

Achieving Sustainability in Newly Founded Start-Up Businesses: Navigating Challenges and Gaining Insights

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Abstract

Entrepreneurs embody multifaceted roles as leaders, risk-takers, and learners, driving toward success while transforming dreams into reality. However, amid their journey, they encounter formidable challenges. Hence, this article delves into startup entrepreneurs' hurdles in fostering sustainability. Amidst today's focus on sustainability, startups must navigate obstacles to enhance customer ratings and long-term performance. Examining risk management models, implementing eco-friendly technologies, and refining marketing strategies are crucial. Moreover, fostering virtual collaboration among geographically dispersed employees is essential to mitigate external challenges and achieve sustainability. Through these endeavors, entrepreneurs pave the path toward enduring success in the dynamic landscape of startup ventures.

Keywords

entrepreneurs, start-ups, sustainability, marketing, strategy

INTRODUCTION

Start-up businesses face many challenges that affect the journey of entrepreneurs from dreams to realities. Newly founded companies need strategic planning to increase their market share. Entrepreneurs must verify financial management to increase the firm's risk management potential. Failure is a common term for starting a business in a new market. In collaboration with innovative technologies, self-awareness is vital for entrepreneurs to challenge failures. Moreover, challenge mitigation strategies define entrepreneurial abilities to deal with venture risk factors.

METHODS

The study utilizes secondary data collected through journals, magazines, newspapers, research papers, books, websites, etc. The main objective of this article is to highlight the challenges faced by entrepreneurs for sustainable development and the steps taken to mitigate the challenges faced.

Part 1: Common challenges faced by entrepreneurs

Entrepreneurs in a new start-up business face challenges from the leading corporate sectors. Competition is the primary factor that influences the sustainable growth rate of the newly founded company. Start-up products and services must be innovative to tackle the pressure of the leading business

organization. Cash flow management is a significant issue that entrepreneurs must deal with. Problems with managing the cash flow create delays in invoicing and uncertainty in certain start-ups' newly started manufacturing processes (Kickul et al., 2018). The business owners need help finding qualified support employees to carry out their duties in the newly founded start-ups.

Additionally, one of the biggest obstacles to keeping personnel at a newly founded company is the need for an attractive monetary policy announcement. Lack of funding makes it less likely for start-ups to recruit consultants or a few initial employees to help with process problems (Tien et al., 2020). Poor planning also leads to missed deadlines and causes a decreasing satisfaction rate among customers. Hence, time management becomes critical for newly founded start-ups to gain a cutting edge over competitors.



Source: Tien et al., 2020

Figure 1. Major challenges of the entrepreneur

Figure 1 highlights the critical challenges entrepreneurs face that affect start-ups' business performance. Start-up entrepreneurs have to shift their inclination from the product-based approach to a more client and market-based approach, as increased dependency on specific clients increases the risk of failure at a global level. Otherwise, the start-up business will not be able to stand out and achieve sustainable growth. Lack of pinpointed marketing strategies considering their shortcomings and the environment's dynamism fails to draw the desired sales return.

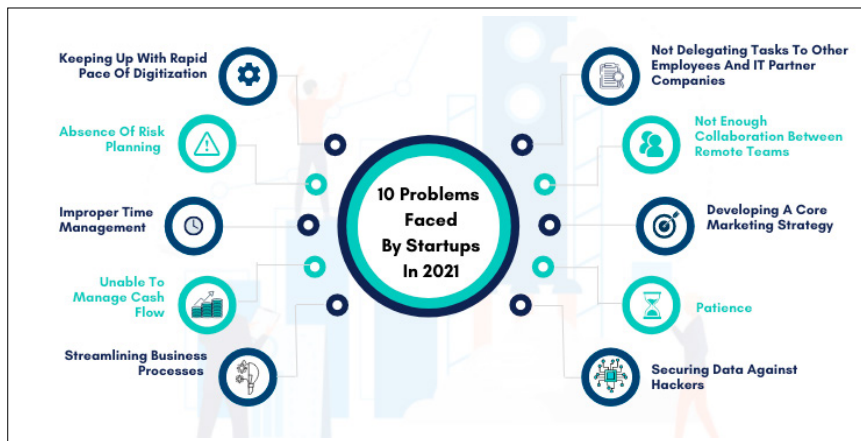
Initial capital has always been an issue for starting business plans in the targeted markets. Entrepreneurs with small capital cannot afford expensive risk mitigation and marketing strategies to increase the success rate of their new ventures, products, or services (Muo & Azeez, 2019). The pressures from leading and established business firms create self-doubt in start-up entrepreneurs (Kim et al., 2018). A lack of confidence in start-up entrepreneurs makes them prone to make mistakes in making decisions, leading to their start-up uncertainty and failure. Hence, entrepreneurs must embrace challenges from inception until their foundation (Kim et al., 2018).

Issues with a newly founded start-up business

Digital adoption in the newly founded business sectors creates a significant challenge for entrepreneurs as using obsolete technology blocks the road to success. Entrepreneurs need pepper education to install digital strategies for excellence in business processes. The risk for start-ups has increased due to shifting consumer behavior and a wide range of preferences. The competing industries offer a wide range of high-quality goods and services that appeal to different buyer interests and encourage them to purchase from known brands. Additionally, start-ups must plan their company operations to reduce the risks posed by their market-dominant rivals. As commented by Stachová et al. (2019), unclear mission and vision create errors in the planning of the business model. Therefore, the entrepreneur needs to research the financial

condition of the market to increase the potential in the challenging start-up journey. Issues with time management create uncertainty in product delivery and dissatisfaction among loyal customers, and the quality of the product also fails to satisfy the customers.

Business owners see the lack of cash flow and waste of resources in an organization with misconduct with the sellers. Market research is essential to identify loyal sellers with better track records to mitigate the risk in the newly launched business project. As [Shepherd and Gruber \(2021\)](#) highlighted, the entrepreneur needs to control the cash flow in the firm to increase the funding for risk management practices. With the world moving towards automation and AI, start-up entrepreneurs must technically enable themselves to survive in the technologically competitive environment. Automation in certain start-ups helps to examine and solve human errors in the workplace, and a better project scenario is created with this phenomenon ([Vuong et al., 2021](#)). Employee productivity is hampered by the lack of digital aids at the workplace to understand customers' requirements. Automation with AI or other technological aids is needed to tackle the customers' high expectations and rectify the business processes ([Bhalerao et al., 2022](#)).



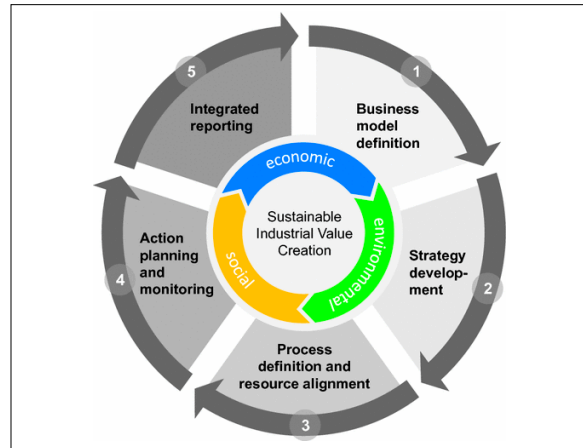
Source: Influenced by [Vuong et al., 2021](#)

Figure 2. Problem faced by start-ups

Figure 2 shows the problems faced by start-ups in the current situations. Lack of collaboration in the workplace creates risk for the business to succeed. Delegation is needed to communicate with the employees and IT professionals to increase the firm's sales performance. Lack of collaboration between the remote workers and the entrepreneurs creates issues with the fast pace of work procedures to provide on-time services. [Ghezzi and Cavallo \(2020\)](#) state that entrepreneurs as team managers need to communicate virtually with remote workers to help the new start-up develop. Issues with the marketing strategy are typical for a newly launched business project; an entrepreneur needs to make a market analysis and study the competitors' marketing strategy to become a market leader. Cyber security issues need to be checked for securing the personal information of the employees in the workplace as security enhances the creativity of the employees of the firm, and safeguarding the personal information of the customers in the marketing process helps to earn loyalty and trust of the customer to buy from the targeted brand ([Klofsten et al., 2019](#)). This is essential for the start-up to build confidence among the employees and customers from the beginning. Business owners need to mark failures as opportunities for growth, and this phenomenon helps start-up entrepreneurs take responsibility instead of quitting the projects and makes them deal with patience and build trust among the customers.

Challenges for managing sustainability in the business sector

The appropriate focus of the entrepreneur on the sustainable way of production in the business creates a positive impact on the growth and development of the business processes. Significant initiatives of start-up entrepreneurs enhance their abilities to accept challenges and lead the start-up toward excellence with sustainability management. Evaluation of the firm's supply chain management addresses decreasing the significant impact on the company due to a lack of sustainable practices.



Source: Influenced by *de Vass et al., 2021*

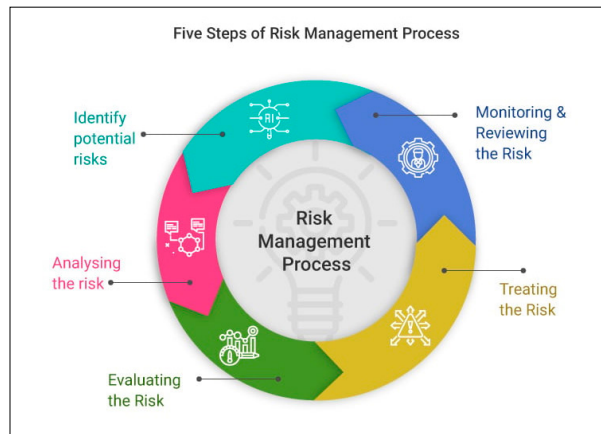
Figure 3. Challenges due to managing sustainability at a firm

Figure 3 denotes the stages that create challenges for managing sustainability at the firm regarding the environment. With consumers becoming more and more environmentally conscious, start-ups must also consider environmental dynamics, creating risks for any start-up to survive and grow. Start-ups choosing eco-friendly tools and technologies during production and marketing creates opportunities in the firm, increasing sustainability potentials. Investment processes and cycles are verified to understand the environmental risk affecting the process of sustainability (*Anwar et al., 2018*). Another aspect of start-ups is the lack of support from society or confidence in society in the success of new start-ups, which creates challenges for their sustainability. Moreover, the sustainable method in the business needs full support from the initial employees, environmental awareness, and the responsibility of the founders to provide the best input of the sustainable measures. Awareness needs to be spread in society to accept the aid of sustainable businesses with new-age innovative marketing strategies to increase customers' responses.

The factors of the economy create organizational risk for receiving a financial return. Financial analysis and the tax collection process must be varied to deal with any legal challenges toward sustainable management of start-ups. The incorrect market analysis causes problems with the company's initiatives to train its employees in new skills. Financial losses are evident when a training program that does not meet the market's needs is set up (*Zuzul & Tripsas, 2020*). The workers' reluctance to use cutting-edge tools at work causes economic difficulties. In settings where there is a lack of institutional awareness, job switching is frequent. Financial losses are visible when arranging a training program for the initial employees that do not meet the market's needs (*Zuzul & Tripsas, 2020*). The economic challenges come from the workers' fear of using innovative tools in the firm. Job switching is standard in workplaces with a need for more institutional understanding, which is more common for start-ups. Sustainability managers and entrepreneurs need to identify the market's economic, social, and environmental factors to increase the success rate of start-ups.

Part 2: Challenge mitigation strategies for the entrepreneurs

Risk mitigation strategies can tackle the challenges faced by entrepreneurs. So, in the initial stage, the entrepreneurs need to assess and identify the risks so that they can take calculated steps to mitigate them. Entrepreneurs can solve cash flow-related issues with proper budgeting and in-depth planning of the down payments and expenses for collecting the profits from marketing (Salamzadeh & Dana, 2021). In this digital era, digital aids and skilled professionals will make a difference for entrepreneurs (Henry et al., 2020). Creating timelines and motivations goes a long way in instilling employee trust and a drive for sustainable growth (Henry et al., 2020). Moreover, the entrepreneur's interaction with employees provides them with proper goals and motivation for a successful start-up business (Henry et al., 2020).



Sources: Influenced by Henry et al., 2020)

Figure 4. Risk management process

Figure 4 represents the risk management process for the start-ups to earn the required profit rate as given by Henry et al. (2020). Constant strategic reviews generate the potential for introducing risk-free solutions for the challenges with market research enhancing the possibilities of risk control for sustainable management. Market analysis helps to understand the firm's strengths, weaknesses, opportunities, and threats in a new market condition (Aguinis et al., 2020). Entrepreneurs, when heeding the suggestions of market analysts, can identify the drawbacks of the firm and act according to proper management strategy. As Hameed and Irfan (2019) commented, the workers' work-life balance needs to be assured by the managers to increase the success rate of the business sectors. Social media serves as an effective instrument for the marketing journey of start-ups cost-effectively and persuasively toward addressing the potential audience requirements (Hameed & Irfan, 2019; Hota, 2022). By selecting alternative resources from the providers, business owners preserve the product quality of new start-ups (George et al., 2021). The cost of production is reduced with this phenomenon, marinating the quality and quantity of the product.

Entrepreneurs' role in creating the risk management process

The entrepreneur needs to accept the uncertainty regarding the success rate of the new business start-ups. Patience is a virtue for all start-ups and existing entrepreneurs that enables them to embrace the risk factors yet remain optimistic in their striving for success (Ahlstrom et al., 2020). Entrepreneurs need to motivate the workers to take risks as the business's future potential has significant opportunities for the workers. As challenges help to drive innovation and achievement for start-ups, leading to increasing business growth, risk factors enable the new firms for internal assessment, growth, and creating services that add value to the broader population.



Source: Influenced by Ahlstrom et al., 2020)

Figure 5. Risk management process

Figure 5 illustrates the risk management process of a firm's performance systematically. The process is divided into five factors and revolves cyclically. Identifying the risk ensures better risk assessment and thus enhances positive outcomes of the business project (Gregurec et al., 2021). Monitoring and the self-confidence of entrepreneurs pave the way for proper implementation of innovative risk management, thus increasing the success rate of the start-up business. Rewards and incentives motivate new employees to accept innovative products and give extra attention to the firm's goals. Measuring the changes in the workplace and external market helps to invent new tools and technologies to improve the performance of the firm workers (Tsvetkov et al., 2019). New employees' fears of AI-based tools can be mitigated with on-the-job training and motivation to improve their adaptability. As opined by Tsvetkov et al. (2019), entrepreneurs search for opportunities to gain competitive advantages, and resources are managed and evaluated in the firm to control the ambition of the start-up entrepreneurs.

CONCLUSION

This article highlights the entrepreneurial devices to detect and mitigate risks in their start-up ventures. Sustainable development is the key to mitigating the challenging situation in the competitive business market. User-friendly and relevant technological aids are the base for firms in today's technologically advanced environment to increase their performance on a global platform. Personal development and skill development strategies and practices improve the decision-making properties of entrepreneurs. Creating new techniques and processes helps meet the objective of innovative business practices. Defined goals instill confidence in entrepreneurs, remove self-doubt, and drive them to achieve the success they desire in their entrepreneurial journey. The success of every business depends on resource optimization and coping with challenges through specifically designed strategies toward achieving success in an absolute sense.

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