Framework for Social Change through Startups in India

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ABSTRACT

Capacity of a country to develop new science and transform it into innovative technologies and ramp them into successful, sustainable business that generate revenue, high-quality jobs and promote development is of paramount importance in today’s world. Startups are an effective way of doing this. A startup is a temporary organization in search of a scalable, repeatable, profitable business model and a small startup founded by two or three entrepreneurs can produce and test the feasibility of tens of possibilities for a new business idea. Through grounded research and content analysis the objective is to have an overview of contemporary perspective on startups in India, enhance understanding of startup ecosystems and recognize the framework for social change taking shape due to Indian startups contribution to the national economy. The paper also attempts to understand the key success factors and provides commandments to further foster startups to optimize the social change.

Keywords: Change, Enterprises, Entrepreneur, Framework, India, Policy, Social, Startups, Venture

INTRODUCTION

Since independence to the eighties, Indian policy makers emphasized on the socialist model of development and during that time span, the Government provided a favourable condition for the State Owned Enterprises (SOEs) in India and the then political leadership levelled them as ‘Temple of Modern India’. In this backdrop, the Union Government pronounced some policy measures in order to accelerate industrial growth. But the small scale industries remained ignored at the large extent. However, things changed in nineties. With the opening up of economy and the wave of information technology there was realization that the driving force in the modern economy in the foreseeable future, is entrepreneurship. A research study by International Finance Corporation (IFC) stated that the Micro, Small and Medium Enterprise sector is crucial to India’s economy. There are 29.8 million enterprises in various industries, employing 69 million people. The sector includes 2.2 million women-led enterprises (7.4 percent) and 15.4 million rural enterprises (51.8 percent). In all, the MSME sector accounts for 45 percent of Indian industrial output and 40 percent of exports. Although 94 percent of MSMEs are unregistered, the contribution of the

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sector to India’s GDP has been growing consistently at 11.5 percent a year, which is higher than the overall GDP growth of 8 percent (MSME, 2012)

Entrepreneurs are meeting our economic needs through the creation of thousands of new businesses each year. While larger corporations have instituted extensive “downsizing” or “rightsizing” programs, job creation and economic growth has become the domain of the new ventures and the entrepreneurs who create them. A great deal is known about the characteristics of entrepreneurs and the motives that have urged them to set up a business venture. Previous research has examined the importance of various demographic variables such as personality, human capital and ethnic origin. Marital status, education levels, family size, employment status and experience, age, ethnicity, gender, socioeconomic status, religion and personality traits have all been considered to varying degrees. However, the picture which emerges from this research is somewhat “fuzzy” due to differences in testing procedures, sampling and country-specific factors. Furthermore, virtually all previous studies focused on entrepreneurs actually working in a new business, and have ignored persons who still are in the process of starting a new business. This is a serious omission. In order to gain a comprehensive picture of entrepreneurship (and of the barriers and triggers affecting start-ups), both groups must be studied. It is not sufficient enough to approach only those who have fulfilled their objectives. This paper brings forth a contemporary policy perspective, by focusing on this other group – start-ups. After a discussion of current Indian scenario and what makes India unique, the paper delves into Indian startup prospects, discusses the startups ecosystems, the landscape, challenges, need to understanding startups: good vs. bad, the key success factors. Commandments for startup success precede the conclusion.

**CURRENT INDIAN SCENARIO**

India is changing rapidly. The population is flooding online and numerous businesses are springing up to service them. Some will succeed and some will fail. But maybe those who can conquer this fast expanding virtual India really can take on the world Baporikar (2014b). More continent than country, India ranges from the frozen summits of the Himalayas in the north to the verdant coconut groves of Kerala in the south. While the people that span this sprawling 1.3 million square mile land mass are just as varied. Now as this vast, disparate population moves online, hosts of companies are leaping forward to offer every service they need. These run from the ecommerce giants rising up to provide goods, to the tide of payment and delivery companies which make all this possible. They cover the new organizations that are helping to empower the previously disenfranchised. And they include innovative individuals who are spotting business and consumer gaps in the market and trying to plug them as fast as possible. For any commercial organization, there is everything to play for, because those who can take on the complexities of India may well be equipped to tackle the world.

In February 2014, the Economic Times of India wrote: “For nearly a year now, some of the world’s most renowned investors have poured in big money to get a slice of the action in India, one of the fastest growing markets for ecommerce.” The Times of India reported in November, 2014: “Internet penetration in the country may not have crossed 16% of the population yet, but in absolute numbers this percentage works out to nearly 10 times the population of Australia.”

Based on findings from the Internet and Mobile Association of India, this provides a powerful indication of the potential of consumer growth to come. The lack of credit cards and bank accounts being used by consumers, especially in rural India, has proved a bit of a problem. Yet mobile phones are being used to push people into banking channels. The buying behaviour in
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