

## Challenges and Opportunities for Start-Ups in New Normal

Mehak Mittal and Priyanka Raghav

MBA Finance

Amity Business School

Research Guide: Dr. Anshu Yadav

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### Abstract

COVID-19 has transformed the world where we used to live. Customer behaviour has changed over time and lockdowns have threatened the stability of various businesses as the world has faced one of the worst economic recession after the great depression. Hence, there is no doubt that it has put a question on the survival of business and growth of entrepreneurs. This paper therefore, aims to understand what challenges and opportunities exist for an entrepreneur in the new normal. However, it has been observed that despite all the difficulties that are faced by entrepreneurs they are adapting to the change and are innovating. The study suggests that staying flexible will help entrepreneurs to survive in the long term as changes are happening on a regular basis.

**Keywords:** *New Normal, Start-ups, COVID-19, Opportunities and Challenges, Entrepreneurs*

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### 1. Introduction

Entrepreneurs are the backbone of the Indian economy. Start-ups play a significant role in the development of an economy but the pandemic is posing a threat to their creation, survival and growth. Business registrations are dropping significantly and it has a notable implication for the economy, mainly from an employment point of view.

Start-ups always emerge as a major factor for innovation, job creation and economic growth, especially in the new normal. The 'New normal' means a new way of living, working and interacting with other people. Most of the entrepreneurs are trying to capture new opportunities for businesses post lockdown by innovating and developing services and products.

Start-ups are facing a problem from an investment point of view as several foreign investors have turned down their investment requests.

Salary cuts, lay-offs and revenue hits are some additional problems that they are facing. Entrepreneurs are also struggling with cancellation and postponed orders. They are also

finding it difficult to pay their suppliers and meet the business running costs, as they were receiving their payments late.

Necessity is the mother of all inventions and entrepreneurs always prove to be a source through which innovations come into society and get imbibed. It is the need of the hour to adopt various measures to bring efficiency to the ongoing projects and investing in technology and having a transparent dialogue with employees to induce a new culture and keep a track of employee's productivity even if they are working remotely.

## **2.Literature Review**

*Buheji and Ahmed and Koh (2020)*, point out various subjects related to business which includes business opportunities, occupational risk and along with it they focused on various issues at a macro-economic level.

*TechCrunch, (2020)* raised a major issue that venture capital funds and fund-raising institutions were warning start-ups and suggested that they avoid any development according to earlier approved plans. They proposed the start-ups work on strategies such as cost reduction and downsizing.

*According to CBInsights, (2020)*, a 20% fall in the first quarter of 2020 was expected globally in comparison to 2019. The report also showed that Asian based seed funding is going to fall and remains a challenge for seed-stage start-ups to survive in this challenging era.

*TechinAsia, (2020)* focused on South Korea and many other countries which reacted differently to this pandemic. In the study, the focus was on technology start-ups to challenge the pandemic. Even artificial intelligence was used to manage the crisis and to decrease the infection rate.

## **3.Research Gap**

As majority of the studies around the world are mainly focusing on vaccine, its efficacy and impact. Less has been researched about the impact of the pandemic on the small businesses and entrepreneurs. As the world is witnessing a complete transformed way of living, the need to understand the challenges faced by entrepreneurs and also understand the opportunities identified by them.

## **4.Research Objectives**

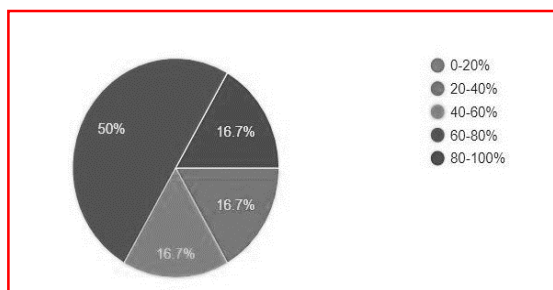
- 1.To understand the impact of coronavirus and expectations of an entrepreneur's post-covid.
- 2.To study various challenges entrepreneurs faced in the new normal.
- 3.To recognize various opportunities for start-ups in the new normal.

## 5. Research Methodology and Scope of Study

The researcher has used both primary and secondary data for achieving the objectives. Primary data is gathered to arrive an educated conclusion and was collected through a survey by administering a multiple-choice questionnaire to various entrepreneurs. Visual representation is used for analysis and interpretations. Since the study is based on data collected through a primary survey, the number of entrepreneurs considered for the study is limited. Further, the researchers focused exclusively on Indian start-ups and entrepreneurs. Considering the world is still facing the pandemic, the researchers collected data during a certain period and have not provided for any changes in policies or innovations that may arrive in the future.

## 6. Data Analysis and Interpretation

### IMPACT OF COVID ON VARIOUS BUSINESS



A major proportion of entrepreneurs feel that their business got affected between 60-80% of range whereas only 16.7% feel that their business got affected more than 80%. 33.4% feel that their business got affected between the range of 20-60%.

### POST PANDEMIC EXPECTATIONS OF ENTREPRENEURS

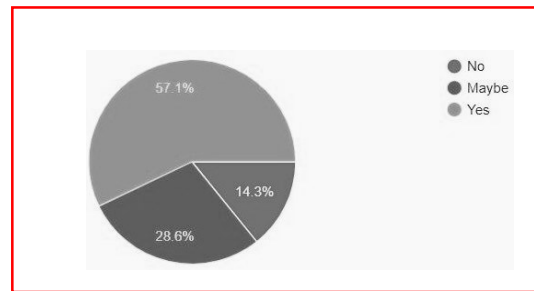
50% of entrepreneurs feel that their business will eventually survive the crisis irrespective of the significant losses they faced during the pandemic. One-third feel that their business will grow in the future much larger than it was before the crisis because of various untapped opportunities they have explored during the pandemic. However, many feels that they will not be able to survive the crisis and may have to shut down their business in future.

Majorly most entrepreneurs have faced 60-80% impact of COVID-19 on their businesses and they are expecting that their business will be able to survive such a crisis.

### Challenges Faced by Entrepreneurs in New Normal

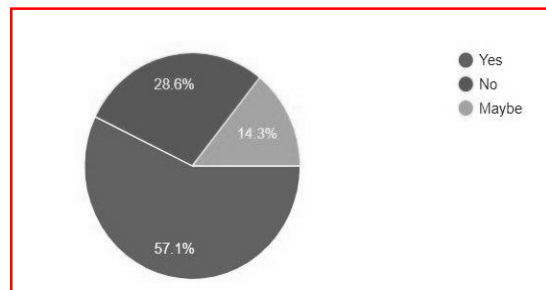
The major challenges faced by the entrepreneurs were drop in sales, a setback in their plans, hold on their funding plans, drop in exports and change in main of work.

### **DROP IN SALES WITNESSED BY ENTREPRENEURS**



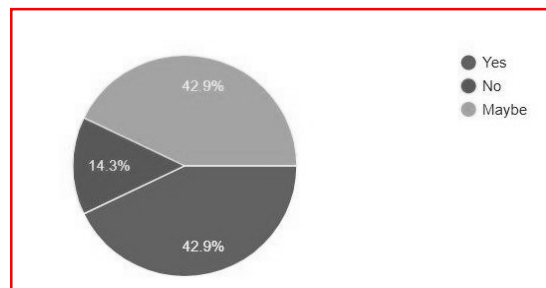
More than 50% of entrepreneurs have felt that they have witnessed a drop in sales post covid whereas a very small percentage feel that they have not witnessed a drop in sales.

### **SET BACK IN FUTURE PLANS WITNESSED BY ENTREPRENEURS**



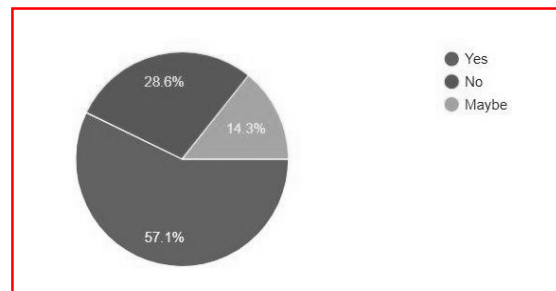
57% of the sample population felt that they have witnessed a setback in their plans due to pandemic whereas 14% of the sample population are not sure about what will be the effect of the pandemic on their plans.

### **DROP IN EXPORTS WITNESSED BY ENTREPRENEURS**



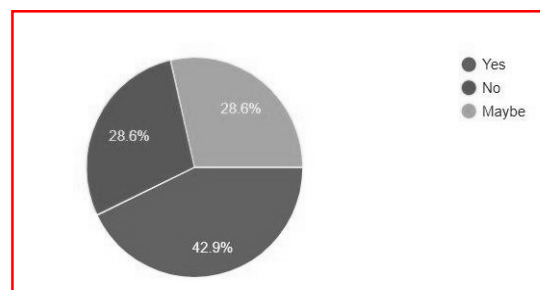
More than 40% of entrepreneurs witnessed a drastic fall in their exports whereas only a small proportion that is 14% feels that they have not witnessed any drop in their exports.

### CHANGE IN THE MAIN PLACE OF BUSINESS WITNESSED BY ENTREPRENEURS



More than 50% of the sample faced a problem due to shifting of the main place of their business whereas 14% of the sample population are confused whether they permanently need to change their place of work or not.

### HOLD IN FUNDING PLAN WITNESSED BY ENTREPRENEURS

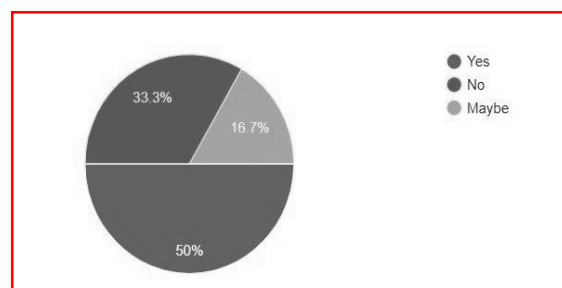


42% of the sample population have witnessed a problem of hold on funding plans which may pose a problem on their future growth whereas 28% of the entrepreneurs have not noticed any problem regarding their growth plans.

### Opportunities for Start-ups in New Normal

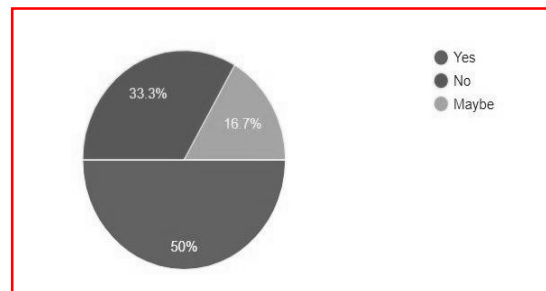
Various opportunities coming for entrepreneurs in new normal are technology, shared office spaces, untapped opportunities and remote working arrangements.

### TECHNOLOGY AS AN OPPORTUNITY FOR ENTREPRENEURS



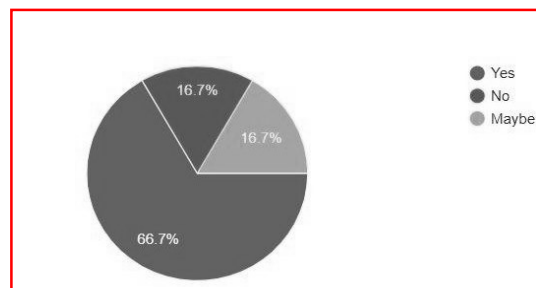
50% believe that that technology must be incorporated in their business whereas 16% of the sample population have not yet decided whether or not they want to do the same.

### **SHARED OFFICE SPACES AS COST CUTTING MEASURES WITNESSED BY ENTREPRENEURS**



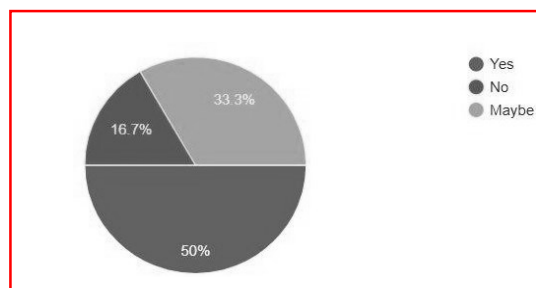
Shared office spaces are one of the costs cutting measures that entrepreneurs use. A major portion of the sample population consider shared office spaces as a cost-cutting measure.

### **REMOTE WORKING ARRANGEMENT CONSIDERED BY ENTREPRENEURS**



The remote working arrangement is a new normal considered by all entrepreneurs. A major proportion considers remote working arrangements as the need of the hour whereas 16% feel that remote working arrangement is not suitable for their business.

### **UNTAPPED MARKET OPPORTUNITIES POST PANDEMIC**



During COVID-19, many entrepreneurs considered various untapped market opportunities which they would want to explore post-pandemic. 50% of the sample are willing to explore new market opportunities whereas 16.7% believe that there are no untapped opportunities left in the market.

### **7. Contribution and Conclusion**

COVID-19 has unfortunately caused a problem in recent years which could be considered just as bad or worse than the global recession. The researchers believe that entrepreneurs should not only focus on the silver lining but also adapt to the changing environment.

To build resilience and overcome challenges, entrepreneurs should dive deep and understand their customer base by providing various services to them and asking them through reviews how improvement in services could be made. Majority of the entrepreneurs have faced challenges such as sudden drop in sales, shifting the place of operation and availability of funds. Use of technology and contemporary practices such as shared working spaces should be identified by entrepreneurs for effective and cost cutting tools. Planning of the workforce is also necessary and mapping out what kind of supply chain is required. Turning to digital solutions and being transparent with employees, customers and stakeholders is the need of the hour to optimize the operations. Even after the pandemic is over, its effects could be witnessed in the coming years. So, it is the responsibility of entrepreneurs to manage their upcoming difficulties in their day-to-day operations and deal with all the uncertainties coming in their way and a strong mindset and careful planning will help the business to come out of the pandemic.

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