IMPACT OF STARTUP ECOSYSTEM ON THE STARTUPRENEURS
(With Special Reference to Tirunelveli)

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ABSTRACT
The growing younger generation needs gainful employment and their talents can be best extracted through the setting up of new ventures. Unlike the previous generations, the modern younger generations have digital knowledge and have a higher awareness level towards entrepreneurship as a career. They are aware of changes taking place in the business environment. Keeping the younger generation idle would be detrimental to economic growth. Retaining the younger generation and creating suitable alternatives becomes the modern strategy to tackle the issue of unemployment.
KEY WORDS: *New venture, Entreprenuership, Startup ecosystem, Startupreneurs and Startups.*

INTRODUCTION

'Startup' is usually an entrepreneurial venture, formed as a small business, is in the first stage of its operation, financed initially by their founders, which is designed to develop, grow fast and scale up to higher with its business model which focuses on an innovative product, service, process, platform or solutions to address various business and economic problems pertaining to the target market, in which the founders strongly believe in. The Indian startup ecosystem has emerged quite recently. The situation post liberalization of the Indian economy in 1995-1996, India saw more youngsters moving to the US and Europe as IT professionals and this had made India gain a lot of experience and knowledge. Since the millennium there has been a conscious attempt to start new ventures. Though the startup ecosystem in India is still not reached the maturity stage, it has contributed to the Indian economy in multiple ways and there is every need to study the patterns of the growing startup ecosystem and its various interrelated and interactive components. The recent pandemic COVID-19 has disturbed some entrepreneurs but not entrepreneurship.

Startups with innovative technological solutions are addressing pressing problems such as healthcare, education, poverty, employment in developing countries like India which is making the lifestyles of its people simple and enhances the way of living. Most of the active startup ecosystems are concentrated in Silicon Valley, New York City, London, Singapore, Bengaluru, Tirunelveli, Moscow, Paris, Chicago, and Berlin. The increase in the number of startups has contributed to job opportunities and economic growth across countries. The growing trend of startups is triggered by various factors, such as the increased willingness of investors to invest in high growth startups, the willingness of consumers to buy products from startups, and the strategies of using multiple channels to sell, which are cost-effective and preferred by customers.

NEED FOR THE STUDY

The increasing population, growing internet usage, mobile penetration, and growing economy are more favorable to the startup entrepreneurs to start a venture in India. The mobile market and exponentially growing online retailing have set the stage for India to be one of the biggest startup destinations and therefore the startup entrepreneurs should avail the advantages of the same for better growth. The government of India's digital push has improved the connectivity and the cheap data is helping everyone and startups will have an easier line to tap into markets, territories, and even traditional businesses. The tax rebates, easy formation, and exit and highly cooperative ecosystem are highly congenial and one has to avail the same for the betterment of society. The amazing featured startup ecosystem with facilities such as the availability of seed capital, technology and ease of doing business has enhanced business opportunities for startup entrepreneurs, hence there is a need for startup entrepreneurs to avail these facilities. The present study concentrated on researching the problems, challenges and the opportunities available for the startups with reference to Tirunelveli.

STATEMENT OF THE PROBLEM

The success and failure of any business in general and startups in particular largely depend on coping with challenges that emerged like the commercialization of novel technique or technology prepositions into viable revenue-generating products or services. Besides this financing, the startups were also troublesome to the investors due to a lack of adequate return for a longer period of time with the aggregated risk involved in it. Further, positioning of the product or service is also another threat to the entrepreneur since it does not give any guarantee to have sustainable demand from the consumers. The technology-based startup companies are registering in higher numbers than non-high tech companies because of their growing importance in the new knowledge economy.

The young graduates from various universities are entering into the startup business without understanding the ecosystem. Since the rate of generation and innovation in knowledge has become very fast, the rate of obsolescence of technology has also become fast and consequently, the rate of mortality of startup companies has also gone up. The quick disruptions with big shifts in consumer behavior on the one hand and the young entrepreneurs with lack of knowledge, entrepreneurial skill set, predicting quick results without a proper practical plan, and imagination on the other hand have reduced the life cycle of a company to two or three years. Many entrepreneurs who initiate business will never reach its establishment and some close within one year of its establishment and among them, a small percentage of 10 startups sustain and become successful. The commercialization of the novel technology of startup entrepreneurs is not easy but can be attained with difficulty. Hence the researcher made an attempt to study the numerous challenges confronted by startups in Bengaluru and their role in the startup ecosystem.

OBJECTIVES OF THE STUDY
❖ To explore the impact of the startup ecosystem on the entrepreneurs in Tirunelveli

FRAMED HYPOTHESIS
❖ There is no impact of the startup ecosystem on the startup entrepreneurs.

SCOPE OF THE STUDY
The research on startups was primarily done to understand the factors that led the startup entrepreneurs in Tirunelveli to start their businesses. Further, the study was restricted to the dimension of startups entrepreneurs, their problems, awareness of startup policies, challenges encountered and the opportunities available to them, it was also limited to an empirical analysis of samples selected through a well-drafted questionnaire. The study was confined to startups from Tirunelveli regions. The incubators, accelerators and other stakeholders were contacted to know about the startup ecosystem and its functioning and through snowball reference; the startup entrepreneurs were contacted to analyze the area of startups, problems, and prospects and challenges the startup entrepreneur's encounter and their awareness about the government policies. The study was limited to understanding the perspective of startups in their journey with reference to the Tirunelveli startup ecosystem only.

LIMITATIONS OF THE STUDY
❖ The study was primarily focused on the perspective of startup entrepreneurs with regard to the Tirunelveli startup ecosystem only
❖ The sample taken was not quite large due to the nature of the study. Meeting entrepreneurs was a little difficult.
❖ The data collected from respondents were assumed to be unbiased.

❖ The model of the dimension of the startup ecosystem is designed by the researcher on the basis of conceptual study and it is not tested for the purpose of the study.

REVIEW OF LITERATURE
Brown.R & Rocha.A (2020) in their research illustrated how the covid-19 crisis affected the sources of finance for startups and small and medium-sized enterprises in the United Kingdom. The research showed that equity investments had reduced drastically and resulted in a fall in seed investment in early stage startups.

Chokhani.R (2021) revealed that skilled talent was hesitant to join startups as they had witnessed mass firing and downsizing. In addition to this challenge, raising the capital was the biggest challenge for startups for a very long time. The researcher further stated that in startups employment is uncertain due to companies reaching scale and then downsizing for better efficiencies

Devi.P (2022) in her study discussed the effect of corona virus on various sectors in India, such as MSME, employment and supply chain and others. The researcher suggested the need for change in the business environment and the revival support from the Government which can play a vital role in reviving the economy.

Research Gap: The researcher felt the need for conducting very specific research pertaining to Tirunelveli, one of the most important startup hubs in Asia where a lot of experiments are taking place in the startup scenario. Hence the present study on "Startups in India-Challenges and Prospects of selected units in Tirunelveli" becomes relevant.

RESEARCH METHODOLOGY
Research instrument: A structured questionnaire was developed to collect the required information from the respondents.
Sample of the study: To understand the challenges and prospects of startups, the sample of selected startup companies from various startup verticals in Tirunelveli was studied. A sample size of 200 startup companies was covered under the study where the appropriate weightage was given based on the geographical area.

Sampling Technique: The Snowball sampling technique was performed to collect valid data from startup entrepreneurs.
Sources of data: The present research considered both primary and secondary data. The primary data was collected through questionnaires Secondary data was compiled from websites, e-journals, research articles and books.

Statistical tools: The data that was collected from different sources were computed, classified, tabulated, analyzed and interpreted. Frequency and percentages were worked out for all socio-economic demographic variables of the respondents. Quantitative techniques like Chi-square and ANOVA were used to analyze and interpret the data to measure the variation and good fit of data.

Sample Frame

Sl.no	Location of start-ups	No.of respondents
1.	Palayamkottai	40
2.	Sankarankoi	40
3.	Ambasamudram	40
4.	Cheranmahadevi	26
5.	Kalakadu	34
6.	Valliyur	20
	Total	**200**

Source: Secondary Data (https://platform.fynd.com/)

ANALYSIS AND INTERPRETATION OF DATA
Profile of Respondents

Table 1
Distribution on profile of respondents

Particulars	Majority	No.of respondents	Percentage
Age	25-30 years	68	34
Academic background	Commerce & finance	40	20
	Marketing	40	20
Occupation background	Business owner	90	45
Characteristic profile	Sole entrepreneur	70	35
Attribute & key strength	Leadership skill	40	20
Period of start-up	1-3 years	68	34
Classification of start-up	Private Ltd Co	75	38
	Liability partnership	75	38

Source: Primary Data

Table 2
Distribution on Classification of sectors

Type of sector	No of respondents	Percentage
Agriculture	22	11
Manufacturing	16	8
Transport & logistics	16	8
Insurance	5	3
Healthcare	13	7
Finance	19	10
E-commerce	15	8
Telecommunication	11	6
Education	21	10
Media & Entertainment	6	3
Sports & Recreation	10	5
Hospitality	5	3
Travel & Tourism	16	8
Mobile Service	13	7
Electronic	8	4
Social Commerce	4	2
Total	**200**	**100**

Source: Primary Data

IMPACT OF STARTUP ECOSYSTEM ON THE STARTUPRENEURS

Table 3
Distribution on impact of startup ecosystem on the Startupreneurs

Particulars	Agree	Neutral	Disagree
Economic impact			
Facilitates in raising of finance/capital	154	39	07
Facilitates in talent acquisition	163	32	05
Creates competitive advantage	112	33	55
Facilitates in regional innovation	126	39	35
Facilitates networking	177	14	09
Facilitates with incubation and acceleration	134	39	27
Provides required resources	126	46	28
Technological impact			
Impacts regional innovation mechanism	172	26	02
Efficient transformation of ideas and innovations	126	73	01
Influences the competitive positioning of a region	173	23	04
Encourages entrepreneurial behaviour	168	29	03
Assists in research activities	184	10	06
Social impact			
Networks are organized to enable efficient knowledge flows and value creation	53	112	35
Creates emphasis on locallabour force and production leading to spill over and non-market Interaction	182	16	02
Social benefit can spill over into delivery of new products and services that benefits the society	179	19	02
Collective value creation and public social impacts	136	28	36
Overall improvisation of society	180	18	02

Source: Computed Data

ANOVA

Table 4
Distribution on ANOVA – Economic Impact

Source of variation	Ss	Df	m-s	F-ratio	5% F-limit (from the F-table)
Between Sample	59550.10	(3-1)=2	59550.10/2 = 29775	29775/327.14= 91.02	(2,18) =3.68
Within Sample	5888.57	(21-3)=18	5888.57/18=327.14		
Total	**65438.67**	**(18-1)=17**			

Source: Computed Data

Table 5
Distribution on ANOVA – Technological Impact

Source of variation	ss	df	m-s	F-ratio	5% F-limit (from the F-table)
Between sample	74034.53	(3-1)=2	74034.53/2 = 37017.27	37017.27/359.07 =103.09	(2,12) =3.88
Within sample	4308.80	(15-3)=12	4308.80/12 =359.07		
Total	**78343.33**	**(15-1)=14**			

Source: Computed Data

Table 6
Distribution on ANOVA – Social Impact

Source of variation	Ss	Df	m-s	F-ratio	5% F-limit (from the F-table)
Between sample	48548.93	(3-1)=2	48548/2 = 24274.47	24274.47/1704.70 =14.24	(2,12) =3.88
Within sample	20456.40	(15-3)=12	20456.40/12 =1704.70		
Total	**69005.33**	**(15-1)=14**			

Source: Computed Data
Hypothesis Result

Economic Impact		
H_0	There exist no economic impact of startup ecosystem on the startup entrepreneurs	Reject
H_1	There exist economic impact of startup ecosystem on the startup Entrepreneurs	Accept
Technological Impact		
H0	There exist no technological impact of startup ecosystem on the startup entrepreneurs	Reject
H1	There exist technological impact of startup ecosystem on the startup entrepreneurs	Accept
Social Impact		
H0	There exist no social impact of startup ecosystem on the startup entrepreneurs	Reject
H1	There exist social impact of startup ecosystem on the startup entrepreneurs	Accept

FINDINGS OF THE STUDY

Economic impact: revealed data on the economic impact of startups eco system on the startup enterprises. The impacts vary from anticipated increase in facilitating capital to providing required resources. Variation analysis reveals that 88.5% (177) found that ecosystem has facilitated startups to network, 81.5% (163) opinioned that ecosystem has facilitated in acquiring the required talent. 77% (154) respondents received the required finance for their business. 67% (134) respondents got the incubation or acceleration facilities from the ecosystem. 63% (126) each opinioned that the Bengaluru startup ecosystem has facilitated regional innovation and provided required resources to start and run the business smoothly. Most of the startup entrepreneurs have agreed about the economic benefits that they received from the ecosystem, in the form of getting required capital, talent, networking, incubation and acceleration and other resources. The ecosystem also facilitated in creating a regional innovation and created a competitive atmosphere to come up with new innovative products and services to meet the regional needs. ANOVA statistical tool failed to accept H_0 and accepts H_1 and therefore it was concluded here that there exist significant economic impact of startup ecosystem on the startup entrepreneurs.

Technological Impact: regarding the technological impact of startups ecosystem on the startups. These impacts vary from impacts of regional innovation mechanism to effectively assisting in research activities. Table revealed that 92% (184) startups opinioned that technology has assisted them in conducting the research about its customers, target market and the competitors. 86.5% (173) startups have agreed that the ecosystem has created competitive position in the region. 86% (172) startups have expressed that the technology has impacted the regional innovation mechanism and 84% (168) agreed that the environment has encouraged entrepreneurial behaviour. While 63% (126) startups agreed that there is efficient transformation of ideas and innovations due to impact of technology in the ecosystem. ANOVA test fails to accept H_0 and accepts H_1 and hence it was concluded here that there exist significant impact of technology on startups.

Social Impact: revealed information about social impact of startup eco system on startup enterprises. These social impacts vary from networks being organized to enable efficient

knowledge flows and value creation to overall improvisation of society. Variation analysis revealed that 91% (179) startups agreed that the ecosystem has created emphasis on local labour work force and production leading to spill over and even non market interactions. 89.5% (179) startups have expressed that the social benefit derived from startup ecosystem can create spill over into delivery of new products and services that can intern benefit the society. 68% (136) startups have agreed that the ecosystem have createdvalue and has impacted public. The need for strengthening the organized networks was felt by the majority of the entrepreneurs, so that they can get the information which can add value its business and inturn to the society. ANOVA test failed to accept H_0 and accepts H_1 and hence it was stated that there exists social impact of startup ecosystem on the startup entrepreneurs.

SUGGESTIONS OF THE STUDY

➢ With the increase in number of research centres and rapid technological changes Bengaluru is ahead of other ecosystems in India. But there is need for the government, both central and state to simplify the process and set up high class research labs and technological facilities that can be easily accessible to every startup entrepreneur.

➢ The collaboration between startups and the big corporate not only provides an opportunity to foster innovation but also get lot of support in the form of finance from global investors, networking facilities worldwide and other infrastructural support.

➢ Since there is shift in the change in culture and mindset of young people, they feel it very cool to join the startups at their initial stages of career, but later they move towards big companies for better prospects. Most of the startups recruit early leading to absorption of resources at the early stage itself and high burn out rate. The startups should start hiring the employees only when it is needed and create better rewarding system for their employees and drive the point that startups are a ground for creating entrepreneurial skillset which even when the employees move towards matured companies is required, thereby ensuring that they are motivated to stay in the business and learn for a longer duration of startup's lifecycle.

➢ Though there is lot of technology support available to startups, they need to be smart by hiring an internal resource to validate the technology so they do not overpay outsourcing services and make costly mistakes by sourcing a wrong technology partners.

➢ There is need to have a strong network between various stakeholders. The interaction between successful or failed startups with various educational institutions provides the relevant knowledge and inputs for the young budding entrepreneurs. The educational institutions also need to bring in the relevant curriculum on startup entrepreneurship in consultation with various key stakeholders of the ecosystem.

➢ It is found that majority of startups fail as they suffer from adequate skills required to manage the business. There could be inter discipline interactions such as a tech student interacting with management student, leading to understanding and learning from each other that can strengthen the business with complementary skills.

➢ There is increasing trend of B2B startups in Tirunelveli. Unlike B2C, the B2B startups face lot of challenges with regard to creating a brand. If the B2B startups have to sustain, they need to work on understating their niche target market and generate the leads at the earliest and ensure that the sale cycle doesn't take much of their time.

CONCLUSION

The research on **IMPACT OF STARTUP ECOSYSTEM ON THE STARTUPRENEURS (With special reference to Tirunelveli)** was conducted with an objective of examining startups and startup entrepreneurs and to understand the various challenges encountered to establish and pool the required resources such as finance, marketing, human resource, establishment and other related challenges. The awareness level of various government policies and initiatives by the startups were studied. The impact of startup ecosystem on the startupreneurs and the role played by startups were analyzed. The impact of recent pandemic covid-19 crisis on startups was also studied.

The Tirunelveli startup ecosystem with its various stake holders has created a favorable environment for startups. The young startupreneurs have knowledge about the entrepreneurship and they desire to be independent. There is a positive change in the behavior and acceptance of entrepreneurship as a career. The ecosystem has seen the increasing trend of e-commerce B2C startups and since 2017 the B2B segment has also started gaining the attraction.

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