

A Role of Startups in Creation of Entrepreneurship and Employment: A Perceptual Study with Reference to the Youths of Mangaluru City

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ABSTRACT

Indian Government has framed several policies and taken the necessary measures to promote and increase the number of startups in the country with the purpose of generating employment opportunities, to build the skills of entrepreneurship among the youths and to accelerate the pace of economic growth and development aspects. A start up is a new project or a venture incorporated by one or more entrepreneurs to run a particular business for the sake of acquisition of gain/ profits by undertaking few risks and being exposed to some unpredictable events. The Central Government in India has introduced a special scheme for the promotion and growth of startups known as “**Startup India Scheme**”. This scheme has become a motivational determinant to many budding entrepreneurs to realise their dreams of starting new business unit and helps in creating more jobs to the unemployed sections of the economy. In this regard, this research paper highlights the Role and Importance of Startups in creating employments and entrepreneurs by collecting the data from 50 youths as respondents belonging to Mangaluru City.

Keywords: Startups, Entrepreneurs, Employment, Perception, Youths

INTRODUCTION

The Government of India has introduced numerous schemes and programmes to help the youngsters to build innovative skills and cultures of entrepreneurship and to be employed in the country. The various schemes adapted are ‘**Startup India**’, ‘**Make in India**’, ‘**Digital India**’ etc. Among this ‘Startup India initiative’ of Government has turned out to be the boon and a wonderful opportunity to a larger number of youths to become responsible employed citizens of the country.

The startup business enterprises play a prominent role in the life of people especially to the youths in terms of providing employment opportunities and enable them to become the most competent business establishers in the society. A start up venture is a new business entity mainly consisting of promoters having enormous talent and capabilities who come up with fresh ideas of running some innovative business in a particular field. Youth generation in India are very talented, potential and have technical expertise to setup their own companies which paved the way for the extensive growth of startups in India.

A notable achievement of startup is that it is generating more number of jobs to the unemployed masses than the giant companies in our nation. The success or failure of startups is largely depends on managerial skills/ competency of entrepreneurs, ability of working staff and the quality of products or services delivered to the customers. The startups have rendered greater contributions to the society by reducing the rate of unemployment; thereby helps to overcome the problem of poverty and also increases the domestic production and national income as consumers' money flow within the Indian economy.

OBJECTIVES

- To analyse the perception and awareness of youths as regards the role and importance of Startups in creating entrepreneurship and employment.
- To reveal the factors motivating the unemployed sections of community to commence the startups.
- To study the issues and challenges faced by the local startups in Mangaluru City.

I. RESEARCH METHODOLOGY:

The research study is based on primary data and secondary data. The primary data is collected from 50 youths (respondents) who are the undergraduate students and the fresh graduates / post graduates residing in the city of Mangaluru. The structured questionnaire forms have been distributed to the respondents for getting primary source of information. The secondary data is obtained from the various research articles, journals and related websites etc.

LIMITATIONS:

- This empirical study is undertaken by taking into consideration of youths' perception in Mangaluru City only.
- Size of the sample is taken to be 50 which cannot be generalized to other parts of the country.

II. DATA ANALYSIS AND INTERPRETATION:

1. Personal details of the respondents:

Table No.1: Personal details of the respondents

| Particulars | No. Of Respondents | Percentage (%) |
|------------------|--------------------|----------------|
| A. Gender | | |
| Male | 27 | 54 |
| Female | 23 | 46 |
| Total | 50 | 100 |
| B. Age | | |
| 16-20 years | 18 | 36 |
| 21-25 years | 22 | 44 |

| | | |
|-------------------------------------|-----------|------------|
| 26-30 years | 07 | 14 |
| 31-35 years | 03 | 06 |
| Total | 50 | 100 |
| C. Marital Status | | |
| Married | 21 | 42 |
| Unmarried | 29 | 58 |
| Total | 50 | 100 |
| D. Educational Qualification | | |
| Under Graduates | 19 | 38 |
| Graduates | 20 | 40 |
| Post Graduates | 11 | 22 |
| Total | 50 | 100 |

Source: Survey Data, 2020

Table no-1 shows that there are 50 respondents in which 27 are males and 23 are females. The majority of the respondents fall under the age group of 21-25 years, 42% of the respondents are married and 40 % of them are Graduates.

2. Willingness / interest to setup startups in Mangaluru region:

Table No.2: Desire to setup Start up companies.

| Scale | No. Of Respondents | Percentage |
|--------------|--------------------|------------|
| Yes | 22 | 44 |
| No | 28 | 56 |
| Total | 50 | 100 |

Source: Survey Data, 2020

The above table indicates that out of the total 50 respondents, 22 of them are desirous of forming a new startup company.

3. Startups offer ample opportunities of jobs to the people than well established companies:

Table No.3: Importance of Start ups in provision of employment opportunities.

| Scale | No. Of Respondents | Percentage |
|-------------------|--------------------|------------|
| Strongly Agree | 19 | 38 |
| Agree | 17 | 34 |
| Neutral | 03 | 06 |
| Disagree | 06 | 12 |
| Strongly Disagree | 05 | 10 |

| | | |
|--------------|-----------|------------|
| Total | 50 | 100 |
|--------------|-----------|------------|

Source: Survey Data, 2020

From the above table, it is clear that 19 of the respondents strongly agree and 17 agree that startups provide greater opportunities in terms of providing jobs than well flourished business associations in India. 6 of the respondents disagree and 5 of them strongly disagree with the importance of Startups in creation of occupational benefits and 3 of them say that they are neutral in this regard.

4. Contributions of the startups to the Indian economy:

Table No.4: Contributions of the startups towards Indian economy.

| Scale | No. Of Respondents | Percentage |
|--|--------------------|------------|
| Help to generate job opportunities | 21 | 42 |
| Promote economic growth | 09 | 18 |
| Enhance increased national output | 06 | 12 |
| Raise the standard of living of people | 05 | 10 |
| Help to reduce the poverty rate | 09 | 18 |
| Total | 50 | 100 |

Source: Survey Data, 2020

Table no- 4 reveals the contributions of startups towards the Indian economy. As per the tabular data majority of the respondents i.e. 42% opine that it helps to generate employment opportunities and the least 10% of the respondents feel that it raises the standard of living of community.

5. The determinants affecting the youths to incorporate startups:

Table No.5: Factors determining the youths to develop start-ups.

| Scale | No. Of Respondents | Percentage |
|--|--------------------|------------|
| Profitability | 16 | 32 |
| Desire to be self-employed | 15 | 30 |
| Innovation | 08 | 16 |
| Minimum amount of capital required | 03 | 06 |
| Co-operation and support from the government | 08 | 16 |
| Total | 50 | 100 |

Source: Survey Data, 2020

According to the respondents, profitability is the major factor enabling the youths to setup startups. 30 % of the aggregate respondents invest on startups as they want to be self-

employed and 6 % of them develop startups on account of minimum investment of capital required in it.

6. Preference of the youngsters in respect of commencing the form of business organization:

Table No.6: Preference of youths in selection of form of business organisation.

| Scale | No. Of Respondents | Percentage |
|-----------------------|--------------------|------------|
| Sole-Trading business | 18 | 36 |
| Partnership | 05 | 10 |
| Co-operatives | 03 | 06 |
| Private company | 24 | 48 |
| Total | 50 | 100 |

Source: Survey Data, 2020

As per the study, 18 of the respondents prefer to commence sole trading business and 24 of the total respondents like to make capital investment on private company.

7. The Challenges faced by the regional startup organizations:

Table No.7: Obstacles associated with local stratup companies.

| Scale | No. Of Respondents | Percentage |
|-------------------------------------|--------------------|------------|
| Competition from the rival firms | 17 | 34 |
| Lack of adequate capital | 13 | 26 |
| Labour turnover | 09 | 18 |
| Lack of knowledge and exposure | 05 | 10 |
| Poor quality of product or services | 06 | 12 |
| Total | 50 | 100 |

Source: Survey Data, 2020

The above table represents the challenges faced by young companies in the regional areas. 34% of the young respondents are of the opinion that startups are facing the issues of competition from the rival firms, 18 % of them state that new business units are exposed with the problem of excessive labour turnover and 12 % of the respondents feel that startups sell commodities having poor standards of quality factor.

MAJOR FINDINGS:

- It is found that out of the total 50 respondents, 36% belong to the age group of 16-20 years.

- It has been observed that 22% of the respondents are possessing the qualification of Post Graduation.
- As far as the preference of youths with regard to selection of business form is concerned, majority (48%) of the respondents are willing to invest their funds for the formulation of a private company.
- It is evident from the study information that out of the 50 respondents, 16 opine that profitability would be the main factor determinant influencing the youths to incorporate startups in India.
- The study part revealed the fact that 22 of them are showing keen interest in establishing the startups in Mangaluru region.
- Out of 50 respondents, 34% of them agree that startups offer more number of jobs to the youngsters than the existing giant companies.
- Among the total respondents, 09 of them have the opinion that startups greatly contribute in accelerating the pace of economic development of the nation.

SUGGESTIONS:

- There is a necessity to create some awareness to the youths regarding the significance and contributions of startups to the Indian economy.
- The Government has to extend financial aid to the unemployed people to develop the new firms besides moral support and co-operation.
- Startups should arrange for the campus placement drives in the college premises to hire the young talents which enable the students to have a profession in-hand after their college education.
- Tax levy authority needs to impose less tax to the young companies in order to encourage uninterrupted and smooth running of their commercial operations.
- Establishing training institutions by the government to impart trainings to the budding entrepreneurs regarding financial management and business dealings.

CONCLUSION

The research study makes us clear that startups are generating more jobs to the unemployed class of people than well established joint stock companies in India. The contributions of

startups in eradicating the problem of unemployment and in achieving national development are remarkable. The youths are showing positive interest in establishing the new firms and desirous of working in the startups as well. From the study part it is evident that many of the startups are facing the issues and hindrances relating to financial, marketing and other aspects which have an adverse effect on the smooth flow of their business activities. The Government needs to focus on those obstacles and help the entrepreneurs to overcome from all these for the long term survival of the enterprise and to conduct an efficient business.

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