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An Empirical Study on Why People in Haryana Are Preferring Startup in Todays Era and The Challenges Faced

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Abstract: ***The term "startup" is the most buzzed word in the 21st century. It significantly affects the nation's economy. A startup is a young business founded by one or more entrepreneurs to produce distinctive and one-of-a-kind goods or services. It seeks to promote innovation and accelerate the development or standard of living of the society. Entrepreneurship, self-employment, and enterprise development can help to tackle the crisis of unemployment and slow economic growth. However, those that choose one of these three options need to overcome a number of obstacles, and such start-up businesses have a high failure rate. Lack of funding, price increases, and drawbacks from small scale economies are what led to the failure. The startup entrepreneurs were called in order to investigate the startup environment, problems, possibilities, and challenges they confront as well as their familiarity with governmental rules. The focus of the study was on how businesses see their journeys with particular reference to the startup scene in Haryana.***
Keywords: Startup, Entrepreneurship, Economy, Enterprise Development

I. INTRODUCTION

The term "startup" is the most buzzed word in the 21st century. It significantly affects the nation's economy. A startup is a young business founded by one or more entrepreneurs to produce distinctive and one-of-a-kind goods or services. It seeks to promote innovation and accelerate the development or standard of living of the society. Innovative thinkers launch their enterprises with the least amount of resources. On January 16 of the year 2016, India's Honorable PM Shri Narendra Modi passionately unveiled "Startup India." A programme that aims to inspire entrepreneurs to launch new businesses and support those that already exist. This scheme finally came in existence in the year 2016 in the month of January. The Department of Industrial Planning and Promotion is in charge of this scheme's implementation.

India is currently having trouble finding employment because of the country's expanding population. According to information from the Centre for Monitoring Indian Economy (CMIE), the unemployment rate in India increased to 8.30% in December 2022, the highest level in 16 months. In the month of November, it was 8%.Entrepreneurship, self-employment, and enterprise development can help to tackle the crisis of unemployment and slow economic growth. However, those that choose one of these three options need to overcome a number of obstacles, and such start-up businesses have a high failure rate. Lack of funding, price increases, and drawbacks from small scale economies are what led to the failure.

The Narendra Modi administration has a thorough understanding of this problem and is treating it seriously. A programme named "Start-up India" has been made available nationwide by the Indian government in an effort to boost the nation's economy and create jobs. With the help of this plan, the government can create jobs while encouraging entrepreneurship, fresh ideas, and innovation.

II. REVIEW OF LITERATURE

This study, which was carried out in Italy between the years of 1985 and 1988, found that a variety of factors, including wages, worker shortages, other aspects of the labour market, profits, and existing economic networks, had an impact on the creation of new businesses (Audretsch, D. B., & Vivarelli, M, 1996). Examined the challenges faced by startups and the challenging formation procedures they go through. The researcher thought that a complete understanding of the process was required. The expert claims that the majority of startups fail in their first year. The study also considered the difficulties that startup business owners in various industries encountered (Evers, N, 2003).

Three years of research on 517 entrepreneurs showed that 195 businesses were exhibiting signs of success while 115 new businesses were failing.

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According to the study, a startup's perception of market risk determines whether it succeeds or fails (Gelderen, M. V., Thurik, R., & Bosma, N, 2005). Researchers examined the effects of vertical and shared leadership on the growth and financial performance of companies. The researchers found that while both strategies significantly impacted the organisations' performance, shared leadership made a greater percentage of the growth (Ensley, M. D., et al., 2006).

According to (Sharpe, S., et al., 2009), one of the factors influencing the surge in money provided by angel investors was government support in the form of tax breaks on their donations. According to (Santhi, N., & Kumar, S. R (2011) the qualities an entrepreneur should possess as well as various business prospects available to Indians as well as the issues they had with their families, societies, technologies, budgets, and policies. Additionally, the role that entrepreneurs play in fostering innovation, job creation, and economic growth was underlined.

According to (Dash, M., & Kaur, K (2012) the majority of entrepreneurs in the state of Odisha started their own businesses out of a desire to be independent and a preference for using their own money instead of seeking outside financing. Additionally, it was discovered that financial risk had a significant impact and is seen as a key deterrent for young entrepreneurs in starting a business. They looked into the viewpoints of 153 undergraduate Malaysian students on the motivations behind entrepreneurship and its difficulties. According to the poll, young people choose startups since they are driven by change management and obtain external benefits. The youngsters' capacity to launch new businesses was greatly impacted by their gender and birth order when it came to the difficulties (Ooi, Y. K., & Ahmed, S, 2012).

(Sharma, Y, 2013) discovered that Indian women business owners face a range of challenges, such as societal barriers, legal difficulties, a lack of education, a lack of family support, etc. The many push and pull factors that have an impact on entrepreneurship have been discussed by the researcher. (Gulati Kapil & Sharma Suniel, 2013) open society, high standard of living, access to cash, functional financial system, young population, ease of letting foreign competitors into India, unique market structure with customers' requirements, and their purchasing power, India can develop into an entrepreneurial nation. The good institutional infrastructure and dedication to entrepreneurship, science, and technical training are the main indicators of innovation. Entrepreneurship and its development in India, particularly Entrepreneurship & Marketing, Entrepreneurship with Small Ventures, and Difficulties Facing Women Entrepreneurs, were the main objectives of this study. The main causes of difficulty include societal values, a lack of resources, subpar facilities, and a lack of support from the government. In India, there should be more seed finance and venture capital businesses.

(Chokhani, R, 2020) showed that because startups had gone through a lot of layoffs and downsizing, skilled people were hesitant to join them. Along with this challenge, raising money was for a very long time the main issue that businesses faced. According to the study, employment at startups is ambiguous because companies expand to a certain size before contracting for increased efficiency.

III. RESEARCH METHODOLOGY

The current study is cross-sectional, and a quantitative method was employed to analyse the data. Responses are gathered using a survey approach and a specially created questionnaire. 200 people made up the study's actual sample size. Random sampling technique is used to collect data from entrepreneurs in Haryana, Potential Entrepreneurs who are planning to pursue entrepreneurship, including job holders as well as students belonging from Haryana, friends and family practicing entrepreneurship and residing in Haryana.

This research analysis's objective is to interpret and derive a conclusion from the information gathered. Data analysis employs descriptive statistics. software for statistical calculation called SPSS. ANOVA and the Chi-Square test are used to examine the relationship between the variables that influence decision-making.

IV. RESULTS

Results and an analysis of the data were included in this chapter. To investigate the link between the variables that affect decision-making, ANOVA and the Chi-Square test are used.

A. Age of Respondents: - (Chi-Square Test)

H_0; there exist no sig. difference in the age of respondents (Reject) and H_1; there exists sig. difference in the age of respondents (Accept). H_0 was rejected since the calculated value was 45.95 greater than TV = 9.488 at 5% level of sig. with degree of freedom 4, however H_1 was accepted.Thus, we can say that sig. difference is present in data.

As per the primary data collected, it can be seen that the majority of the respondents (59%) belongs to 20 to 30 years of age. Reason being that India is a young country where youngsters are preferring entrepreneurship.

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B. Respondents Academic Background: - (Chi-Square Test)

H_0; there exists no sig. difference in academic background of respondents (Reject) and H_1; there exist sig. difference in academic background of respondents (Accept). H_0 was rejected as the calculated value 65.50 more than the table value 15.50 at 5% level of sig. with degree of freedom 8, H_1 was accepted. Thus, it can be said that sig. difference exists in data.

As per the primary data collected, it can be seen that the majority of the respondents academic background was Finance and marketing.

C. Background of the Respondent: - (Chi-Square Test)

H_0; there exists no sig. difference in background of respondents (Reject) and H_1; there exist sig. difference in background of respondents (Accept). H_0 was rejected since the calculated value was 116.25 greater than TV = 9.488 at 5% level of sig. with degree of freedom 4, however H_1 was accepted. Thus, we can say that sig. difference is present in data.

As per the primary data collected, it can be seen that the majority of the respondents were students aspiring to become entrepreneurs. Reason being that India is a young country where youngsters prefer entrepreneurship.

D. Key Strengths of Startup Entrepreneurs i.e., Respondents: - (Chi-Square Test)

H_0; there exists no sig. difference in key strength of respondents (Reject) and H_1; there exist sig. difference in key strength of respondents (Accept). H_0 was rejected as the calculated value 19.84 more than the table value 14.06 at 5% level of sig. with degree of freedom 7, H_1 was accepted. Thus, it can be said that sig. difference exists in data.

As per the primary data collected, it can be seen that the majority of the respondents voted for leadership skills and then for risk taking ability.

E. Respondent's Awareness about The Initiatives Taken Up By The Government: - (ANOVA)

H0 was rejected because the estimated value was 9.58 higher than the TV = 3.55 at the 5% level of sig. with df = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

It can be seen in the primary data collected that all of the 200 respondents know about government initiatives such as Self certification, Startup Inida Hub as well as no income tax for 3 years.

F. Factors Driving Respondents to Establish New Ventures: - (ANOVA)

H_0; No driving forces exist that influence the respondent to launch the business (Reject) and H_1; Driving forces exist that influence the respondent to launch the business (Accept). H0 was rejected because the estimated value was 3.67 higher than the TV = 3.55 at the 5% level of sig. with df = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

The two major factors as per primary data that's driving respondents to establish ventures are achieving dream of being independent and to gain experience.

G. Respondents Rating the Environmental Factors that Helps in Setting up of Business: - (ANOVA)

H_0; No environmental factors exist that influence the respondent to setup the business (Reject) and H_1; Environmental factors exist that influence the respondent to setup the business (Accept). H0 was rejected because the estimated value was 2110.73 higher than the TV = 3.55 at the 5% level of sig. with df = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

It can be seen in the collected primary data that favorable economic condition, location advantage as well as market demand were given the most priority in context to rating of entrepreneurial factors.

H. Agreeability of Respondents over Easiness to Statements: - (ANOVA)

H_0; Respondents disagree in context to ease of statement (Reject) and H_1; Respondents agree in context to ease of statement (Accept). H0 was rejected because the estimated value was 8.12 higher than the TV = 3.55 at the 5% level of sig. with df = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

As per the primary data collected it can be seen that access to infrastructure/ workplace, networking facilities as well as customers availability have the highest agreeability.

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I. Respondent Opinion about the Financial Challenges: - (ANOVA)

H_0; There exists no financial challenges (Reject) and H_1; There exists financial challenges (Accept). H0 was rejected because the estimated value was 7.97 higher than the TV = 3.55 at the 5% level of sig. with degree of freedom = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

As per the primary data collected, it can be seen that the top three challenges were raising capital, working capital as well as ensuring quality while being economical.

J. Respondent Opinion about the Marketing Challenges: - (ANOVA)

H_0; There exists no marketing challenges (Reject) and H_1; There exists marketing challenges (Accept). H0 was rejected because the estimated value was 19.21 higher than the TV = 3.55 at the 5% level of sig. with degree of freedom = v1 = 2 and v2 = 18, however H1 was accepted. Thus, we can say that sig. difference is present in data.

From the above graph it can be seen that the major marketing challenges are local competition, branding the company as well as understanding and dealing with the customer needs.

K. Respondent Opinion about the Human Resource Challenges: - (ANOVA)

H_0; There exists no human resource challenges (Reject) and H_1; There exists human resource challenges (Accept). H0 was accepted because the estimated value was 2.96 lower than the TV = 3.55 at the 5% level of sig. with degree of freedom = v1 = 2 and v2 = 18, H1 was rejected. Thus, we can say that sig. human resource challenges.

From the primary data collected it can be seen that attracting international talent and retaining employees were the most difficult challenges as per respondents.

L. Respondents Opinion on COVID-19 Challenges: - (ANOVA)

H_0; There exists no effect of COVID-19 challenges (Reject) and H_1; There exists effect of COVID-19 challenges (Accept). H_0 was rejected because the estimated value was 254.07 higher than the TV = 3.68 at the 5% level of sig. with degree of freedom = v1 = 2 and v2 = 15, H_1 was accepted. Thus, we can say that sig. difference exists in the data.

The primary data collected shows that supply chain disruption was the first major challenge faced and then it was cash management.

V. DISCUSSION

No matter how big or small the firm, finance is essential. The majority of startups struggle to control their financial situation. Startups invest a lot of time trying to get the necessary funds when that time might have been better spent planning and implementing their business plans. If the business entrepreneur lacks the ability to manage his finances, raising capital is not only tough, but managing and allocating for its different requirements also becomes a struggle. Planning for finances at the correct moment and being unable to manage funds results in inadequate working capital, which can cause businesses to fail very early on. As a result, having a team of founders with complementary abilities to operate a business or access to information about finance, marketing, and other aspects of business becomes crucial.

In Haryana, consumer awareness and digital literacy have substantially increased over time, and income levels have also increased. Indian consumers are still wary of price increases despite increased incomes. Consumers carefully consider their options before making purchases of novel, creative concepts that are introduced to the market. Companies need to understand their customers quickly, provide creative solutions, and quickly change the direction of their operations. Since India is a diverse country, entrepreneurs must consider the differences in language, culture, religion, ethnicity, and other factors that occur within its small physical borders. Startups must be aware of regional variations and offer products that are appropriate for the local markets they serve while also being customised to meet the needs of other markets. Additionally, startups must monitor their customer acquisition costs, which must be kept to a minimum by combining traditional and digital marketing strategies.

Startups and large corporations working together not only provide a chance to promote innovation but also benefits from extensive financial support from international investors, access to global networking opportunities, and other infrastructural support. Young people's culture and perspective are changing, so while they initially think it's fantastic to work for startups, they later decide to switch to large corporations in search of better job opportunities. The majority of businesses hire employees early, which causes resource consumption at an early stage and a high likelihood of burnout. Startups should only hire people when necessary and develop better compensation plans for their staff.

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Even if startups have access to a lot of technological support, they need be wise and hire an internal resource to verify the technology so they don't overpay for outsourcing services or make expensive mistakes by choosing the wrong technology partners. The connection between successful or unsuccessful businesses and various educational institutions offers the new aspiring entrepreneurs the necessary expertise and insights. In collaboration with many important ecosystem partners, educational institutions must also implement the necessary startup entrepreneurship curriculum.

It has been discovered that the majority of startups fail because their managers lack the necessary skills. Inter-discipline encounters, such as those between management and technology students, could result in mutual understanding and learning that would benefit the company by bringing complementary abilities to the table.

VI. CONCLUSION

The research on "Startups in India- A Study on Challenges and Prospects in Haryana" was carried out with the intention of examining startups and startup entrepreneurs as well as to comprehend the various difficulties encountered to establish and pool the necessary resources, such as finance, marketing, human resource, establishment, and other related difficulties. The startups' level of familiarity with various government activities and policies was investigated. It was also investigated how the recent pandemic COVID-19 situation will affect startups.

Young startupreneurs are interested in independence and have expertise about entrepreneurship. Positive changes have been made in people's attitudes towards entrepreneurship as a career. There are many job prospects thanks to the entrepreneurs, and there is also a spillover impact. Startups are having an impact on society by creating chances for the local community and raising people's living standards thanks to improved technology and regional innovation mechanisms.

According to the research, entrepreneurs are facing a variety of difficulties, including problems keeping their personnel and dealing with bureaucratic restrictions. The startup's founders also lacked the necessary skills, so they relied on a strong team of people with complementary abilities.

Startup business owners believe that adopting a digital strategy and developing an inventive mentality are the two most crucial elements in overcoming obstacles and seizing chances. Startups believe that unrestricted access to financing and other resources is necessary for them to have enough capital to operate their businesses successfully and get through crises like the COVID-19. The majority of new business owners believed that by handling the crisis and changing with the times, limitless opportunities would arise. Due to changes in the behaviour of various stakeholders, including consumers, suppliers, investors, and others, the pandemic has brought about a number of changes that are evident in the way that organisations operate.

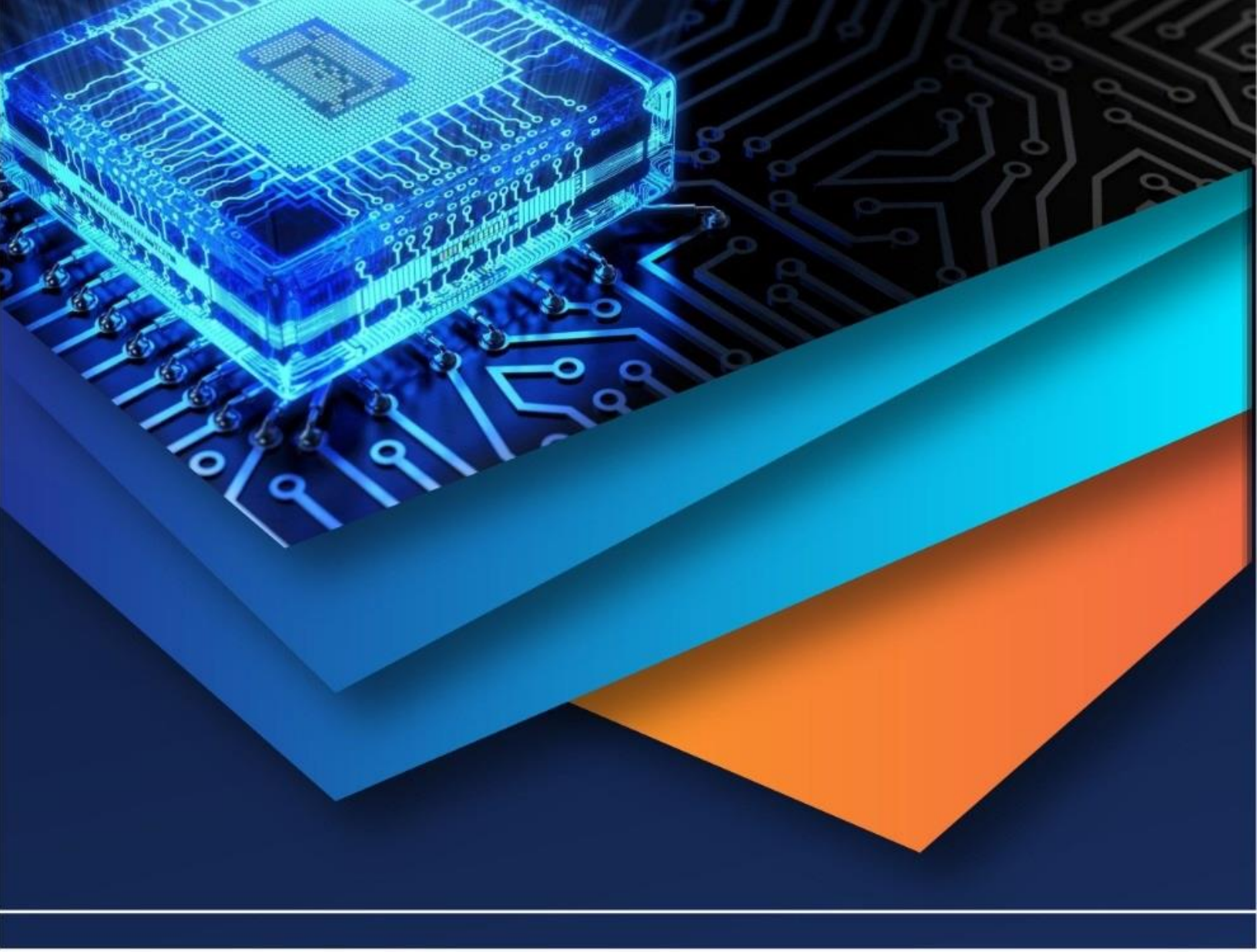
In order to survive, companies must be quick to pivot as well as adaptive. For the ecosystem to survive, there is a need to give it stronger support, which can enable them form strategic partnerships and produce an environment where everyone wins. Additionally, it is considered that government regulations should be made simpler. State and federal governments should establish world-class research centres and technical facilities while also streamlining the startup process.

Even if the 'Startup India' movement is praised by all business owners, its effects on startups need to be evaluated. The key participants in the ecosystem, including the government, must raise public awareness of the potential accessible to startups.

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