

Startup Ecosystem in Coimbatore - An Comprehensive Analysis

*Dr.G.Indrani, Assistant professor , Department of Commerce, PSGR Krishnammal college for Women

**Mrs. Shanthanalakshmi.R, Research Scholar, Department of Commerce, PSGR Krishnammal college for Women.

*** Dr R.S.Kanimozhi, Assistant professor , Department of Comemrce & M.Com, PSGR Krishnammal college for Women

Abstract:

The emergence of startup companies plays a significant role that drive economic growth and innovation around the world. This abstract provides an overview into the socio-economic profile of startup companies and explores the factors influencing individuals to startup a business ventures in Coimbatore district. The socio-economic profile of startup companies is characterized by a diverse range of industries, including technology, manufacturing, services, and agriculture. These startups often emerge from a combination of local Economic conditions, access to educational institutions, and a supportive ecosystem comprising incubators, accelerators, and venture capital firms. The district's industrial heritage and skilled workforce contribute to the establishment of startups across various sectors, leading to a vibrant entrepreneurial landscape.

Keywords: startup companies,factors influencing, education, infrastructure, government policies, community support.

Introduction:

Startup is the most widespread term in present era. Startups play a crucial role in driving innovation, job creation, and economic growth. They develop new technologies, products, and services that can shuffle existing industries and drive progress. This innovation can lead to more efficient processes, improved quality of life, and new market opportunities. They create jobs, stimulate economic activity, and contribute to economic growth. They are a source of employment for a diverse range of skill sets, from engineers and designers to marketers and sales people. Startups introduce competition into markets, which encourages established businesses to innovate, improve their offerings, and become more efficient. This competition benefits consumers by providing them with more choices and often leads to better prices and quality. Startups are a breeding ground for entrepreneurship. They encourage individuals to take risks, pursue their ideas,

and create businesses from the ground up. Many startups are founded with the goal of solving specific problems or addressing unmet needs. They bring fresh perspectives and solutions to issues ranging from healthcare and education to transportation and sustainability.

Statement of problems:

The Indian government has introduced various initiatives such as Standup India, Startup India, Atal Innovation Mission, MUDRA Scheme, make in India, and FFS to foster the growth of startups. These initiatives collectively aim to establish an ecosystem that encourages entrepreneurship, innovation, and employment opportunities. However, there is a need to understand the factors influencing individuals to embark on startup ventures. This study aims to delve into the myriad factors that influence individuals' decisions to start up a business. These factors may encompass personal motivations, such as a desire for autonomy, passion for a particular industry, or the pursuit of financial independence. Additionally, external influences such as socio-economic conditions, cultural norms, access to resources, and prior entrepreneurial experiences may play pivotal roles in shaping individuals' entrepreneurial intentions. Understanding these influential factors is essential for policymakers, educators, and aspiring entrepreneurs alike, as it can inform the development of targeted interventions, educational programs, and support mechanisms to foster a conducive environment for entrepreneurship.

Objectives:

- ❖ To study the Socio – Economic Profile of startup Business.
- ❖ To analysis the factor that influence the Individual to start up a business.

Research methodology: The study was conducted for the period of 5 months. The survey is undertaken around Coimbatore city. Both primary and secondary data has been collected for this study. The primary data is collected through questionnaire method. Secondary data was collected from journals, magazines, and internet and research articles. The size of the sample is 80 respondents. For the purpose of study Simple Random sampling technique has been adopted for the selection of respondents. The statistical tools used for the analysis are Percentage, Descriptive statistics, chi-square, T-test, ANOVA.

Limitations of the Study:

- ❖ The study is restricted by analyzing the Startups only in Coimbatore District.

- ❖ Time and cost were the major constraints in the study.

- ❖ The scope of the study is not restricted to particular Domain of Startups. Hence the findings of the study can't be able to generalized in a narrow base.

Analysis and Interpretation

Percentage Analysis:

Table 1: Demographic Analysis:

Personal Factor		No of Respondents	Percentage
Gender	Male	52	65.0
	Female	28	35.0
Age	18 – 25	8	10.0
	26 – 35	29	36.2
	36 – 45	35	43.8
	Above 45	8	10.0
Marital Status	Married	64	80.0
	Unmarried	14	17.5
	Divorce	2	2.5
Type of Family	Nuclear	47	58.8
	Joint	33	41.2
Academic Status	High School or Equivalent	8	10.0
	UG	38	47.5
	PG	19	23.8
	Professional	3	3.8
	Related Skills	12	15.0
Family Income per month	Less than Rs. 25,000	18	22.5
	Rs.25,000 - Rs.50,000	36	45.0
	Rs.50,000 - Rs.75,000	10	12.5
	Rs.75,000 - Rs.1,00,000	10	12.5
	Over than Rs.1,00,000	6	7.5

Area of Residence	Rural	34	42.5
	Urban	46	57.5

Source: Primary Data

From the above table 65% of the respondents are male, 43.8% of the respondents are between 36 – 45 age group, 80% of the respondents are married, 58.8% of the respondents are from Nuclear family, 47.5% of the respondents are Under Graduate degree holders, 22.5% of the respondents have less than Rs.25, 000 as Family monthly Income and 57.5% of the respondents are from urban area of residence.

Table 2: Professional Factor

Personal Factor		No of Respondents	Percentage
Startup Operation	> 1	7	8.8
	1 – 3	20	25.0
	4 – 5	19	23.8
	6 - 10	21	26.2
	< 10 yrs	13	16.2
Fund for Startup	Personal Savings	34	42.5
	Family & Friends	28	35.0
	Government Funds	5	6.2
	Bank Loans	13	16.2
Stage of Startup	Idea Stage	4	5.0
	Development Stage	38	47.5
	Launch Stage	20	25.0
	Growth Stage	18	22.5
Awareness on Startup Tamil Nadu	Yes	45	56.2
	No	35	43.8
Employees in the Firm	> 2	17	21.2
	2 - 6	34	42.5
	7 - 10	19	23.8
	< 10	10	12.5

Source: Primary Data

From the above table, it is clear that 26.2% of the respondents are having 6 – 10 years of existence in startups, 42.5% of the respondents use their Personal Savings for funding their Startups, 47.5% of the respondents startups are in development stage, 56.2% of the respondents have awareness about startup through Tamil Nadu concepts and 42.5% of the respondents have 2 – 6 employees working in their startups.

Descriptive Statistics:

Table 3 : Factor influencing the Individual to start a startups.

Influencing Factor	Mean	Std. Deviation
Passion Personal Interest	1.80	1.20
Financial Independence	2.31	1.05
Opportunity To Be Own Boss	2.26	1.06
Willing To Take Risk	2.51	1.22
Motive To Earn More Money	2.20	1.36
Desire To Make A Positive Impact	2.39	1.24
Lack Of Suitable Job Opportunities	2.55	0.98
Innovating New Products Services	2.25	1.13
Support From Family Friends	2.22	1.29
Influence Of Successful Entrepreneur	2.20	1.16
Government Policies and Incentives	2.32	1.32
Total	25.01	13.019

Source: Primary Data

The above table shows that Factor influencing the Individual to start a startup. It is seen the highest mean rating 2.55 is found for lack of suitable job opportunities, followed by Mean rating of 2.51 for willing to take risk by individuals. The lowest Mean rating of 1.80 is obtained for Personal Interest of Individual to start business.

Table 4: Analysis to be conducted before starting a business.

Analysis	Mean	Std. Deviation
Conducted Market Research	2.50	1.75
Created A Detailed Business Plan	2.70	1.28

Mentors Or Experienced Advice	3.14	1.33
Secured Financing and Investment	3.99	1.38
Obtained Necessary Licenses	4.23	1.59
Developed Contingency Plan	4.45	1.83
Total	21.01	9.16

Source: Primary Data

The above table shows the Analysis to be conducted before starting a business. It is seen that the highest mean rating is obtained as 4.45 for Developing a contingency plan before starting a business and the lowest score is 2.50 for Conducting a Market Research for Starting a Startups.

ANOVA

Table 5 : Analysis between Age of the startup founders and Sector of startups owned by them.

Null Hypothesis (H0) : There is no significant difference between the Age of the startup founders and Sector of startups owned by them

		Sum of Squares	df	Mean Square	F	Sig.	Remark
Age	Between Groups	6.762	5	1.352	2.218	0.061	Not Significant
	Within Groups	45.125	74	0.61			
	Total	51.887	79				

Source : Primary Data

Table reveals that there is no significant difference between the Age of the startup founders and Sector of startups owned by the founders in Coimbatore District as evidenced by a not significant F-Value of 2.22 and p-Value of 0.06. Hence the hypothesis is accepted.

Table 6 : Analysis between Area of residence of Startup founders and the Nature of startups formed.

Null Hypothesis (H0) : There is no Significant difference between the Area of residence of Startup founders and the Nature of startups formed.

		Sum of	df	Mean	F	Sig.	Remark
--	--	--------	----	------	---	------	--------

		Squares		Square			
AREA AND NATURE OF BUSINESS	Between Groups	0.247	3	0.082	0.32	0.808	Not Significant
	Within Groups	19.303	76	0.254			
	Total	19.55	79				

Source : Primary Data

Table reveals that there is no Significant difference between the Area of residence of Startup founders and the Nature of startups formed as evidenced by a not significant F-Value of 0.32 and p-Value of 0.808. Hence the hypothesis is accepted.

Table 7 : Analysis between Educational qualification of startup founders and their source of fund for their startups.

Null Hypothesis : There is no significant difference between Educational qualification of startup founders and their source of fund for their startups.

		Sum of Squares	df	Mean Square	F	Sig.	Remark
Educational Qualification	Between Groups	7.765	3	2.588	1.89	0.139	Not Significant
	Within Groups	104.123	76	1.37			
	Total	111.888	79				

Source : Primary Data

The analysis reveals that there is no significant difference between Educational qualification of startup founders and their source of fund for their startups as evidenced by a not significant F-Value of 1.89 and p-Value of 0.139. Hence the hypothesis is accepted.

CHI-SQUARE ANALYSIS

Gender of Startup founders and their awareness towards Startup Tamil Nadu.

Null Hypothesis (H₀) : There is no significant difference between the Gender of Startup founders and their awareness towards Startup Tamil Nadu.

Table 8 : Cross tabs between the Gender of Startup founders and their awareness towards Startup Tamil Nadu.

Crosstab

Particulars		Startup TN Awareness		
		Yes	No	Total
Gender	Male	29.2	22.8	52
	Female	15.8	12.2	28
Total		45	35	80

Source: Primary Data

Table 9 : Chi Square test for the Gender of Startup founders and their awareness towards Startup Tamil Nadu.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.126 ^a	1	0.723
Continuity Correction ^b	0.014	1	0.906
Likelihood Ratio	0.125	1	0.723
Linear-by-Linear Association	0.124	1	0.725
N of Valid Cases ^b	80		

Source: Primary Data

It is found that, there is a no significant difference between the Gender of startup founders and their awareness about Startup Tamil Nadu ($\chi^2(1)=0.126, p=.723$). As the calculated value ($p<.723$) is higher than the significant value 0.05, It indicated that there is a relationship between Gender of startup founders and their awareness about Startup Tamil Nadu. Hence, the hypothesis is accepted.

Age group of startup founders and their willingness to take risk by investing in the startups.

Null Hypothesis (H0) : There is no significant difference between the Age of startup founders and their willingness to take Risk by investing in startups.

Table 10 : Cross tabs between the age group of startup founders and their willingness to take risk by investing in the startups.

Crosstab						
Particulars	Willing To Take Risk					Total
	Highly Influenced	Influenced	Neutral	Not Influenced	Not Highly Influenced	

Age	18 - 25	2.2	1.8	2.1	1.5	0.4	8
	26 -35	8	6.5	7.6	5.4	1.4	29
	36-45	9.6	7.9	9.2	6.6	1.8	35
	above 45	2.2	1.8	2.1	1.5	0.4	8
	Total	22	18	21	15	4	80

Source: Primary Data

Table 11 : Chi Square test for age group of startup founders and their willingness to take risk by investing in the startups.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.168 ^a	12	0.085
Likelihood Ratio	23.834	12	0.021
Linear-by-Linear Association	0.119	1	0.73
N of Valid Cases	80		

Source: Primary Data

It is found that there is no significant difference between the Gender of startup founders and their willingness to take risk by investing in the startups ($\chi^2(12) = 19.168, p=0.085$). As the calculated value ($p < 0.085$) is higher than the significant value 0.05, it indicates that there is a relationship between Gender and their willingness to take risk by investing in the startups. Hence the hypothesis is accepted.

SUGGESTIONS:

- Government should take initiatives to promote startups in rural areas by providing mentorship program, creating awareness about various schemes provided by government to support startups and also should provide a brief knowledge about women entrepreneur'
- Government should educate the individuals about government funds provided for startups and about exception for DPIIT registered startups.
- Founder of startups should analysis the demand for their products in the market this help in proper launching of product and capture better markets for the same.

- Majority of the individuals involved in startups by inspiration of successful entrepreneurs. There must be uninterrupted connection till they capture the market.

CONCLUSION:

The conclusion of the study is government play a vital role in encouraging individuals to startup a business because government can't able to provide employment opportunities for all the individuals in the country. Unemployment was the major crises of the country. Government provide various schemes and policies for startups based on their Domain. They also provide Tax exemption for startups those who are registered under DPIIT. Thus there is a need to provide a clear view about these government policies. Individuals prefer starting up a business based on following Influencing Factor Lack of suitable job, to be own boss, inspired by successful entrepreneur, Family and Friends be backbone for proceedings even though these factor play a major role Hard work of individuals alone will lead to a successful business outcome. The major analysis to be conducted by the individuals before starting a business is conducting a market survey for their products to launch their products in right time and place.

ACKNOWLEDGMENTS

The authors truly acknowledge the financial support by Indian Council of Social Science Research (ICSSR) , minor project grant no ICSSR/RPD/MN/2023-24/OBC/5 , Ministry of Education, Government of India.

References:

1. Adil Ellikkal, Sunderraj Rajamohan (2023), "Factors Influencing Entrepreneurial Intentions And The Role Of Entrepreneurship Education In Indian Universities: A Stakeholder Perspective, International journal of professional Business Review, ISSN: 2525-3654.
2. Ashlin Dsouza & Niyaz Panakaje (2023), "Factors Affecting Women Entrepreneurs' Success: A Study of Small and Medium-Sized Enterprises - A Review, International Journal of Case Studies in Business, IT, and Education, ISSN: 2581-6942, Vol. 7, No. 2.
3. Muhammad Faizal Samat, Norazlan Annual, Siti Nor Adawiah Hussin, Hardy Loh Rahim (2023), "Factors Influencing Entrepreneurial Propensity Among Urban Poor Family in Malaysia, Review of Integrative Business and Economics Research, ISSN: 2304-1013, Vol. 12, Issue 1.

4. Dr.Brindal Meenakshi, Dr.Gupta Bhuwan, Dubey Sweety (2018), ” Role of Startups on Indian Economy “International Journal of Engineering and Management Research (IJEMR)Volume : 8, Issur : 5, ISSN : 2250 – 0758.

5. Edgars Spruksts (2014), “Factors Influencing Starting Up A Business In Latvia”, Economic Science for Rural Development, ISSN 1691-3078; ISBN 978-9934-8466-3-2 No. 36, 2014.