investigate the process and obstacles that new business start-ups face. The identification of entry barriers is critical because the removal of these restrictions and the development of small businesses may lead to the development of the country, as small businesses are the lifeblood of our economy. These serve as engines for developing countries such as Sri Lanka, which is now a lower-middle emerging market. The objective of this research is to identify and investigate the most fundamental issues that new businesses encounter.

Our country's government aims to reduce unemployment, with the higher unemployment rate among fresh graduates. For more than three decades, graduate unemployment has been a major issue in Sri Lanka. We investigated the challenges, difficulties, and obstacles that graduating entrepreneurs have faced or would face while launching a startup through this study. For this study, 184 newly graduated business faculty students from private tertiary educational institute provided data. The instrument for data collection was a structured questionnaire. The analysis of the study was conducted using correlation and regression analysis further using factor analysis. The study findings will aid in determining which obstacles would most impact business graduates, the level of government regulations that would be more supportive, and the educational system improvements that would be adopted.

This article focusses on the effects of challenges and issues, graduate motivation, educational support, employability and start-up finance, and government regulations and policies on business start-ups.

Keywords: business graduates, entrepreneurialism, start-up barriers, youth unemployment.

I. Introduction

The younger generation is increasingly interested in starting their own business. It is not easy to start a new business. When starting a new business, entrepreneurs must be aware of the career shocks that can occur. According to the study conducted on behalf of "Understanding Entrepreneurial Intentions: A developed integrated structural model approach", Esfandiar et al. (2019), entrepreneurial goal intention (EGI) is primarily determined by desirability, followed by self-efficacy, feasibility, opportunity, attitude, and group efficiency. Also, they found out some limitations to this study, like how a group of university students and alumni who have not yet launched their own or co-owned businesses has been used as a proxy for the study's external validity. The researchers found that they were more likely to be successful than those who did not launch their businesses.

Furthermore, this research aims to investigate the challenges and obstacles that graduate entrepreneurs have faced so far or will face when starting a company. Previous literature in Sri Lanka has not clearly explained how the education system has a direct effect on business graduates. As such, the present study aims to highlight the impact and assistance that the education system offers to graduates who are keen to start their own business. As a result, this research analysis will look into the effects of Sri Lanka's background in this regard while considering relevant factors.

II. Statement of the Problem

According to the World Bank report (2019), the latest ease of doing business score in Sri Lanka is 61.8, which we can improve by decreasing unemployment rates. Therefore, our study mainly explores why people or business undergraduates are reluctant to run their own business. There is an empirical gap in our study. In the Sri Lankan context, it is hard to find researchers conducting research in this topic.

III. Research Questions

Question 01: What are the most influencing factors that need to be concerned in starting up a new business initially?

Question 02: What are the challenges to be faced by new graduates entering the business market to start up their business idea?

Question 03: How is the support provided by the government is influencing starting a new business?

Question 04: How far has the level of motivation within graduates helped in starting their own business?

Question 05: How far have the skills and knowledge gained as graduates have helped to start a business?

IV. Research Objectives

a) General Objective

To identify the problematic areas and the barriers that are being faced by business graduates when starting their own business.

Author α σ ρ ω ¥ §: Sri Lanka Institute of Information Technology.
e-mail: sdranduwa@gmail.com

© 2022 Global Journals

b) Sub Objectives

1. To examine the perception of business graduates on entrepreneurship and motivation level.
2. To investigate the impact of higher education on the likelihood of setting up a business for business graduates.
3. To identify the level of support provided by the government with its rules and regulations.
4. To determine the factors that would act as barriers in the initial business start-up.

V. Significance of the Study

In the context of Sri Lanka, it is known that the rate of new graduates' employability directly affects the country. If the government gives attention to the minted graduates who are willing to start a new business, then it will affect the country. Also, governments are incentivizing entrepreneurs to start businesses in underdeveloped areas by providing various concessions and subsidies. Creating entrepreneurship training for universities will aid in the development of their entrepreneurial mindset by providing them with the practical experience and hands-on exposure about how large businesses operate. This study helps the government in policymaking, where recently passed out graduates can get a sound understanding on improving their entrepreneurial skills, and thereby universities can include such skills in their curriculum and training activities.

VI. Literature Review

a) Barriers for graduates

In both developing and developed countries, the youth (newly minted graduates) have faced significant challenges of unemployment. Dagume and Gyekye (2016) Further Fleenor, Taylor and Chappelow (2020) point out that unemployment is when a person who is actively looking for work is unable to find work. In Sri Lanka, the unemployment rate seems higher in 2021 rather than in the previous year. Graduate unemployment has become a serious problem in Sri Lanka over the last few decades because of this situation. One of the long-term solutions to Sri Lanka's unemployment problem is to encourage young people to pursue careers as entrepreneurs. The reality is that in many cases, a qualification alone is insufficient to find work due to a mismatch between demand and supply in the labor market. As a result, some graduates were compelled to work in unrelated jobs for low pay, while others remain unemployed for an extended period, usually until the government provides opportunities. When doing your own business, it is common that some problems will arise. Due to this situation, graduate unemployment has become a serious problem in Sri Lanka over the last few decades. Because of this scenario, governments can give attention to assist fresh graduates to start their own business once they graduate. Here, we pay attention to the question of what the barriers are when starting a new business.

b) Challenges and issues

When analysing the past studies, it shows various possibilities on why the new graduates face multiple difficulties in starting their own business. The graduate students believe that there is no proper mechanism from the Government to appreciate and support the new entrepreneurs, and the respondents disagree that the country's infrastructure of the country is ideal for graduates to join the profession of entrepreneurship. The minimum capital requirement for startups may be a severe barrier because even skillful entrepreneurs may not overcome this without access to assets. Labor market regulations are increasingly becoming more rigid, whereas entrepreneur and entrepreneurship rates are lower. Perceived constraining factors identified are the lack of general business knowledge, contradictory advisory support from external agencies, lack of sector-specific mentors, lack of finance, and experience of familial entrepreneurship. Tariq et al. (2015). We were unable to find many past studies on how all these independent variables affect the business start-ups in the Sri Lankan context. Hence, it is expected that our study will fill the gap and help future entrepreneurs to realise the factors affecting their business entry. In the study of an empirical analysis of experience and education on new venture performance: evidence from Matara district Sri Lanka. Smithand Beasley (2011). Furthermore, Deshani (2019) in her study concluded that education and experience do have a relationship with new business performance. This study supports our variable entrepreneurial education and skills that have an effect on new business creation. Van Weele et al. (2018) emphasised, because of their concentration on linking start-ups to each other and to other actors, incubators can also play a significant role in developing the ecosystem's networks. By lowering the negative effects of unfavorable institutions, incubators assist entrepreneurs in overcoming challenges in the entrepreneurial environment. Incubators accomplish this by providing a "safe haven" for start-ups to escape these institutions, or by bridging institutional gaps between actors or countries. These incubators have the potential to enhance the entire entrepreneurial ecosystem.

Different levels of barriers were identified related to graduate startup businesses in past literature, highlighting the global context. Therefore, to further identify the barriers and challenges faced by business graduates in the Sri Lankan context are examined in this study. This is because the impact of these variables differs with both internal and external influencing factors.

c) Motivation of graduates

Even when knowhow acquired from university educationis not used or put into practice in business,

© 2022 Global Journals

entrepreneurial skills and attitudes benefit society. Personal qualities associated with entrepreneurship are clearly advantageous to everyone else in their professional and personal lives. As a result, a policy commitment to facilitate entrepreneurship education in the educational system is required at the federal, state, and local levels. Then what is the motivation that impacts newly minted graduates to start a business, Tohidiand Jabbari (2012) delineated the basis like allowing participants to achieve high levels of performance and breaking down the barriers to change. It shows that each country's level of sensitivity to each motivator and deterrent is different. Cultural differences should be considered when developing entrepreneurship education programs. The motivations for growing a new venture differ depending on race, yet the motivations for starting a new venture are the same for blacks and whites. By analyzing past reviews, the differences between male and female graduates in private sectors and how this problem influences them, their entrepreneurial intention, and the relationship between the psychological attributes of the individuals have not been much investigated so far. But, Nishantha (2009) analysed the gender differences in the University of Colombo, with regard to starting a new business. Individuals with a high internal locus of control, high need for achievement, and risk-taking propensity are more likely to have positive attitudes toward entrepreneurship. According to the findings, the most significant challenge for starting a new business is a lack of knowledge-based ventures, followed by bureaucratic and technical barriers. The most frequently mentioned start-up challenge is ignoring knowledge-based innovation; being their own boss is the primary motivation for starting a business; parents and family are the primary motivators for young people to start a business; and financial risk is the most pressing de-motivator to start a business Tariq et al., (2015). Financial and market constraints have a significant negative impact on students' entrepreneurial intentions and motivations. Not only do you need the right motivations, knowledge, and skills, but you also need inspiring entrepreneurship educators who have the same innovative drive as your students (Kuratko, 2011). To successfully overcome economic stagnation, policymakers must simultaneously reduce actual or perceived barriers through appropriate entrepreneurship support measures Sitaridis and Kitsios., (2017). Further, Pinto et al., (2019) study implies that the majority of students are unsure of their long-term objectives. It's been discovered that there's a link between a desire for autonomy, self-determination, realising one's own ideas, thinking creatively, and risk-taking ability, and a proclivity for entrepreneurship. In the meantime, the students lack creative abilities, self-confidence, and business idea. The outcome is that graduates are hesitant to start their own businesses. Through various entrepreneurship-related activities in colleges, it is necessary to inspire them to take on challenges and think creatively.

d) Support from education

Undergraduates may experience career shocks if they are afraid of starting and maintaining a business. Positive career shocks influenced newly graduated entrepreneurs on a professional and personal level, as these impacted the development of the business, the flexibility of the graduate, and led to the verification of their career path in entrepreneurship. Negative career shocks influenced newly graduated entrepreneurs before and after starting their business are associated with frustration of organisational life and personal issues. Rummel et al., (2019). Entrepreneurial education and intentions, as well as support and education, were found to have a good association. In the relationship between support and intentions, education played an essential moderating function. However, structural support did not impact schooling and intentions. Al Issa., (2020).In the Sri Lankan context, previous literature has not described how the education system has a major effect on business graduates, as such in this paper, we try to emphasise the impact and help that the education system provides for graduates who intend to start their own business. To identify whether the knowledge provided by the educational system with various entrepreneurial development has been helpful when starting their own business, has to be addressed as a part of our study. Moreover, numerous researchers have analysed the level of motivation of business graduates in their studies, However, in the sense of Sri Lanka, certain influencing factors primarily force business graduates to develop their intention to perceive on starting their own business, even if they are unaware of the various levels of barriers they may face when entering the business setting. Through conducting this research, the gap of not knowing the key factors that motivate business graduates to start their own business will be filled. Zhou and Xu., (2012). Individuals enrolled in part-time degree programmes were more likely to say they were ready to start their own business; they were much more likely to indicate they had a detailed business plan, knew how much money they required, and where they could obtain it. Organisations that finance and assist businesses must do more to support entrepreneurial activity and collaborate more closely with universities, which naturally stimulate innovation and entrepreneurship. Staniewski et al., (2016).

Because they provide unique habitats for embryonic entrepreneurship, higher education institutions (HEIs) play a crucial part in this learning process. HEIs have developed specific techniques to help business establishment and development in addition to educating about entrepreneurship. Alumni are routinely used in entrepreneurship teaching and

© 2022 Global Journals

support in many EU nations. However, in eastern Germany, alumni are engaged in entrepreneurship education by fewer than half of HEIs. As noted previously, individuals with higher education are more likely to start their own businesses. It has the potential to be beneficial and is even more crucial for launching a successful, long-term business. Supporting entrepreneurial intention or other relevant business activities throughout traditional university education could be highly advantageous to promoting entrepreneurial intention in the economy. Hunady et al., (2018).

e) Employability and start-up finance

A case study was conducted at the University Sains Islam Malaysia to support universities and the government in their efforts to encourage more students to choose entrepreneurship as a career option. Here, they found that although students come from a non-business background, their attempts at entrepreneurship activities are very high. Bustamam et al., (2015). According to these findings, the most significant issue is not having capital for entrepreneurs for business start-ups. The financial institutions also dislike giving capital resources to students or fresh graduates. This was their main challenge. Furthermore, these studies recommended that alternative funding models should be investigated, utilising the experiences of other countries. Mbuya., (2022) also offered some insights on techniques that can be used to improve student employability. As a result, students will be able to recognise their function in the workplace, the work that needs to be done, and the organisation as a good location to work after graduation. Getting a job will be easier if they use their network to get information. Individuals with social and human capital use both informal and formal networks to get work. When discussing employability in the Sri Lankan context, certain recommendations were identified from past literature reviews. In Sri Lanka, graduates' unemployment has become a major social problem. Weligamage and Siengthai., (2003) examined that there is a gap between employee expectations and job expectations of graduates. Also, they revealed the reason for this gap is demand for labour skills and university education directly impacted graduates' unemployment. According to Saukkonen., (2017), Academic and non-academic entrepreneurship programme designers can learn about the critical drivers and success elements that lead to start-up entrepreneurship and employability. Despite the fact that most start-up research has focussed on the most essential stakeholders, the entrepreneurs, the role of start-up employees should be given more attention and weight in education. The study suggested that the development of an entrepreneur and an employee who is likely to join an entrepreneurial firm is a process that occurs at the crossroads of several approaches. There are stage- and state-based models of new business growth (including concepts like inception, validation, growth, and maturity), stage-based models of individual human growth (including stages like childhood, adolescence, parenting etc), and stage-based models of innovative individual development, the core essence of growth and entrepreneurial opportunity.

f) Government regulations and policies

Entrepreneurs' motivation to start new firms is influenced by regulatory issues. The cost of starting a new business, the procedures for enforcing a contract, and other legal variables all influence the creation of new businesses. Exporting takes time, as does preparing and paying taxes. Minimum paid-in capital, business registration, property registration, and the total tax rate on commercial profits. Variables define how much money an entrepreneur needs to start a firm and how much time the public institution procedures that are required to start a business. Li et al., (2020). More restrictive credit market regulation diminishes entrepreneurial ambition, whereas more stringent labour restrictions limit employment availability and encourage more people to pursue entrepreneurship as a vocation. The legal system and freedom to trade have a statistically significant influence on entrepreneurial intention, although the size of government, sound money, and overall regulation do not. Ghosh., (2017). Our study identifies the main factors that are concerns of graduates and what qualities to be more focussed on or given the priority, level of support provided from the university education system. Tennakoon et al., (2020) In our study we could provide further implications in the changes required on the part of the government to uplift the university education system that matches with the economic situation of the country by emphasising more graduates towards starting their own business; in addition, to gain international contribution towards the country. It is difficult to find the government impact to start a new business-like administrative barrier in registering the business, tax levels, bankruptcy laws, number of places that they have to visit during the registering procedure, and tax regulations. The extent to which certain countries examine their policies in a more uniform manner was investigated in a report. It has demonstrated that countries may be divided into three groups. Cluster analysis has allowed countries to be grouped based on their coherence indexes. It has also enabled them to be segregated into groups based on their vocational, professional, and continuing education systems. Governments may create conditions in their cultures and economies that encourage people to invest in their reputations. Campos et al., (2019).

© 2022 Global Journals

VII. Methodology

a) Conceptual framework

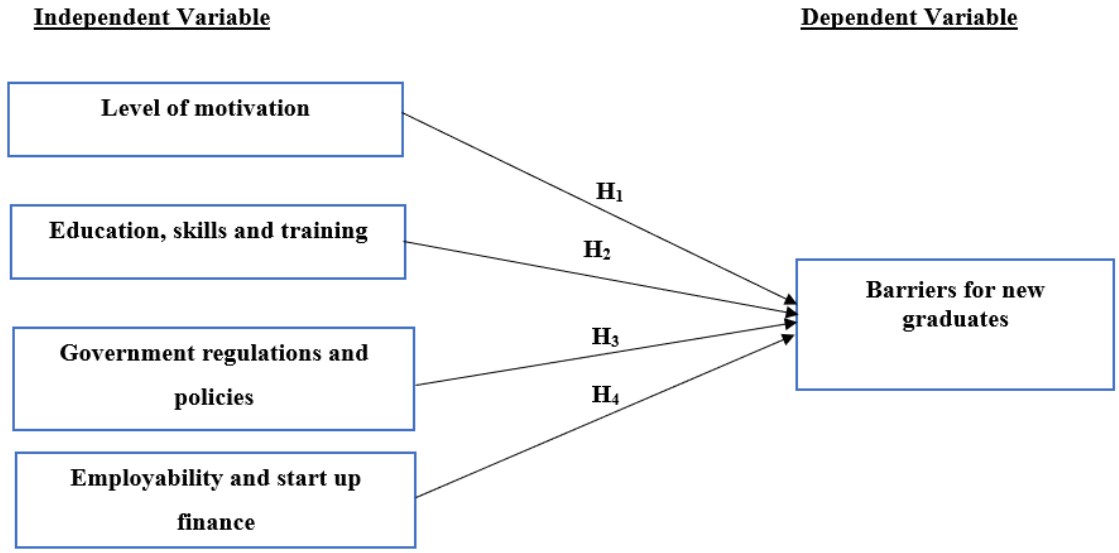

Figure 1: Conceptual framework

b) Hypothesis

H1: Is there a significant relationship between the motivation of new graduates with barriers for new graduates in business start-ups.

H2: Is there a significant relationship between education, skills, and training with barriers for new graduates in business start-ups.

H3: Is there a significant relationship between government regulations and policies with barriers for new graduates in business start-ups.

H4: Is there a significant relationship between employability and start-up finance with barriers for new graduates in business start-ups.

c) Population, sample, and data collection

The population is defined as the totality or sum of all objects, subjects, or members that meet a set of criteria. The study's scope includes why fresh business graduates in Sri Lanka are hesitant to start a new business. Younger generations who have been educated are more open to new and innovative ideas. The sample frame, as defined by Zikmund, Babin, Carr, and Griffin (2013), is a set of elements from which a sample can be drawn; it is also known as the working population. Accordingly, the sample frame for this study is newly graduated business students from private tertiary institutions. The sample is a portion of the entire population, and the goal of inferential statistics is to extrapolate information from the sample to the entire population. Cooper & Schindler, (2006). The sample data set in this study numbered 234 and the number of respondents was 184, with the respondents were chosen from the population using a convenience sampling method. The study is conducted with a 95% confidence level. The data was collected using a self-administered questionnaire between June 2021 and July 2021. As a result, SPSS is used to process the data in this study because the sample size is adequate. There were 103 female respondents or 56 percent, and 81 male respondents, or 44%. The questionnaire is divided into two sections. The first section of the questionnaire was designed to gather demographic information (informants' backgrounds) and entrepreneurial intent, while the second section was developed to implement key variables. Variables are associated with the desire to succeed and the willingness to take risks. Part two is simply a summary of the research objectives and has five sections, one for each independent variable and one for the dependent variable. Each question will include an attribute that will be used to calculate the dependent and independent variables. Direct 'YES' and 'NO' questions as well as Likert scale questions are included in the questionnaire.

© 2022 Global Journals

VIII. Results and Discussion

a) Results

Table 1: Reliability test

Variable	N of items	Cronbach's alpha
Dependent Variable		
Barriers for graduates	11	0.850
Independent variables		
Motivation of graduates	6	0.711
Government regulations & policies	5	0.780

Source: Survey results (2021).

Cronbach's Alpha value for Graduate Motivation is 0.711, and Government Regulations and Policies is 0.780, according to Table 1. It shows that the construct validity and reliability of the majority of constructs are acceptable. As a result, we move on to testing the hypotheses. The dependent variable, Barriers to setting up a business showed 0.850 Cronbach's Alpha value. By analysing these values, we can conclude that the measurement (questionnaire) is more reliable.

b) Demographics of the sample

Table 2: Demographic factors

	Variables	Number	Percentage (%)
Gender	Male	79	43
	Female	102	56
	Not revealed	2	1
Age	Male		
	20- 24	30	38
	25 - 27	32	41
	28 - 30	10	13
	Over 30	7	9
	Female		
	20- 24	48	47
	25 - 27	49	48
	28 - 30	3	3
	Over 30	2	2
Educational level	Bachelor's Degree	153	85
	Master's degree (MBA)	20	11
	Professional degree (CIMA, ACCA etc.)	7	4
Field of specialization	Accounting and Finance	72	40
	Business Analytics	14	8
	Business Management	28	15
	Human Resource Management	14	8
	Logistics and Supply Chain	12	7
	Management Information Systems	9	5
	Marketing	29	16
	Quality Management	3	2
Current occupation	Employed in private sector firm	122	67
	Employed in state sector institution	16	9
	Not employed	34	19

© 2022 Global Journals

Duration of being employed	Self employed	11	6
	01 - 02 years	43	27
	03 - 05 years	41	26
	Less than 01 year	57	36
	More than 5 years	18	11

c) Correlation analysis

Correlation analysis indicates that the strength and the relationship between the independent variables on the dependent variable as in Table 3.

Table 3: Correlation analysis

Result of correlation analysis		
Barriers for graduates		
Motivation for graduates	Pearson Correlation	-.082**
	Sig. (2-tailed)	.269
Education skills & training	Pearson Correlation	.102**
	Sig. (2-tailed)	.095
Government regulations support	Pearson Correlation	.211**
	Sig. (2-tailed)	.004

*Notes: N=184, **. Correlation is significant at the 0.05 level (2-tailed).*
Source: Survey results (2021).

Correlation analysis was conducted in this study to identify the strength of the independent variables with the dependent variable, focussing on first three objectives the above correlation coefficients have been derived. There is a negative correlation between barriers for graduates and motivation for graduates, which indicates a weak negative correlation. Barriers for graduates and education skills, the value 0.102 shows that positive weak relationship. Barriers for graduates and government regulations support are positively correlated, indicating that there is a weak positive correlation.

d) Regression analysis

Table 4: Regression analysis table

Model	Unstandardised Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Motivation for graduates	-0.165	0.094	-0.130	-1.756	0.081
Education skills & training	0.143	0.074	0.143	1.998	0.048
Government regulations support	0.184	0.101	0.141	1.828	0.069

a. Dependent variable: Barriers for graduates
Source: Survey results (2021)

As per the regression analysis been conducted separately for each variable as per the objectives derived in our study, the significant value for motivation for graduates is 0.081, which is higher than the standard. As a result, graduate motivation is not having a big impact on graduate barriers. As a result, we can accept our null hypothesis, which states that there is no significant relationship between the motivations of graduates with our dependent variable, barriers for new graduates in business startups. The significant value for education support according to the above table is 0.048, which is lower than the standard. As a result, education support is having a significant impact on graduate barriers. The significant value for government regulations, according to the table (Table 4), is 0.069, which is higher than 0.050. As a result, government regulations are not having a significant impact on graduate barriers in this scenario.

© 2022 Global Journals

Barriers for graduates= -0.165* Motivation for graduates+ 3.734… (4.1)

Barriers for graduates = 0.143* Education support + 2.989…….... (4.2)

Barriers for graduates = 0.184*Government regulations + 2.655… (4.3)

e) Responses analysis

Perceived barriers for graduates

Table 5: Responses analysis

	Strongly disagree %	Disagree %	Neutral %	Agree %	Strongly agree %
Financial risks	4%	10%	24%	36%	26%
Access to finance	5%	11%	19%	40%	26%
Social (protection) risks or costs	8%	21%	34%	31%	7%
Lack of skills	10%	20%	25%	39%	6%
Administrative obstacles	4%	14%	35%	34%	13%
Gender	30%	26%	23%	14%	7%
Stigma associated with failing	13%	27%	27%	25%	8%
Workload	9%	20%	31%	34%	6%
Bribery and Corruption	6%	18%	33%	32%	12%
Competition	6%	16%	32%	37%	10%
Market Demand	3%	17%	26%	36%	18%

All the factors were considered to be influential barriers, but the gender and stigma associated with failure are not considered as highly influential factors as per the perceptions of the business graduates.

f) Factor analysis

Table 6: Factor analysis

Communalities		
	Initial	Extraction
Financial risks	1.000	.733
Access to finance	1.000	.760
Social (protection) risks or costs	1.000	.423
Lack of skills	1.000	.443
Administrative obstacles	1.000	.459
Gender	1.000	.691
Stigma associated with failing	1.000	.644
Workload	1.000	.521
Bribery and Corruption	1.000	.479
Competition	1.000	.473
Market Demand	1.000	.538
Extraction Method: Principal Component Analysis.		

Communalities explain the r2 value, which explains to what extend does the underlying factors affect the variance of all the input variables. If we consider factor 1 which is on financial risk, it explains that from the two components identified, r2is equal to0.733. Similarly, we have to consider that all factors are having commonalities above 0.40, accordingly, the above analysis having all the factors above 0.40 indicates that all these factors contribute to the underlying factors.

© 2022 Global Journals

g) Education support

Table 7: Education support responses

How helpful were the education, skills, and training experiences	Frequency	% of total
• Not helpful	3	2%
• Somewhat helpful	53	29%
• Very helpful	125	69%
How has your tertiary education influenced the choice of an entrepreneurial career	**Frequency**	**% of total**
• Had a negative influence on an entrepreneurial career	7	4%
• Had no influence on an entrepreneurial career	14	8%
• Impeded an entrepreneurial career	3	2%
• Influenced an entrepreneurial career positively	92	51%
• Strongly supported an entrepreneurial career	66	36%
Kind of educational support	**Frequency**	**% of total**
• Courses	70	38%
• Internship	116	64%
• Company visits	68	37%
• Training programmes	109	60%

Based on the results it could identify that majority of the respondents believe that the education, skills, and training experiences are very helpful. Further, education support has a positive influence being created within business graduates. Most students think that through internship programmes, undergraduates can get huge support for business start-ups.

IX. Discussion

In the analysis of the objective one, to identify how motivation for graduates impacts the startups, the findings show that the motivation for graduates has no significant influence on the barriers for graduates. The correlation between the motivation for graduates and the barrier for graduates is indicated that there is a weak negative correlation. This means that if barriers to start a new business would get decrease, then the motivation for the graduates for that would be increase and they optimistically will move to initialise their business in the economy. By searching out the past reviews some researchers also supported by proving that Motivation for graduates with barriers to startups doesn't have a statistically significant relationship. Nishantha (2009) has continued the exploration into the interaction between personality traits and socio-demographic background of business management undergraduates as they pursue a career as an entrepreneur (self-employment intention). The influence of parents' occupations and self-employment experience on the development of entrepreneurial intent among business students is minimal. Although there is a positive correlation between internal locus of control and entrepreneurial attitude, it is not significant. He discovered that people with an entrepreneur father or mother are less likely to have a positive attitude toward entrepreneurship and that there is no strong link between self-employment experience and entrepreneurial attitude among Sri Lankan business students. According to Thrikawala (2011), academics studying in various fields and at various levels of education in Sri Lanka do not favour entrepreneurship. The study found that the undergraduates' field of study, education level, gender, and family business experience all have a significant impact on their desire to start their own business, while their family's financial ability has no bearing on their business interest. Thrikawala (2011) also suggested holding conferences, workshops, and seminars to promote entrepreneurship and awareness of entrepreneurial opportunities among university students. He also suggested that universities should

© 2022 Global Journals

upgrade their curriculums to provide students with more exposure to small businesses, such as discussing more real-world cases in class. It will then increase undergraduates' desire to start their own business.

In achieving objective two, which is investigating how education affects starting up a business, study findings revealed that education skills do not much significantly affect the graduates in their startups and however, it has affected entrepreneurship. This finding is supported by previous findings. Afriyie et al., (2014) found that entrepreneurship education can and will promote entrepreneurial culture. The business idea only became a mirage due to lack of support; technical, financial, emotionally, and psychologically. Mehtap et al., (2017) concluded that a strong supportive education system reduces the perception of potential barriers for entrepreneurship. Al Issa H.E., (2020) found that in the relationship between support and intentions, education played an essential moderating function. Rummel et al., (2019) When undergraduates are confused about whether to start and run their own firm, they may face career shocks. Positive career shocks had a personal and professional impact on recently graduated entrepreneurs, as these influenced the success of the firm, the graduate's adaptation, and the reinforcement of their entrepreneurship career path. Graduates also had unpleasant career shocks pre and post establishing their firm, which were associated with organisational life disappointments and individual troubles.

In achieving objective three of this study related to identifying the level of government regulations support, the study provided a descriptive overview of each variable taken into analysis the government regulations support. The findings revealed that all these regulations are being serious barriers for graduates when they initialise their business operations in the economy. Further identified correlation between the government regulation support and the barriers for graduates have indicated that there is a weak positive correlation exists, which indicates that even though the government is being supportive with its policies, rather than that support it is acting as barriers for graduates. Accordingly, past studies also supported by proving that, overall regulation fails to have a statistically significant effect on entrepreneurial intention. Ghosh., (2017) indicates that, any creative ideas that may be executed are demotivated. The time it takes to register a property, the total tax rate on commercial profits, the amount of cash an entrepreneur needs to start a business, and the time it takes to complete the public institution procedures required to start a business are all factors to consider. Trifu., (2016)have become essential factors that need to be concerned by graduates, which would become a huge difficulty for recently passed out graduates to cope up with such regulations in initiation when they are lacking the required amount of capital. Therefore, promoting entrepreneurship development is essential to improving a weak economy. Li et al., (2020). Government bodies and policymakers are advised to provide financial and non-financial support to SMEs which in turn can upsurge economic growth and sustainability. Yang et al., (2018) revealed findings to develop an entrepreneurial culture within the economy with the support of the government.

To accomplish the fourth objective of this study which related to the relationship between employability and start-up finance with barriers for new graduates in business start-ups. The descriptive analysis was conducted to achieve this variable by using various questions and after analysing the responses that received. The findings revealed that all these are serious barriers that graduates faced when they are starting their own businesses. These results can be clearly identified from past researchers. Finance and the lack of business counseling services appear to be the two most significant hurdles to self-employment, according to Owusu., (2012). In a South African study article, the same problem was discovered Mbuya & Mphahlele., (2016). They discovered that access to finance is a more common issue for South African enterprises. Financial institutions are unable to overlook the danger associated with providing money to youth-owned enterprises due to the youth's lack of experience. Akaeze and Akaeze., (2019) discovered that potential small business owners are unable to get medium to long-term loans from formal banks because they lack the necessary collateral. Furthermore, high loan interest rates, bureaucracy, bribery, and corruption raise the cost of borrowing, making it difficult to start a small firm. Qualified youngsters who wish to establish a small business, on the other hand, do not have access to initial start-up financing from banks. The research done by Robertson, et al. (2003), confirmed that finance is the most significant obstacle to a company start-up. Develop core skills and attributes required for entrepreneurship, such as creative problem-solving, diagnostic skills, communication, and project management, and there is a significant relationship between the respondent's entrepreneurship education programmes and the entrepreneurship education programmes of others (Bustamam, et al., 2015). Intellectual capabilities, communication skills, and interpersonal skills are all required when looking for work. To be employable, you'll need computer abilities as well as English communication skills. New graduates are seen to lack the necessary amount and quality of communication, technical, and job-specific abilities in the workplace. Buenviaje et al., (2015.). Entrepreneurs' personal and background traits, such as the ability to identify market demand and restrictions, customer behavior, and knowledge of corporate costs and benefits, are critical in their business management. In addition, prior familiarity with the same firm was cited as a significant impact. As a result, entrepreneurs focussed

© 2022 Global Journals

on the value of prior experience and technical abilities in running a small firm.

X. Conclusion

This study addressed the problematic issues being faced by business graduates in starting their own start-ups, Moreover, investigating the influence created by the university education system on business graduates, this study helps to fill a gap in the literature about issues faced by business graduates. Furthermore, it highlighted the government regulations support being provided and to which extend it becomes a barrier for graduates. It showed that regulations are to be further supportive, concluding that the government bodies and policymakers are advised to provide financial and non-financial support to entrepreneurs for their business start-ups which in turn can upsurge economic growth and sustainability. The factors that act as barriers in the initial start-up of a business are observed to be the lack of financial capability along with the education and skills gained through the university system. Finally, the study shows that the graduates have the intention to start-ups, but due to the barriers faced as per the study, it implies that further changes are to be made as necessary for the university system and the government regulations. Upcoming streams of research should also deem including in the model education by distinguishing between academic programmes, particularly entrepreneurship-related and non-entrepreneurship-related academic programmes, as well as government vs. private universities. Many demographic variables which should be explored in future research include marital status, as the dichotomy of married/unmarried may have a different impact on entrepreneurial intentions, and employment status, as there may be significant differences in entrepreneurial intentions between employed and unemployed graduates. Specifically, the Sri Lankan government's support is vital for graduates who intend to start their own business, as well as the support from the banking industry concerning financing capital at concessionary rates, flexible conditions on repayments etc., to set up a business. The government can help promote entrepreneurship by enacting long-term policies and programmes that expand and provide opportunities for entrepreneurs (both current and future). The government's policies and programmes must be organised around key focus areas such as job creation, balanced regional development, trade facilitation, and a shift in mind frame from entitlement to merit. Startups and small businesses should be included in the government and entrepreneurship development policy. Entrepreneurship promotes innovation, problem-solving, and risk-taking. It also eliminates the 'free rider' syndrome by reducing reliance on the government for social benefits. Economic empowerment leads to increased psychological well-being and improved family relationships. Additionally, it is vital to collaborate with universities in other countries and regions to gain knowledge from their experiences and establish a knowledge hub and research network. To encourage and figure out the best entrepreneurs, every district can be established an entrepreneurship hub and business incubation center. Within the hub locations, providing the necessary infrastructure for office spaces such as co-working at discounted rates for entrepreneurs as well as initiate start-up boot camps to prepare entrepreneurs to pitch to investors are essential. Analysing the above statements, we can easily help growth the rate of entrepreneurship percentage in Sri Lanka, which in turn, will affect the economic growth.

References Références Referencias

1. Afriyie, N. and Boohene, R., 2014. Entrepreneurial Education and Entrepreneurial Culture among University of Cape Coast Students in Ghana. *Athens Journal of Education*, *1*(4), pp. 309-321.
2. Akaeze, N.A. and Akaeze, C.O., Original Paper Small Business Startup Funding for Youth Employment in Nigeria.
3. Al Issa, H.E., 2020. When grit leads to success: the role of individual entrepreneurial orientation. Verslas: teorijairpraktika, 21(2), pp. 643-653.
4. Buenviaje, M.G., del Mundo, G.V., Añonuevo, F. and Martinez, M., 2015. Employability of business and computer management graduates of one higher education institution in the Philippines. Asia Pacific Journal of Multidisciplinary Research, 3(5), pp. 63-71.
5. Bustamam, U.S.A., Mutalib, M.A. and Yusof, S.N.M., 2015. Graduate employability through entrepreneurship: A case study at USIM. *Procedia-Social and Behavioral Sciences*, *211*, pp. 1117-1121.
6. Campos, J., Braga, V. and Correia, A., 2019. Public policies for entrepreneurship and internationalization: Is there a government reputation effect? *Journal of Science and Technology Policy Management*.
7. Choudhury, S.A., Nawshin, N. and Chowdhury, M.H., 2017, November. Influence of particle shape on the efficacy of plasmonic metal nanoparticles to enhance the energy conversion efficiency of thin-film solar cells. In TENCON 2017-2017 IEEE Region 10 Conference (pp. 2393-2398). IEEE.
8. Cooper, D.R., Schindler, P.S. and Sun, J., 2006. *Business research methods* (Vol. 9, pp. 1-744). New York: Mcgraw-hill.
9. Dagume, M.A. and Gyekye, A., 2016. Determinants of youth unemployment in South Africa: evidence

© 2022 Global Journals

from the Vhembe district of Limpopo province. Environmental economics, (7, Iss. 4), pp. 59-67.
10. Deshani, A.L., An Empirical Analysis of Experience and Education on New Venture Performance: Evidence From Matara District Sri Lanka.
11. Esfandiar, K., Sharifi-Tehrani, M., Pratt, S. and Altinay, L., 2019. Understanding entrepreneurial intentions: A developed integrated structural model approach. *Journal of Business Research*, *94*, pp. 172-182.
12. Fleenor, J.W., Taylor, S. and Chappelow, C., 2020. Leveraging the impact of 360-degree feedback. Berrett-Koehler Publishers, Incorporated.
13. Ghosh, S., 2017. Regulation and entrepreneurial intention: cross-country evidence. *Journal of Entrepreneurship and Public Policy*.
14. Hunady, J., Orviska, M. and Pisar, P., 2018. The effect of higher education on entrepreneurial activities and starting up successful businesses. *Engineering Economics*, *29*(2), pp. 226-235.
15. Kuratko, D.F., 2011. Entrepreneurship theory, process, and practice in the 21st century. *International Journal of Entrepreneurship and Small Business*, *13*(1), pp.8-17.
16. Kvedaraitė, N., 2014. Reasons and obstacles to starting a business: Experience of students of Lithuanian higher education institutions. *Management-Journal of Contemporary Management Issues*, *19*(1), pp. 1-16.
17. Li, C., Ahmed, N., Qalati, S.A., Khan, A. and Naz, S., 2020. Role of business incubators as a tool for entrepreneurship development: the mediating and moderating role of business start-up and government regulations. *Sustainability*, *12*(5), p. 1822.
18. Li, C., Ahmed, N., Qalati, S.A., Khan, A. and Naz, S., 2020. Role of business incubators as a tool for entrepreneurship development: the mediating and moderating role of business start-up and government regulations. Sustainability, 12(5), p.1822.
19. Mbuya, M.J.M., 2022. YOUTH ENTREPRENEURSHIP IN SOUTH AFRICA: A PROGRESS REVIEW.
20. Mehtap, S., Pellegrini, M.M., Caputo, A. and Welsh, D.H., 2017. Entrepreneurial intentions of young women in the Arab world: Socio-cultural and educational barriers. *International Journal of Entrepreneurial Behavior & Research*.
21. Nishantha, B., 2009. Influence of personality traits and socio-demographic background of undergraduate students on motivation for entrepreneurial career: the case of Sri Lanka.
22. Owusu-Ansah, W., 2012. Entrepreneurship education, a panacea to graduate unemployment in Ghana?.
23. Pinto, S., Pinto, P., Hawaldar, I.T. and Sarea, A.M., 2019. Motivation and blockades for entrepreneurship among graduates. *Hindu*, *124*, pp. 28-6.
24. Robertson, M., Collins, A., Medeira, N. and Slater, J., 2003. Barriers to start-up and their effect on aspirant entrepreneurs. *Education+ Training*.
25. Rummel, S., Akkermans, J., Blokker, R. and Van Gelderen, M., 2019. Shocks and entrepreneurship: a study of career shocks among newly graduated entrepreneurs. *Career Development International*.
26. Saukkonen, J., 2017. From a Student of Startup Business to a Startup Employee or Entrepreneur: Study on Career Narratives of Students in Entrepreneurial Programs in a University.
27. Sitaridis, I.K. and Kitsios, F., 2017. Students' perceptions of barriers to entrepreneurship, *1*, pp. 524-535.
28. Sitarists, I.K. and Kitsios, F., 2017. Students' perceptions of barriers to entrepreneurship., 1, pp. 524-535.
29. Smith, K. and Beasley, M., 2011. Graduate entrepreneurs: intentions, barriers and solutions. *Education+ Training*.
30. Staniewski, M.W., Szopiński, T. and Awruk, K., 2016. Setting up a business and funding sources. Journal of Business Research, 69(6), pp.2108-2112.
31. Tariq, M., Arif, H., Kumar, R. and Mustafa, G., 2015. Issues and Challenges for Young Graduates in Becoming Entrepreneurs: Economic and Personality based Perspective. International Journal of Behavioural Research and Psychology, 3(3), pp. 79-84.
32. Tennakoon, T.M.A., Gunawardena, K. and Premaratne, S.P., Challenges and Constraints to Enhance the Entrepreneurship Education in Higher Educational Institutions of a Developing Country: Evidence from Sri Lanka.
33. Thrikawala, S., 2011. Impact of strategic networks for the success of SMEs in Sri Lanka. *World Journal of Social Sciences*, *1*(2), pp.108-119.
34. Tohidi, H. and Jabbari, M.M., 2012. The effects of motivation in education. *Procedia-Social and Behavioral Sciences*, *31*, pp.820-824.
35. Tope, A., Otaki, A.O. and Margret, B., 2014. Entrepreneurship education: A panacea to graduate unemployment in Nigeria. *Journal of Sustainable Development in Africa*, *16*(4).
36. Trifu, A.E. and Trifu, M.R., 2016, November. Global Competitiveness Index representation of enterprise performances. In Proceedings of the International Management Conference (Vol. 10, No. 1, pp. 224-233).
37. Van Weele, M., van Rijnsoever, F.J., Eveleens, C.P., Steinz, H., van Stijn, N. and Groen, M., 2018. Start-EU-up! Lessons from international incubation practices to address the challenges faced by

© 2022 Global Journals

Western European start-ups. *The Journal of Technology Transfer*, *43*(5), pp.1161-1189.
38. Weligamage, S. and Siengthai, S., 2003. Employer Needs and Graduate Skills: The Gap between what determinants influence students to start their own business? Empirical evidence from Zhou, M. and Xu, H., 2012. A review of entrepreneurship education for college students in China. *Administrative Sciences*, *2*(1), pp. 82-98.
39. World Bank report (2019) web-version.
40. Yang, S., Ishtiaq, M. and Anwar, M., 2018. Enterprise risk management practices and firm performance, the mediating role of competitive advantage and the moderating role of financial literacy. Journal of Risk and Financial Management, 11(3), p.35.
41. Zhou, M. and Xu, H., 2012. A review of entrepreneurship education for college students in China. Administrative Sciences, 2(1), pp. 82-98.
42. Zikmund, W.G., Carr, J.C. and Griffin, M., 2013. *Business Research Methods (Book Only)*. Cengage Learning.

© 2022 Global Journals