

A STUDY ON ROLE OF STARTUPS IN ENTREPRENEURIAL DEVELOPMENT IN KERALA.

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ABSTRACT

The professional application of knowledge, skills, competencies, and the monetization of a novel idea to the world by launching a business or enterprise by an individual or group of individuals constitute entrepreneurial activity. By creating large-scale job opportunities for the country's upcoming workforce, start-ups have a crucial role to play in India's future by encouraging entrepreneurship and providing novel solutions to the country's difficult problems. Before other states' contributions, the Kerala government has focused more on start-ups. Additionally, start-ups enable the nation's youth to make a greater contribution to entrepreneurial development and self-employment opportunities. This study aims to assess the role of start-ups in Kerala State's entrepreneurial growth. It also tries to find out how technology business incubation centres in Kerala were helping start-ups in the state. The questionnaire method was used to collect data and 60 startup managers including 5 incubators were randomly chosen for the study. Statistical Package for Social Sciences (SPSS) software has been used to analyse data by using tests like mean score and one sample *t*-test. To measure the reliability of the questionnaire, Cronbach's Alpha method was employed and obtained the value 0.862. The result indicated that startup founders are highly satisfied by the facilities provided by the incubators in Kerala for entrepreneurship development.

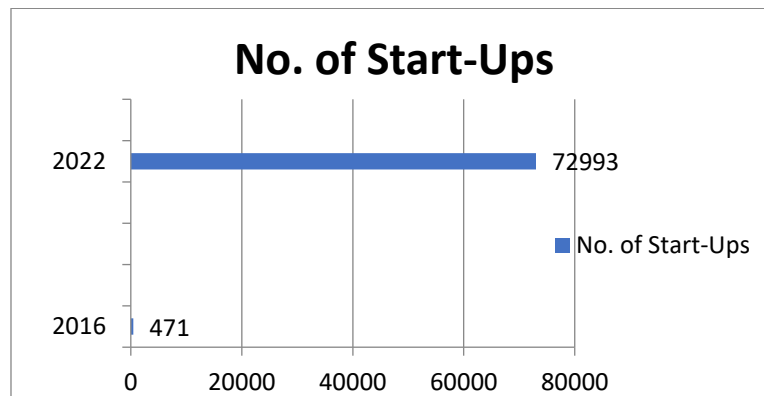
Keywords: Entrepreneurship development, Startup, Incubators, Employment opportunities, Innovation.

I INTRODUCTION

An entrepreneur is someone who sees an opportunity, raises the funds needed to take advantage of it, and takes on the risk of carrying out plans. He is a person who tries to bring something new to the world, organizes production, and is willing to take the risk of starting and running a business. The professional application of knowledge, skills, and competencies or the monetization of a novel idea by launching an enterprise by an individual or group is entrepreneurship. Complete a project successfully and with manageable risk, it requires combining human talent, technology, and capital. Innovation is the constant effort made by an entrepreneur to alter the proportions of factors. It entails introducing something novel, distinct, or improved to the world.

More entrepreneurs are required for the country's economy to develop, as well as to improve the standard of living and create jobs, thus the government must encourage innovation and make investments in the training of the next generation of workers. By turning creative ideas into new businesses or start-ups and creating jobs in the process, entrepreneurship development can be a crucial component in the fight against unemployment and in the pursuit of economic prosperity. Also, it promotes balanced regional growth. A start-up is an entrepreneurial venture in the early stages of development when the founders create a breakthrough product or service with a saleable business model. Start-ups, in the words of the Small Business Administration, are "the firm that is often technology oriented and has tremendous development potential."

The Indian government has designated the years 2010 through 2020 as the "Decade of Innovation," with a focus on the nation's economic development. The progress of technology and other fields had undergone significant transformation by the end of the decade. In the nation, numerous startups have been established. In August 2015, the Indian government introduced "Start-up India." This programme assists the nation in fostering entrepreneurship and transforms the nation into an appealing destination. The overall number of start-ups recognised by the government in 2016 was 471; by 2022, that number had risen to 72,993. The Department for Promotion of Industry and Internal Trade acknowledged these startups (DPIIT).



Source: Start Up India (www.startupindia.com)

Government of Kerala launched the startup movement through the Kerala Startup Mission (KSUM), formulating and putting it into practice forward-thinking policies to establish a thriving start-up ecosystem in the State with the primary goal of promoting the expansion of innovation-driven technology entrepreneurship. Kerala has risen to the top of India's states for the ecosystem development of startups. In Kerala, 95% of startups have been founded since 2016, which is the decade of innovation. The purpose of this study is to assess the contribution that startups have made to Kerala's entrepreneurial growth.

II CONCEPT

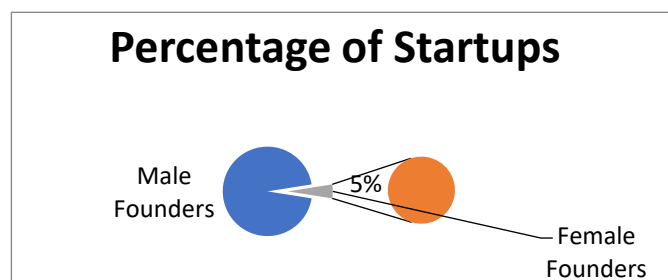
Start-up Ecosystem in Kerala

As part of the "decade of innovation," the state of Kerala have made innovative efforts to establish a start-up-friendly ecosystem in Kerala. The Kerala Startup Mission (KSUM) is an initiative that the Kerala government established in 2006 to encourage the growth of the state's entrepreneurship through a variety of support programmes and initiatives. Also, the Kerala government had started several initiatives to encourage new businesses in the state. To foster entrepreneurs in the state, KSUM has started a variety of programs. Towards the end of the decade of innovation, the state saw the emergence of almost 4000 startups because of numerous plans and initiatives implemented by the KSUM. In the last five years of the decade, 95% of startups have been founded (2016-2021). Due to certain socioeconomic variables, including a high literacy rate and high per capita income, Kerala's startup ecosystem has improved, making it the most promising startup ecosystem in the nation.

Kerala Startup Mission (KSUM)

A nodal department of the Kerala government is KSUM. The state's youngsters have undergone cultural change as a result of KSUM's intervention. Additionally, they support the development and incubation of entrepreneurship in the state. The Technology Business Incubator (TBI), a startup accelerator in Kerala, was intended to be planned, established, and managed by KSUM. It encourages students, women, and other local entrepreneurs to launch knowledge- and technology-based enterprises.

Kerala Startup Mission (KSUM) has been establishing a cooperative ecosystem in the state to support and encourage women entrepreneurs. KSUM has created a number of initiatives for female business owners. For the benefit of women-owned enterprises in the state, K-WISE (Kerala Women in Startup Ecosystem) has been established to offer training programmes, mentorship support, product validation, access to markets, legal compliance, business exposure, and more. The KSUM introduced the Fail Fast or Succeed, Women Submit, She Loves Tech India, and Why Hack - Innovate HER programmes. Even still, female founders have only been the founders of 5% of the firms in the state.



Source: Kerala Start-up Ecosystem Report
(Startupmission.kerala.gov.in/ ecosystem report 2022)

Incubators in Kerala

Organizations known as incubators provide a range of services and facilities necessary for startups to thrive. Office building, IT infrastructure and mentorship, legal services, and many other things are provided by them. In addition to these things, incubators frequently help startups raise money through various government programmes, and later on, they support the entrepreneur by giving him networking opportunities and shaping them to make a pitch to an investor. The state is home to a network of more than 40 incubators that together offer 10 lakh square feet of space for the development of startups. 23 colleges in the state have received accreditation from IEDCs to open incubator centres.

III STATEMENT OF THE PROBLEM

The state of Kerala was one of the four states that had its own start-up policy prior to the formation of Startup India. This study examined how incubators help startups collaborate with one another and evaluates how startups contribute to the growth of the entrepreneurial sector in Kerala State. It also seeks to investigate how Kerala's technology business incubators are serving as a facilitator for start-ups in the state. Even if innovation and technological advancement contribute to improve regional balances, they also aid to advance economic development. As a result, the state has established several offices in each district in Kerala. This study tries to highlight the various roles of startups in Kerala for entrepreneurial development.

IV SIGNIFICANCE OF THE STUDY

The government came up with a number of ground-breaking policies to establish an environment that is friendly to start-ups since it understands how crucial they are to the nation's economic growth. The establishment of KSUM was just one of many policy actions the Kerala government took in this direction. The uniqueness and extent of the study are what make it significant. The study would give concerned authorities and incubators a better insight to enhance their performance.

V REVIEW OF LITERATURE

This phase focuses on an overview of the literature that is pertinent to the current study.

Dr. Suman Gulia (2022) in her work "A study on women entrepreneurship in India," the author made the point that India can experience double-digit economic growth if women are included in its product line. This study aims to analyse the financial aid and resources available as well as government funding programmes for encouraging women's entrepreneurship in the nation. It also outlines the main forces that are pushing more women into entrepreneurship and makes some pertinent recommendations.

Deepak Kumar Adhana and Alisha Kumar (2020) They discuss the significance of university business incubators in fostering successful businesses in their paper, "Startup Ecosystem in India: A Study with Focus on Entrepreneurship and university business incubators." They research numerous government initiatives and strategies for promoting entrepreneurship and the development of the nation.

Jyotsna Thomas and George K I (2020) According to their research report, "Incubation Centres and startups: A study on Kerala's Startup ecosystem," India's future lies in the development of novel solutions. For the upcoming workforce, the startups also create numerous large-scale job prospects. In their research, they also made mention of incubators, accelerators, educational institutions, research institutions, etc.

Berry Holaday M.G, Derry Holaday M. G and N. Ajith Kumar (2019) According to their report, "Role of Kerala Startup Mission in accelerating Kerala's startup ecosystem: A review on business incubation in Kerala," the state needs a significant amount of government intervention to speed up the startup mission. Additionally, they examine Kerala's startup ecosystem and the interventions made by the state government through the Kerala Startup Mission (KSUM) to support entrepreneurship and startups in the state.

Dr. G. Suresh Babu and Dr. K. Sridevi (2019) According to their report, "A study on issues and challenges of startups in India," intended to advance and support the Indian economy. The Indian government is demonstrating increasing enthusiasm for growing Made in India, startups, etc. in order to enhance the GDP of the nation. They come to the conclusion that startups have numerous difficulties in both the area of finance and human resources.

VI. OBJECTIVES

- To assess the role of start-ups and various schemes provided by the Kerala Start Up Mission.
- To study the facilities provided by the incubators in Kerala.
- To review the role of incubators among the start-ups for entrepreneurial development.

VII. METHODOLOGY AND TOOLS USED

The questionnaire method was used to collect data and 60 startup managers including 5 incubators were randomly chosen for the study. The sample is selected using convenience sampling technique. Statistical Package for Social Sciences (SPSS)

software has been used to analyse data by using tests like mean score and one sample *t*-test. To measure the reliability of the questionnaire, Cronbach's Alpha method was employed and obtained the value 0.862.

VIII. RESULTS AND DISCUSSION

a) Various Schemes of KSUM

KSUM has created a number of programmes to support the growth of startups in the state. Those who have registered with KSUM are eligible for incubation facilities provided by the government. Through an entrepreneur support programme, it also offers numerous support services and assists startups with meeting legal and statutory requirements. Through a support service for marketing programme, it helps entrepreneurs in the marketing sector. With their mentorship programme, they offer training courses. KSUM offers the required frameworks for the development of knowledge and countless other abilities. Several funding, exchange, research, patent reimbursement, seed fund, rent subsidy, and other programmes are also available. The other schemes of KSUM were:

- Soft loan scheme for women entrepreneurs
- Innovation and entrepreneurship development centres
- International exchange program
- Marketing support
- Support to rural innovators
- Fund of funds
- Innovation grant
- Rent subsidy
- Seed fund for women entrepreneurs
- Seed fund
- Soft loan against PO for women entrepreneurs
- Startup communities' development and partnership programmes
- Research and Development Grant
- Technology commercialization support
- Patent reimbursement
- Government as a marketplace
- Seed fund assistance scheme of KSIDC

Some of the schemes offered by KSUM for developing startups and entrepreneurship is given in the Table no: 1.

Table no: 1 Schemes Offered by KSUM

Schemes offered by KSUM	Objective of schemes
Funding schemes	Funds provided for supporting startups in Kerala
Seed support scheme	This scheme provides financial helps to emerging startups in the form of loans up to Rs.10 lakhs.
Fabrication Laboratory	This platform serves as a learning and innovation techniques for startups
Innovation and Entrepreneurship Development Centers	This scheme provides experimentation and innovation platform.
Soft loan schemes to Women entrepreneurs	It offers loans to women entrepreneurs with lower interest loan for startups.
Idea fest	This aims to encourage entrepreneurship among youth in Kerala by focusing on innovative projects in various colleges.

b) Profile of Incubators

For the purpose of the study five incubators are selected for the survey; a) KSUM (Thiruvananthapuram), (b) Bio Nest, (c) Startups Valley, (d) Startup Dreams, (e) TBI – National Institute of Technology Calicut.

Table no: 2 Profile of Incubation Centers

Name of the Incubator	Duration of Programme	Facilities Provided
Kerala Startup Mission	More than a Year	Seed fund assistance, Workshops, Marketing and technical assistance, IT Infrastructure, Labs for Research, Workspace
Bio Nest	More than a Year	Seed fund assistance, Workshops, Marketing and technical assistance, IT Infrastructure, Workspace
Startups Valley	More than a Year	Workshops, Marketing and technical assistance, IT Infrastructure, Labs for Research, Workspace
Startup Dreams	Six months to One Year	Seed fund assistance, Workshops, IT Infrastructure, Workspace
TBI – National Institute of Technology Calicut	More than a Year	Seed fund assistance, Workshops, IT Infrastructure, Labs for Research, Workspace

Source: Primary Data

From the above table it is evident that most of the incubators provide almost all facilities such as Seed Fund Assistance, Workshops, IT infrastructure and Workspace. However, only three incubators got marketing and technical assistance. Similarly, Labs for research is given only by three incubators. Besides, all the incubators provide facilities for a period of more than a year except for Startup Dreams.

c) Assessing the Satisfaction Level of Founders of Startup Regarding the Facilities Provided at Incubation Centers.

Table No: 3 Satisfaction Level of Startup Founders Regarding the Facilities

Facilities provided	Mean	t	Sig
Seed fund assistance	4.18	13.10	0.000
Workshops	4.12	10.31	0.000
Marketing and technical assistance	3.66	5.45	0.000
IT Infrastructure	4.20	15.20	0.000
Labs for Research	3.40	2.40	0.022
Workspace	4.50	17.11	0.000

Source: Primary Data

For the purposes of assessing the role of facilities provided by the incubators in Kerala, startup founders were requested to rate their satisfaction level regarding the various facilities provided by the incubation centres. It has been analysed based on the six variables such as a) Seed fund assistance, b) Workshops, c) Marketing and technical assistance d) IT Infrastructure e) Labs for Research and f) Workspace. The startup founders were asked to rate these variables based on Likert five-point scale, namely 'Highly satisfied', 'Satisfied', 'Neutral', 'Dissatisfied' and 'Highly Dissatisfied'. The calculated mean scores are given in the table no: 3.

From the above table, it is obvious that founders of start-up are satisfied towards the facilities offered by the incubation centers. Here t- test has been used to assess the role of facilities provided by the incubators in Kerala. Since the significance level is less than 0.05 for all the variables in the survey, it is understood that startup founders are highly satisfied by the facilities provided by the incubators in Kerala.

XI CONCLUSION

One of the key components of economic development is Start-ups. The Kerala government has also acknowledged the value of start-ups and has taken a number of steps to encourage them there. The state of Kerala has set a goal for the next five years to have over 15,000 companies and 2 lakh job possibilities in new technology. On the model of the facility in Kochi, the government also aims to establish an emerging technology centre in the state capital. Moreover, 3,200 crores have been raised by startup investments for the Kerala government. The government is aware of the contributions made by each state to the development of the country's growth even though India has one of the largest startup ecosystems in the world with more than 72 thousand firms. The balanced regional development of the nation will benefit from these efforts as well. The Kerala government has taken steps to encourage students to develop innovative ideas from an early age, including the establishment of Innovation and Entrepreneurship Development Centres for Colleges (IEDC), the Young Innovator Program (YIP), Programs for Incubation and Acceleration, and Corporate Innovation. This will be one of the most effective methods for boosting startup activity in the state and developing countries like India. This study aims to assess the role of start-ups in Kerala State's entrepreneurial growth. It also tries to find out how technology business incubation centres in Kerala were helping start-ups in the state. The result indicated that startup founders are highly satisfied by the facilities provided by the incubators in Kerala for entrepreneurship development.

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