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**PROBLEMS IN ENTREPRENEURIAL CAPITAL GENERATION AND IMPORTANCE  
OF REFORMS TO RESOLVE; IRAN COUNTRY**

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**ABSTRACT**

This paper focuses on the importance of Entrepreneurial activities and the role it plays in a country's economic uplift. Iranian young graduates are more expected to initiate any such activity after being done with their studies. Yet in most of the countries, the debate continues as why more and more entrepreneurial examples cannot be spotted, whereas there are certain factors behind that play a role in discouraging these activities. This piece of work, discusses all those hindrances that occur either on national/international, political/social or economical/educational level and suggests a paradigm to expedite the initiative of avoiding those.

**Key words: Entrepreneurship, Entrepreneurial Capital, Financial Constraints, Creativity**

**INTRODUCTION**

Human psyche is more open to new horizons and adventurous ventures, extravagant intuition of human beings all most always keep them at toes to discover new areas of interest and later go for an in

depth analysis. When such an activity is carried out with an aim to find a gap and then explore the means to fill it with monetary gains associated with the process, the concept is known as entrepreneurial initiative. The human

history is accustomed with such practices and from old to contemporary eras this practice is spotted to be prevalent. History has witnessed classic as well as modern age entrepreneur leaving drastic impact on the lifestyles of people.

Either it is in scientific research, technological inventions, literary contributions or modes to govern, entrepreneurs have played a vital role in evolution of human race. Within this concept, it has been identified that there is a stage in an individual's life when exploration is possible and one rigorously runs after creating a new process or a new ideology. Youth, is that most influential phase of an individual's life where such bold initiatives can be taken.

A part from all said, there are certain factors associated with the concept of entrepreneurship that are to be justified with and in modern era entrepreneurial practices the cost of such initiative in many ways is a little high. Certain factors hinder the process and for Iranian young graduates, having a unique idea is nothing unless it is materialized and is seen as a benefit for society. This piece of work takes a surface look at the fact as to what necessary implications are eminent to allow Iranian young graduates entrepreneur to propel and

bring his visualization in to reality. However, there are many factors but here we aspire to discuss the importance of capital for an entrepreneurial venture to be established and its sustenance in long term. Where as in modern world, there are many opportunities provided in developed countries and we can quote many of the successful entrepreneurial heists. Nevertheless, unfortunately the practices are not invoked in true letter and spirit in under developed countries. Realization of importance of this concept will certainly push them ahead towards development, yet their governments and financial institutions need to play a vital role in this important area of concern.

The authors have tried level best to bring the surface issues in limelight and exploit a key factor in a country's socio-economic development and help an underdeveloped country to overcome issues like Unemployment, Disturbed balance of trade, robust the national developmental initiatives etc.

### **LITERATURE REVIEW**

The concept of entrepreneurship refers to a specific action where a new organization is created within tent to make profits out of a creative idea. It is also an opinion that Entrepreneurship is a domain

yet in phase of development where the definite scope of its implications is still debatable (Zehra and Dess,2001)

.The debate over its core and in-depth operational intent is still to be determined as in the last two decades the research work has been expedited. Keeping in view the nature of this phenomenon there can be no possible deterministic models to predict its behavioral nature (Carlock, 1994). The argument as if the entrepreneur is a developer of a new venture or an innovator, persists and most of the research workers are trying to figure out the true persona of an entrepreneurial agent.

There are opinions that advocate the fact that entrepreneurial activities are part of economic impression and are driven by economic situations that are prevalent in a given environment. It is also proposed that in terms of scholarly fields how an idea or discovery of a new process or product can be transformed in to reality. This refers to a discussion that what are the major characteristics of an entrepreneurial initiative that can be justified as a reason of exploiting new prospects in terms of creativity.

One opinion also suggests the mere characteristics of an entrepreneur is a change agent who; identifies an opportunity,

converts ideas and plans into actions, exercises innovation and creativity and is religiously strives for excellence. It is also said that entrepreneurial concept refers to several factors, such as individual socio cultural and support systems (Baruah,2004). Entrepreneurs find out, assess, and exploit opportunities such as preamble for new products or services, identification of new markets for products and services, and/or unique ways and strategies of conducting business (Shane and Venkataraman,2000)

### **OBSTACLES**

The fresh graduate is not the one in search of a job but is equally a job creator as well (Zhongjian, 1998). Whenever a student completes his studies is always having some ideas that he's very curious to put in to practice. Some of these ideas could be very beneficial and in fact can turn out to be revolutionary but Unfortunately, there are many factors that hinder pursuance and ultimately after some time the student prefer becoming part of an existing system rather than generating creativity. It is also proposed by many scholars that adjustment of relationship between the economic and employment structure along with achange in College students' enrollments and reforming major settings along with dissolution of labormarket institutional

hindrances can lead towards improvement in students employment scope(Xiangquan,2004). It is must for a developing economy to encourage entrepreneurial practices in order to boost the economy as well as creation of new jobs will keep the employment opportunities present.

When we talk about entrepreneurship aspiration, it refers to a transition of an individual from a mere thought generator to a practitioner, where the entrepreneurial ideas are materialized (Nyawali and Fogel,1994)

It is also fact that people holding higher education is more inclined towards entrepreneurial initiatives (Bosma and Harding,2007). With all this portrayal of an entrepreneur, the problem exists and that is of,why these Iranian young graduates are unable to materialize what they earlier visualized. There are number of factors that hinder this activity and due to sheer lack of planning from many dimensions the ultimate result are frustration and later it adds value to a country's economic, social and national limitations.Lack of entrepreneurship capital” is one of the biggest obstacles in an entrepreneurial activity (Qian, 2009);the most important factor among all for any entrepreneurial

initiative is the availability of capital. We have discussed the concept in detail that refers it to be a process, which starts from something new and different it is either product or a service. Capital is required in many ways as to set up the infrastructure, day-to-day operations, company registrations and more over tax payments as well. If we talk about the best practices in developed countries the entrepreneurs are facilitated in many ways; either in terms of tax exemption for a certain time to promote the idea or direct financial funding to empower them within their surge. The only way we can attain the entrepreneurship aspiration is through perfect entrepreneurial financing system and increased entrepreneurship opportunities through improvement in entrepreneurial environment (Quinlian,2011). The Attraction of Rents, The Costs of Corruption, Lack of Research Expertise Skills and Knowledge, City Administrations Unfriendly to Small and Trading Businesses, Poor Legal Framework, Lack of Trust and Social Capital, The Constraint of Financing at most are the major reasons of discouragement (Haque, 2007)

The tax issues among financial paradigm are considered the most devastating

especially in underdeveloped countries. It has been stated that in most of the developed countries whenever any new entrepreneurial domain is emerging they intend to tender tax exemption for certain time may be for a decade or so to let the idea flourish. If financial constraints were not important, then potential entrepreneurs would make the decision to start a business based solely on the expected profitability of the planned endeavor (Paulson and Townsend, 2004)

Keeping in view the above case, we can state following hypothesis.

H1: Fresh graduates are intended to become job creators rather than an employee only.

H2: The ideas generated by fresh graduates are more innovative and creative.

H3: There are obstacles like “Financial deficit” in specific causing discouragement to fresh graduates in materializing their ideas.

## **DISCUSSION**

As per our model, that we devised there is an impression of positivity as well as negativity among the whole paradigm. The fact that are coming with fresh ideas that can later play a vital role in human development on local, national, international and somewhat multinational level too is clearly sensed. All over the world the graduates

either produced by the best institutions or otherwise, there is a specific group that intends to make livelihood without submitting their plans to others. They are not comfortable in working under specific and systematic circumstances at all, where as their intuition drives them to explore new horizons and then attain recognition through their contributions. Yet merely their ideas are honored and liked by the prospects to help them materializing such. Most of the times they are subjugated by the ongoing prototype system that later causes a lot of frustration. Our independent variable represents the whole scenario just developed, where as we agree that not all of the entrepreneurial initiatives are institutionally strong yet on the other side there are many beneficial.

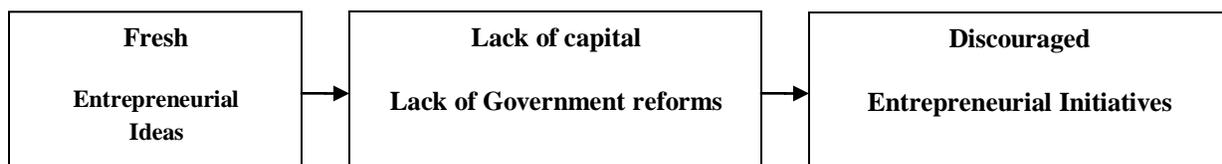
For any country to progress economically it is a must that entrepreneurial activities should be encouraged to core and innovative ideas should be properly put to test and later to practice. It is also necessary that the individuals while they are in dedicated learning domains just as the pursuance of a degree in any subject. They must be trained with a direction to innovate and create new ideas that are valuable for society, nation and national image in global scenario. Here we must

mention our mediating variable that refers to limited financial possibilities and lack of Governmental reforms in entrepreneurial concept.

We discussed the tax exemption, one very workable and practical measure to give financial cushion to young entrepreneurs. Moreover, initiation of Government projects opens new horizons and opportunities for young entrepreneurs to contribute to national development. There are number of examples in this context and most of what come from developed nations such as USA and Europe. Secondly, apart from government reforms it is a responsibility of private financial setups to provide financial assistance either in terms

of dedicated loans or incorporation of a new entrepreneurial idea within their existing system.

But the said best practices in under developed nations are not put to practice rather are spoiled in due to poor economic planning, unsteady political realm, undue differences of decision makers and mollified policy initiatives. With all these discouraging practices we end up with frustrated individuals that are later left with no option but to become part of existing system and the urge to bring change in shape of social and national betterment is vanished, which refers to our dependent variable.



## CONCLUSION

In above study authors have tried their level best to detail the whereabouts of a major concept of modern era i.e. entrepreneurship and its implications and stakeholders i.e. fresh graduates. The need of the time is to make certain policies that address this very important issue in depth and certain reforms especially interms of capital availability should be made. “Emam Reza” of Iran can

serve as the best precedent to take such an initiative. The Government bodies and other private concerns must admit the importance of their role in development of entrepreneurial initiatives is the only key to success. There is a lot of room for betterment in that this piece of work points and the authors encourage others to put efforts in this area to get things to practice sooner than later.

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