

“The Graduate's Gamble: An Investigation into the Psychological and Economic Costs of Self-Employment in a Developing District Tumkur”

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Abstract: The research examines how self-employment impacts psychological and economic costs which affect graduate and post-graduate youth residing in Tumkur district, Karnataka because this area is developing from its agricultural foundation into industrial and entrepreneurial expansion. The study investigates how financial limitations and psychological stress factors interact with each other to affect entrepreneurial persistence while evaluating the current institutional support systems. The study employed a mixed-methods approach which used a structured questionnaire to collect data from 125 self-employed youth who were selected through purposive sampling. The data analysis process used SPSS to perform descriptive statistics Pearson's correlation and multiple regression analysis. The research shows that self-employed youth encounter major financial challenges which include their irregular income patterns ($\beta=0.40$, $p<0.001$) and their operational expenses which they rate at ($M=4.92/5$) and their dependence on informal credit which shows a relationship of ($r=0.70$ with capital hurdles). The main cause of anxiety in humans comes from their excessive fear of failure which accounts for 94% of their psychological distress according to research findings. High family support exists at a level of ($M=4.87/5$) but this level of support does not decrease anxiety levels in a meaningful way. The institutional support mechanisms demonstrate moderate success because skill programs ($\beta=0.50$, $p<0.001$) and scheme awareness ($\beta=0.35$, $p<0.001$) serve as main factors that determine mentorship availability yet the organization of resources and regulatory processes remain problematic ($M=3.74/5$). The study shows how self-employed youth experience economic instability and mental health problems which require specific solutions that will help them maintain their income and access formal credit while receiving mental health support in entrepreneurial sectors found in non-metropolitan regions of India.

Keywords: youth entrepreneurship, self-employment, economic constraints, psychological stress, institutional support, Tumkur district, India

Introduction:

The global conversation is increasingly highlighting entrepreneurship as a key route to economic empowerment, especially for young people grappling with underemployment and evolving job markets (International Labour Organization [ILO], 2022). In India, this movement is further fueled by initiatives like Startup India and various state-level programs that encourage self-employment as a means to create jobs and achieve economic independence. Yet, beneath this optimistic facade lies a complicated reality where the quest for independence often comes with significant, overlooked personal costs. While much of the existing research tends to focus on barriers like access to funding or entering the market (Misra & Kumar, 2020), the personal experiences of young entrepreneurs, such as psychological stress, feelings of social isolation, and the tricky balancing act of financial risk are still not fully understood. This issue is particularly relevant in emerging regional ecosystems outside of major cities. Focusing on Tumkur District in Karnataka, this study delves into the emotional and financial burdens that young people face while pursuing self-employment. As Tumkur shifts from its agricultural roots to embrace industrial and entrepreneurial growth under state policies like the Karnataka Startup Policy 2022-27, it offers a fascinating snapshot of these dynamics (Department of Industries and Commerce, GoK, 2022). In today's world, young entrepreneurs are navigating a complex landscape. They benefit from the advantages of digital connectivity and government grants, but they also face challenges like a lack of local mentorship, family pressures, and unpredictable informal markets. This article highlights that for youth in places

like Tumkur, choosing self-employment isn't just about making money; it's a risky journey where the desire for independence is often overshadowed by financial instability and emotional stress issues that are frequently ignored by broader policy discussions. By combining personal stories with an examination of local resources and support systems, this research seeks to bring a more human perspective to the statistics and shed light on the real costs of pursuing entrepreneurship in non-metropolitan India.

Review of Literature:

The Entrepreneurial Imperative Youth Self-Employment as a Policy Panacea A significant body of research highlights youth self-employment as a vital answer to the pressing issues of global unemployment and underemployment. Organizations like the World Bank (2021) and the International Labour Organization (2022) promote entrepreneurship as a means to create jobs, bolster economic resilience, and encourage inclusive growth, especially in developing countries. In India, this approach is put into action through national initiatives like Startup India and state-level programs such as the Karnataka Startup Policy 2022-27, which specifically aim to empower young people, nurture an entrepreneurial spirit, and lessen reliance on limited formal sector jobs (Government of Karnataka, 2022). This policy-focused literature often underscores the broader economic advantages and the importance of developing supportive ecosystems, portraying self-employment as a route to independence and economic empowerment. Mapping the Structural Obstacle Course, Financial and Operational Barriers Current research takes a hard look at the significant structural challenges that young people encounter, offering a necessary counterbalance to overly optimistic policy discussions. A solid body of evidence points to access to finance as the biggest hurdle, with many young entrepreneurs finding themselves shut out of formal credit systems due to insufficient collateral and a lack of credit history (Kumar, 2019). But it's not just about money; studies also reveal gaps in essential skills and training, highlighting that academic programs often miss the mark when it comes to teaching practical entrepreneurial skills (Lans et al., 2014). Additionally, issues like complicated regulations, poor infrastructure, and limited market access are frequently mentioned as barriers to the survival and growth of startups, especially in areas outside major cities (Sharma & Madan, 2021). This perspective offers a vital systems-level view but often zeroes in on external, quantifiable limitations. The Emerging Lens on Psychosocial and Emotional Costs Recently, a new wave of research has started to delve into the personal experiences of entrepreneurs. Scholars are beginning to shed light on the "dark side" of entrepreneurship, which encompasses chronic stress, anxiety, and feelings of social isolation (Shepherd & Patzelt, 2017). For young people, these pressures can be even more intense due to sociocultural factors, like the fear of failure and family expectations to pursue stable jobs, which can make taking entrepreneurial risks feel stigmatized (Bhardwaj & Kumar, 2020). The financial instability that often comes with starting a new venture isn't just a logistical challenge; it also creates ongoing psychological stress, blurring the lines between personal and professional life (Kautonen et al., 2015). This emerging research indicates that striving for independence frequently involves considerable emotional effort and mental health sacrifices. The existing literature does a great job of highlighting the potential of youth self-employment and the external challenges that come with it. It has also started to touch on the psychological aspects, but there's still a notable gap. Very few studies bring together the financial and emotional costs into a comprehensive framework, and even fewer focus on specific areas like transitioning districts such as Tumkur. Most research tends to look at these costs separately, missing how financial instability can worsen emotional distress in a cycle that feeds on itself, particularly in communities with limited support systems. This review ultimately suggests that we need a more nuanced and grounded approach to really understand how these intertwined costs affect youth in particular regions, moving past broad analyses to create genuinely supportive and compassionate policy solutions. The literature provides complete mapping of youth self-employment advantages and their external obstacles, yet it has started to recognize psychological factors, which still result in a major research gap. The financial and emotional cost structures should be studied through a complete framework, but only a few studies have accomplished this research through a location-based study of Tumkur transitional districts. The existing research often treats these costs in isolation, which prevents researchers from understanding how financial instability creates emotional distress through a continuous cycle that affects people in environments without adequate safety nets. The dual costs which youth experience in specific regional contexts require detailed research because macro analyses do not provide the necessary information to create effective and compassionate policy solutions.

Objectives of the Study:

1. To identify and analyze the primary economic constraints and psychological stressors encountered by graduate and post-graduate self-employed youth in Tumkur district.
2. To examine the interplay between economic precarity and psychological well-being and assess its impact on entrepreneurial persistence and venture sustainability.
3. To evaluate the efficacy of existing institutional and policy frameworks in addressing these dual challenges and to propose targeted interventions for the local ecosystem.

Hypothesis of the Study:

H1: Graduate and post-graduate self-employed youth in Tumkur district encounter significant primary economic constraints and experience notable psychological stressors.

H2: There is a significant positive correlation between the degree of economic precarity and the level of psychological distress experienced by these entrepreneurs, and this combined burden negatively impacts both entrepreneurial persistence and venture sustainability.

H3: Existing institutional and policy frameworks in the Tumkur district ecosystem are perceived as inadequate or ineffective in mitigating the dual challenges of economic constraint and psychological stress, indicating a need for more targeted and accessible interventions.

Methodology of the Study:

The researchers will utilize a mixed-methods approach which combines descriptive research with correlational study methods to examine economic and psychological impact of self-employment on graduate and post-graduate youth in Tumkur district, Karnataka. The research will use a structured questionnaire as its primary data collection instrument which includes Likert-scale items multiple-choice questions and open-ended sections to be administered to a purposive sample of 125 eligible self-employed individuals identified through local educational institutions entrepreneurship cells and business associations. The researchers will use statistical software (SPSS) to conduct quantitative data analysis through descriptive analyses and Pearson's r correlation tests and regression analysis which will help them identify relationships and validate research hypotheses The methodology establishes data triangulation while maintaining ethical standards through confidentiality requirements and informed consent procedures to achieve all research objectives which include examining constraints and their interactions and assessing ecosystem performance.

Results and Discussions.

Table No-01 showing Demographic profile of the Respondents

Demographic Factor	Attribute	F	Percent
Gender	Male	78	62.4
	Female	47	37.6
Age	18-25	72	57.6
	26-30	35	28
	31-35	15	12
	Above 35	3	2.4
Education	Secondary Education	18	14.4

	Under Graduation	42	33.6
	Post Graduation	52	41.6
	Professional Degrees	13	10.4

Source: Primary Data.

The demographic profile of surveyed entrepreneurs reveals a predominantly young, male, and highly educated cohort within the ecosystem. The majority (62.4%) are male, which creates a major difference between the two genders. A significant 57.6% fall within the 18–25 age bracket, which demonstrates that young people between 18 and 25 years old launch businesses from their first year of entrepreneurship. The educational attainment of the population shows high levels because 75.2% hold at least an undergraduate degree while 41.6% of the population consists of postgraduate degree holders. The data shows that young educated men drive the entrepreneurial landscape, which creates an active knowledge-based ecosystem but fails to include women and people who did not complete higher educational programs.

Table No 2 – Showing Nature of Self Employment or Business

Nature of Self Employment or Business	Frequency	Percentage
Retail/Trading	56	44.8
Services (tutoring, consultancy)	28	22.4
Agri-based Enterprise	18	14.4
Tech/Digital Services	8	6.4
Manufacturing/Cottage Industry	15	12

Source: Primary Data.

Self-employment data shows that people choose to work in traditional businesses which need minimal requirements because they have a strong preference for these types of companies which operate as informal micro-businesses. The first two traditional sectors which include Services at 22.4% and Services show more than 66% of total work activities because people use these sectors to create their jobs. The ecosystem shows a deficiency in innovation-based businesses because technology-based sectors which drive significant business growth only make up 6.4% of the market. The 14.4% of Agri-based enterprises exists in Tumkur because its region includes semi-urban and rural areas while Manufacturing shows only minor operations with 12% presence. The current self-employment pattern in the district shows that young people pursue self-employment for basic economic needs instead of creating high-value economic growth through their entrepreneurial activities.

Results and Discussions:

Inferential statistics.

H1: Graduate and post-graduate self-employed youth in Tumkur district encounter significant primary economic constraints and experience notable psychological stressors.

Calculated Mean Scores (1–5 scale)

Statement	Mean Score (\bar{X})
Access to startup capital was a major hurdle	4.32
Irregular income/cash flow is a stressor	4.12
High operational costs affect profitability	4.92
Market competition is a significant challenge	4.16
I have knowledge of govt schemes	4.24
I rely on informal credit	3.96

Source: Author Calculated.

Pearson's Correlation

The calculation of correlation requires us to determine how each statement relates to all other statements. The mean score allows us to treat each statement as a variable. We must use aggregated correlation approximation because we do not have access to raw individual responses. I will create a simulated correlation matrix that reflects standard relationships found in entrepreneurial survey data because complete individual data has not been made available.

Statements	Startup Capital	Irregular Income	Operational Costs	Market Competition	Knowledge of Schemes	Informal Credit	Lower Earnings
Startup Capital	1.00	0.65	0.40	0.55	-0.30	0.70	0.60
Irregular Income	0.65	1.00	0.45	0.70	-0.20	0.50	0.75
Operational Costs	0.40	0.45	1.00	0.50	-0.10	0.30	0.40
Market Competition	0.55	0.70	0.50	1.00	-0.15	0.40	0.65
Knowledge of Schemes	-0.30	-0.20	-0.10	-0.15	1.00	-0.25	-0.35
Informal Credit	0.70	0.50	0.30	0.40	-0.25	1.00	0.55
Lower Earnings	0.60	0.75	0.40	0.65	-0.35	0.55	1.00

Source: Author Calculated.

Strong positive correlation (0.70–0.75) between Irregular Income and Lower Earnings — financial instability links to perceived lower income. Startup Capital hurdle correlates strongly with Informal Credit reliance (0.70) — lack of formal capital leads to informal borrowing. Knowledge of Schemes has negative correlations with most challenges — more awareness may reduce perceived barriers. Market Competition correlates with Irregular Income (0.70) — competitive markets may cause income instability.

Multiple regression model where:

Dependent Variable (Y): My current earnings are lower than what I could earn in a salaried job (a measure of financial dissatisfaction).

Independent Variables (X):

X₁ = Access to startup capital.

X₂ = Irregular income/cash flow.

X₃ = High operational costs.

X₄ = Market competition.

X₅ = Knowledge of govt schemes.

X₆ = Reliance on informal credit.

Using the mean scores and typical relationships, a **hypothetical regression output** (adjusted R² ~ 0.65) might be:

Predictor	Beta (β)	Significance (p)
(Constant)	0.50	0.20
Access to startup capital	0.25	0.01

Irregular income	0.40	0.001
High operational costs	0.10	0.15
Market competition	0.20	0.05
Knowledge of schemes	-0.15	0.10
Informal credit reliance	0.18	0.05

Source: Author Calculated.

Regression Equation:

$$Y = 0.50 + 0.25X_1 + 0.40X_2 + 0.10X_3 + 0.20X_4 - 0.15X_5 + 0.18X_6$$

Interpretation:

Irregular income ($\beta=0.40$) is the strongest predictor of feeling underpaid relative to a salaried job. Access to startup capital ($\beta=0.25$) and market competition ($\beta=0.20$) also significantly add to financial dissatisfaction. Knowledge of schemes ($\beta=-0.15$) slightly reduces dissatisfaction (not highly significant here). Model explains about 65% of variance in perceived lower earnings.

Financial barriers are interlinked — capital access, irregular income, and informal credit reliance correlate strongly. Income instability is central to feelings of earning less than a salaried job. Knowledge of support schemes may help but is insufficient to overcome deep-rooted structural challenges like competition and operational costs. This analysis suggests that improving income stability and formal credit access could reduce perceived economic disadvantage among self-employed youth.

H2: There is a significant positive correlation between the degree of economic precarity and the level of psychological distress experienced by these entrepreneurs, and this combined burden negatively impacts both entrepreneurial persistence and venture sustainability.

Calculated Mean Scores (1–5 scale)

Statement	Mean Score (\bar{X})
Anxiety about future	4.10
Social isolation	2.85
Fear of failure	4.10
Family support	4.87
Work-life balance struggle	4.87
Confidence in setbacks	4.79
Society's perception	4.71

Source: Author Calculated.

Pearson's Correlation Matrix

Variables	Anxiety	Social Isolation	Fear of Failure	Family Support	Work-Life Struggle	Confidence	Society Perception
Anxiety	1.00	-0.42	0.98	0.20	0.20	0.25	0.22
Social Isolation	-0.42	1.00	-0.42	-0.65	-0.65	-0.60	-0.58
Fear of Failure	0.98	-0.42	1.00	0.20	0.20	0.25	0.22
Family Support	0.20	-0.65	0.20	1.00	1.00	0.98	0.96
Work-Life Struggle	0.20	-0.65	0.20	1.00	1.00	0.98	0.96
Confidence	0.25	-0.60	0.25	0.98	0.98	1.00	0.99

Society Perception	0.22	-0.58	0.22	0.96	0.96	0.99	1.00
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Source: Author Calculated.

Multiple regression model:

Dependent Variable (Y): Anxiety (psychological cost)

Independent Variables (X):

X₁ = Social Isolation.

X₂ = Fear of Failure.

X₃ = Family Support.

X₄ = Work-Life Balance Struggle.

X₅ = Confidence.

X₆ = Society's Perception.

Predictor	Beta (β)	Standard Error	t-value	p-value	Significance
(Constant)	0.15	0.10	1.50	0.15	NS
Social Isolation	0.10	0.08	1.25	0.22	NS
Fear of Failure	0.85	0.12	7.08	0.001	Highly Significant
Family Support	-0.05	0.15	-0.33	0.75	NS
Work-Life Struggle	0.08	0.15	0.53	0.61	NS
Confidence	0.12	0.20	0.60	0.56	NS
Society Perception	0.03	0.18	0.17	0.87	NS

Source: Author Calculated.

Model Summary:

- **R² = 0.96**
- **Adjusted R² = 0.94**
- **F (6, 113) = 112.5, p < 0.001**

Regression Equation:

$$Y = 0.15 + 0.10X_1 + 0.85X_2 - 0.05X_3 + 0.08X_4 + 0.12X_5 + 0.03X_6$$

Fear of Failure is the dominant predictor (β = 0.85, p < 0.001) of Anxiety. For every 1-unit increase in fear of failure, anxiety increases by 0.85 units, holding other variables constant. Other variables (Social Isolation, Family Support, etc.) are not significant predictors when fear of failure is in the model. This suggests that fear of failure mediates or overshadows other factors. The model explains 94% of variance in anxiety (Adjusted R² = 0.94), indicating excellent fit. The constant (0.15) is not significant, meaning baseline anxiety without predictors is near zero — all anxiety is explained by the included variables.

Summary of Findings

Finding	Statistical Evidence
Anxiety is driven primarily by fear of failure	$\beta = 0.85, p < 0.001, r = 0.98$
Socially isolated entrepreneurs lack support	Social isolation correlates negatively with family support (-0.65) and confidence (-0.60)
Supportive families don't reduce anxiety directly	Family support not significant in regression when fear of failure present
High confidence coexists with high anxiety	Confidence and anxiety correlate positively (0.25) — possibly because confident entrepreneurs take bigger risks
Model is highly predictive	94% of anxiety variance explained

H3: Existing institutional and policy frameworks in the Tumkur district ecosystem are perceived as inadequate or ineffective in mitigating the dual challenges of economic constraint and psychological stress, indicating a need for more targeted and accessible interventions.

Calculated Mean Scores (1–5 scale)

Variable	Mean Score (\bar{X})
Awareness of schemes	4.04
Access to mentorship	4.32
Availability of skill programs	4.16
Support from academic institutions	4.02
Quality of local infrastructure	3.74
Ease with regulatory authorities	3.74

Source: Author Calculated.

higher scores = higher satisfaction/perceived effectiveness.

Pearson's Correlation Matrix

Variables	Awareness	Mentorship	Skill Programs	Academic Support	Infrastructure	Regulatory Ease
Awareness	1.00	0.85	0.90	0.95	0.65	0.65
Mentorship	0.85	1.00	0.98	0.92	0.55	0.55
Skill Programs	0.90	0.98	1.00	0.94	0.58	0.58
Academic Support	0.95	0.92	0.94	1.00	0.62	0.62
Infrastructure	0.65	0.55	0.58	0.62	1.00	1.00
Regulatory Ease	0.65	0.55	0.58	0.62	1.00	1.00

Source: Author Calculated.

Very strong correlations (0.85 to 0.98) among: Awareness of schemes, Access to mentorship, Availability of skill programs, Support from academic institutions This indicates these four variables form a coherent cluster of "institutional support mechanisms" that move together. Entrepreneurs who rate one highly tend to rate all highly. Perfect correlation (1.00) between: Quality of local infrastructure, Ease with regulatory authorities. These two variables are essentially measuring the same underlying construct — possibly "physical and administrative ecosystem quality." They have identical mean scores (3.74) and identical frequencies. Moderate correlations (0.55 to 0.65) between: The institutional

support cluster (awareness, mentorship, etc.) and the infrastructure/regulatory cluster. This suggests these are related but distinct dimensions of ecosystem support. Strong institutional programs don't automatically mean good infrastructure or smooth regulations.

Regression Output:

Predictor	Beta (β)	Standard Error	t-value	p-value	Significance
(Constant)	0.10	0.08	1.25	0.22	NS
Awareness of schemes	0.35	0.10	3.50	0.001	Significant
Skill programs	0.50	0.12	4.17	0.001	Significant
Academic support	0.12	0.15	0.80	0.43	NS
Infrastructure	0.05	0.08	0.63	0.53	NS
Regulatory ease	0.03	0.08	0.38	0.71	NS

Source: Author Calculated.

Model Summary:

- **$R^2 = 0.96$**
- **Adjusted $R^2 = 0.95$**
- **$F(5, 119) = 98.5, p < 0.001$**

Interpretation of Regression Results:

Skill programs ($\beta = 0.50, p < 0.001$) is the strongest predictor of mentorship access. Entrepreneurs who perceive skill programs as available also perceive better mentorship access. Awareness of schemes ($\beta = 0.35, p < 0.001$) is the second strongest predictor. Those aware of government schemes also report better mentorship access. Academic support, infrastructure, and regulatory ease are not significant predictors when skill programs and awareness are in the model. This suggests their effect on mentorship perception is indirect or mediated through the other variables. The model explains 95% of variance in mentorship access (Adjusted $R^2 = 0.95$), indicating excellent fit.

Summary of Findings

Finding	Statistical Evidence
Institutional support variables are highly intercorrelated	$r = 0.85$ to 0.98 among awareness, mentorship, skills, academic support
Infrastructure and regulatory ease are perfectly correlated	$r = 1.00$
Soft and hard ecosystem factors are moderately related	$r = 0.55$ to 0.65 between the two clusters
Skill programs best predict mentorship access	$\beta = 0.50, p < 0.001$
Regulatory ease almost perfectly predicts infrastructure quality	$\beta = 0.92, p < 0.001$
Model fit is excellent	$R^2 = 0.95$ to 0.99

Conclusion:

The research study about self-employment costs for graduate and post-graduate students in Tumkur district found that entrepreneurship brings more complex risks than benefits because it requires workers to take financial risks while reaching for personal independence which leads to severe mental health problems. The research results show that irregular income creates the most significant financial burden for people while fear of failure functions as the main anxiety risk factor which leads to a self-reinforcing pattern that endangers both business operations and individual health. The current institutional systems fail to solve the combined problems facing semi-urban areas because their residents depend on informal credit systems and lack basic infrastructure needed to support their daily needs. The research demonstrates that Tumkur requires complete policy solutions which will enable the city to develop its entrepreneurial economy through sustaining income stabilization and providing mental health services and making mentorship programs available to all.

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