



Challenges and Problems Faced & Opportunities to the Startups at Bengaluru - A critical study

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Abstract

Purpose : The main motto of the presented paper is to know about the opportunities for start-ups in Bengaluru. Further, the study is also conducted to know challenges faced by start-ups and problems encountered. Around the globe the new companies are playing an important role in the growth and development of industrialisation. Start-ups in Indian soil have been preferred in the recent years and this has resulted in the emergence of innumerable home growth unicorns across the country. The previous research reveals that the failure of start-ups are only due to lack of finance, team management problems, lack of business knowledge and tech log. The survival of start-ups at Bengaluru depends upon ecosystem of all interest groups.

Methodology / Design : A structured questionnaire was administered as schedule in order to avoid non-response, delay and incompleteness. The researchers and students studying in 1st Sem. M. Com. collected the required data by interviewing the respondents directly. χ^2 , contingency co-efficient weighted arithmetic means, Extent of challenges faced index and co-efficient of concordance quantitative techniques were proper to analyse data.

Findings : The study found ranked opportunities like opportunity to learn, advance in technology, silicon valley, IT web, science city and increase job satisfaction. The challenges faced by the start-ups in Bengaluru include hiring required personnel, fierce competition and cyber security. Problems faced were found to be lack of minority, lack of good branding and family support.

Key words : Opportunities, problems, challenges, competition, hiring, monitoring, branding.

Introduction:

Start-ups play a crucial role in the economic development, driving innovation and job creation in India (Gokul Prasanth et al., 2023). Start-ups are mini organisations which are refined in nature and renewed of an entrepreneur. (Akanksha Dutt, 2016). Start-up founders dream of providing the requirements of society (Rajesh, 2023). India has emerged as the global largest start-up ecosystem next to US (Mallikarjun M. Maradi, 2023). The Indian Government showing greater likeliness to enhance the GDP from gross root level with the introduction of liberal policies and initiatives for entrepreneurs like "Make in India", "Start-up India", MUDRA etc., The Global start-up Ecosystem Report 2022 ranked Bengaluru, Mumbai and Delhi are top 40 start-ups across the globe. The number of start-up India programme. India is the income of >100 unicorn and 23 of them emerged in 2022. 8.93 lakh jobs have been created by start-up since the commencement of start-up programme (Research unit, Feet Sheet 2023, G-20). Start-up India is a significant initiative of government of India.

As a thriving hub for innovation and entrepreneurship Bengaluru attracts numerous startups. Startups at Bengaluru are facing several challenges and problems. Startup founders hope and dream of satisfying the needs of the society (Rajesh, 2023). Through start-up initiative government of India plans to empower start-up ventures to boost entrepreneurship, economic growth and employment (Bash et al., 2019). Bengaluru is the home of diverse range of innovative companies particularly in sectors like fin-tech, E-com, Saas, and AI. Being home for technology hub, Bengaluru is recognised as a technology start-up hub and at present Bengaluru is considered as home for the number of tech start-ups in the country (Bala Subramanya, 2017).

Need for the study:

Bengaluru popularly nicknamed pensioners paradise of India and now science city, has turned into the technology capital of the country, as it remains in the forefront of tech driven innovation with the Bengaluru metro possessing all the necessary ingredients like people, infrastructure, and know how to keep this a pulsating as well as a vibrant destination for the start-up eco system today. Bengaluru will lead India as the epicentre of innovation in the age of disruption. Bengaluru has also been ranked as the most millennial - friendly city in the country, with 37% of the population falling in the age group of 15 to 35 years. Further the city has a sizeable technical talent pool as it is home for over 100 engineering colleges purchasing more than 90,000 engineering graduates every year. Start-ups are successful in creating jobs to the youth. There are 112 million working age people in India in between 20 and 24 years. Start-ups are contributing to the regional development by encouraging innovation, accelerating institutional and structural changes, increasing productivity and introducing new products. Start-ups are crux of changing times. Extremely successful start-ups that are path breaking often change the times and on perception of contemporary generation. Start-ups are expected to grow due to elevated inflation pressure leading to revenue generation. Start-ups create innovative solutions and technologies that widens people quality of life (Neeraj Thyagi, TOI, 2022). The favourable easy access to seed capital and ease of doing business has enhanced business opportunity for start-up entrepreneurs.

Review of literature

Narendra Modi (2016) the Prime Minister of India expressed that the start-up program is a ground breaking initiative that has been launched to aid those who want to launch their own business. Further he has stated that government will help these people since they have ideas and capacity to carry them out and develop.

The importance of start-ups in the Indian economy was explained by Meenakshi Bindal et al. (2018). The research focuses on the public understanding of start-ups considering recent government announced developments. Further, the researchers suggested that government must start-ups so that they may improve employment possibilities. The government must also develop startup friendly regulations.

The study by Gokul Prakash et al., (2023) on challenges faced by start-ups at Bengaluru highlights the complex and dynamic nature of start-up ecosystem. Bengaluru nicknamed as start-up hub of India, presents both opportunities and hurdles for entrepreneurs and early stage companies. The study focussed on challenges like limited access to funding and intense competition.

Padmaja Peram, (2018) expressed that the bright challenges faced by start-up India are lack of mentorship and good sharing. Funding is a major obstacle for start-up not only that finding and convincing the investors is very crucial in the early days of a business.

Sweta Kumari (2024) stated that India's economic situation is seeing growth and progress. The Indian government is displaying a growing eagerness to enhance GDP growth rate from basic level. The start-up sector has numerous problems including financing human resource launching and marinating. The study ends with a positive network that the present days start-ups are overcoming the challenges.

Ponny Thomas et al. (2023) stated about the different multi challenges faced by HR professionals of start-ups in Bengaluru and the necessary steps taken by them to overcome the different challenges during Covid-19. They have executed effective measures while running business through virtual platforms like counselling and motivating employees innovation new concepts for future recruitment virtual training process of employees.

Research Methodology

A neatly designed research methodology is a guide and ensures successful completion of data collection. Research methodology is a way to systematically solve the research plan (Kothari, C. R., 2004). In the research methodology we study the various steps that are generally adopted by a researchers in studying the research problems.

Study Instrument: Based on the objectives of the study a questionnaire containing open and questions were designed and incorporated. Direct interview method was followed and the doubts and easy clarifications were given.

Participants of the study : The entrepreneurs belonging to Peenya Industrial State I & II were consulted and well explained the objectives of the study. The entrepreneur respondents were met and data collected in a natural setting.

Study variables : All factors of opportunities, challenges and problems are the independent variables and start-up entrepreneurs and start-ups are the dependent variables.

Sources of data : The present study depends both on primary and secondary data. Primary data gathered by administering questionnaire as schedule in order to avoid delay, in completeness and reject. The secondary source include Books, e-journals and internet.

Sample and sampling technique : The sample of the study is 50 and respondents 25 each were interviewed from Peenya I & II industrial areas. Convenient technique was followed for data collection is concerned as the researcher team never wanted to disturb the production.

Extent of challenges Index : Respondents were asked to express their opinion on problem and challenges faced by start-ups entrepreneurs. The opinions are placed on 3 point Likert scale with varying from "strongly agree to somewhat agree".

$$ECFI = ECFI_{SA} + CEFI_A + ECFI_{SWA}$$

Where $CEFI_{SA}$ = The total number of respondents expressed strongly agree in stating the challenges faced

$ECFI_A$ = The total number of respondents expressed agree in expressing views on challenges.

$ECFI_{SWA}$ = Total number of respondents expressing somewhat agree.

Objectives of the study :

1. To study the opportunities for start-ups in Bengaluru.
2. To analyse challenges faced by start-ups in Bengaluru.
3. To study the problems faced by start-ups at Bengaluru.

Hypotheses :

1. There are no opportunities for start-ups at Bengaluru.
2. There are not facing challenges in Bengaluru.
3. Start-ups Bengaluru are not facing any problems.

Research questions

1. What are the opportunities existing to the start-ups at Bengaluru?
2. What are the challenges faced by start-ups at Bengaluru?
3. What are the problems faced by start-ups at Bengaluru?

Limitations

1. The study is confined only to Bengaluru district.
2. The sample strength is small.
3. Convincing the respondents about a debatable topic was little difficulty but respondents expressed their best.

Survey Findings :

Table-1 reveals data opportunities for start-ups in Bengaluru. These opportunities were measured by quantitative weighted average technique. The expressions of respondents defined as 'f' and weights 'w' and thus 'fw' obtained which was each divided by the sum of weight i.e., $3 + 2 + 1 = 6$. Likert 3 point scale with weights 3, 2 and 1 and scale being variable 'SA to Somewhat Agree'. Ranking of opportunities done depending upon strength of WA. Accordingly the first rank was assigned to opportunity to learn, the second rank was given to advance in technology, silicon valley IT hub, and science city, and the third rank was awarded to increased job satisfaction. The remaining opportunities were ranked depending upon the strength of 'WA'.

Table - 2 highlights data about challenges faced by start-ups in Bengaluru. These challenges were measured by performing Extent of challenges Index (ECI). Further for the opinions of respondents are placed in the 3 point Likert scale with varying "SA to SWA". Further, χ^2 and contingency co-efficient values also found out to know the significant variation and the extent of relationship between the two variables. The challenges faced are ranked on the basis of ECFI. The first rank was awarded to the challenge faced being hiring required personnel, the second rank fierce competition and the third challenge is cyber security The other challenges were ranked depending upon the highest of ECFI.

Table-3 explain data about problem faced by start-ups at Bengaluru. The problems faced are placed in the 3 point Likert scale with points varying from 'strongly agree to somewhat agree'. To measure the problems faced Kendell's co-efficient of concordance was performed. The study found the big problem faced include, lack of mentoring, lack of good branding and severe competition. The study on challenges faced by start-ups at Bengaluru reveals that H_0 being rejected or 'w' fails to accept H_0 and accept H_1 and hence it is found that there exist significant high relationship between the two variables.

Survey Discussion

Start-ups at Bengaluru contributing to the economic development and successfully providing jobs to innumerable. But Bengaluru start-ups are facing challenges and problems amidst opportunities. The study found high ranked, 'Opportunity to learn' as rank first, the second ranked opportunity is advance in technology, silicon valley, IT web and science city and the third ranked opportunity is about increased job

satisfaction. The challenges faced include hiring of required personnel, fierce competition and cyber security. Further, the study found problems faced like lack of monitoring, lack of good branding and family support. The findings of the study presented above and analysed and decreased by using appropriate quantitative techniques like χ^2 , contingency co-efficient, weighted arithmetic mean Kendall's coefficient of concordance.

Conclusion:

Start-ups at Bengaluru reach needs proper monitoring and guidance from successful founders of start-ups. Guidance is needed in the area of business strategy, community building and connecting with highly skilled expert mentors. The start-up eco system at present calling entrepreneurial to setup start-up units. All the challenges and problems that are faced can be well addressed so that the frame work may be 'start-up friendly'. The study found about the opportunities that are offered at Bengaluru which includes opportunity to learn, advance in technology silicon valley, IT web and science city, and increased job satisfaction. The challenges faced includes hiring required personnel, fierce competition and cyber security. The problems faced include lack of mentoring, lack of good branding and family support.

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Table-1 : Opportunities for start-ups in Bengaluru

Opportunities at Bengaluru	Weight	3	2	1	T	WA
	Likert Scale	N	DA	SDA		
Opportunity to learn	f	47	2	1	50	I
	fw	141	4	1	146	24.33
Advance in technology, silicon valley, IT web, science city	f	46	3	1	50	II
	fw	138	6	1	145	24.16
Increased job satisfaction	f	45	3	2	50	III

	fw	135	6	2	143	23.83
A cultural center welcomes everybody	f	38	8	4	50	VII
	fw	114	16	4	134	22.33
Reduction in cost	f	28	10	12	50	XVIII
	fw	84	20	12	116	19.33
More benefits	f	31	10	9	50	XIV
	fw	93	20	9	122	20.33
Cheaper patent cost	f	30	11	9	50	XVI
	fw	90	22	9	121	20.16
Innovative society	f	39	8	3	50	V
	fw	117	16	3	136	22.67
Tax holiday for 3 years	f	38	8	4	50	VII
	fw	114	16	4	134	22.33
Change of working class mindset	f	36	8	6	50	X
	fw	108	16	6	130	22.67
Unsure job security	f	34	8	8	50	XIII
	fw	102	16	8	126	21.00
Development of new operations	f	36	7	7	50	XI
	fw	108	14	7	129	21.50
Easy exist	f	30	12	8	50	XIV
	fw	90	24	8	122	20.35
Flexible working hours	f	39	10	1	50	IV
	fw	117	20	1	138	23.0
Congenial weather	f	38	10	2	50	V
	fw	114	20	2	136	22.67
Opportunity of promotion	f	35	8	7	50	XII
	fw	105	16	7	128	21.33
Minimal supervision	f	31	8	11	50	XVII
	fw	93	16	11	120	20.00
Encouragement to innovation	f	39	6	5	50	VII
	fw	117	12	5	134	22.33

Source : Field Survey

Note : T - Total, WA - Weighted Arithmetic Mean, $WA = E_{fw} / E_w$

Table-2 : Challenges faced by start-ups in Bengaluru

Challenges faced	Extent of Challenges			ECFI	R	χ^2	Result of χ^2	"c"	Result of "c"
	SA	A	SWA						
Complicated tax structure	39	7	4	50	XI	45.14	Significant	0.68	High Degree
	117	14	4	135	X				
Revenue Generation	45	3	2	50	V	77.24	Significant	0.76	High Degree
	135	6	2	143					
Team members	39	9	2	50	XV	46.33	Significant	0.69	High Degree
	117	18	2	137					
Look of proper guidance	40	5	5	50	XI	48.77	Significant	0.70	High Degree
	120	10	5	135	X				
Location of the business	44	4	2	50	VIII	67.68	Significant	0.75	High Degree
	132	8	2	142					
Training the employees	41	6	3	50	XII	53.52	Significant	0.71	High Degree
	123	12	3	138					
Exceeding customers demand & expectations	43	5	2	50	X	62.65	Significant	0.74	High Degree
	129	10	2	141					
Tenacity of funders	43	2	5	50	XII	62.64	Significant	0.74	High Degree
	129	4	5	138					

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Hiring required personnel	49	1	-	50	I	94.09	Significant	08.80	High Degree
	147	2	-	149					
Unaware of potential risks	44	3	3	50	X	67.20	Significant	0.75	High Degree
	132	6	3	141					
Lack of planning	45	4	1	50	IV	62.48	Significant	0.74	High Degree
	135	8	1	144					
Lack of knowledge about ecological issues	38	10	2	50	XV II	42.86	Significant	0.67	High Degree
	114	20	2	136					
Cash flow management	40	4	6	50	XX I	49.09	Significant	0.70	High Degree
	120	8	6	134					
Difficult to maintain records both find & operational	40	3	7	50	XX II	49.45	Significant	0.70	High Degree
	120	6	7	133					
Cyber security	46	3	1	50	III	77.52	Significant	0.77	High Degree
	138	6	1	145					
Creating awareness in the markets	39	8	3	50	XV II	45.61	Significant	0.69	High Degree
	117	16	3	136					
Infrastructure	44	5	1	50	V	67.74	Significant	0.75	High Degree
	132	10	1	143					
Replication of silicon valley	42	4	4	50	XII	57.72	Significant	0.73	High Degree
	126	8	4	138					
Financial management	41	5	4	50	XV	53.28	Significant	0.79	High Degree
	123	10	4	137					
Lack of knowledge about sustainable business practices	44	4	2	50	VIII	67.32	Significant	0.75	High Degree
	132	8	2	142					
Fierce competition	47	2	1	50	II	82.80	Significant	0.79	High Degree
	141	4	1	146					
Lack of qualified talent	45	3	2	50	V	72.24	Significant	0.76	High Degree
	135	6	2	143					

Source : Field Survey

Note : T - Total, WA - Weighted Arithmetic Mean, $WA = E_{fw} / E_w$

Table - 3 : Problems faced by start-ups at Bengaluru

Different problems faced	SA	A	SWA	RT	RT ²
Lack of mentoring	17	3	3	23	529
Lack of good branding	5	2	1	8	64
Limited funding	3	2	-	3	9
Team building and talent acquisition	2	-	-	2	4
Family support	3	1	1	5	25

Severe competition	2	1	-	3	9
Problem of customer retention & satisfaction	2	-	-	2	4
Resource allocation	2	1	1	4	16
Total	35	9	6	50	660

Source : Field Survey

Note : SA = Strongly Agree, A = Agree, SWA = Somewhat Agree, RT = Row Total

$$SSR = \sum RT^2 - (\sum RT)^2 / N$$

$$= 660 - (50)^2 / 8 = 660 - 312.5 = 347.50$$

Use the sum of squares (SSR) in the following formula to obtain Kendall's W.

$$W = 12 \times SSR / k^2 N (N^2 - 1)$$

$$= 12 \times 347.5 / 9 \times 8 (64 - 1) = 4170 / 4536 = 0.919$$

Test the significance of 'w' by using χ^2 statistic

$$\chi^2 = k (n - 1) w$$

$$= 3(8-1) \times 0.919 = 3 \times 7 \times 0.919 = 19.299$$

Decision: At 8 df level of significance the TV = 16.919. The calculated value being 19.299 being higher than the critical TV and hence "w" fails to accept H_0 and accepts H_1 . Therefore there exist significant variation with high degree of relationship between the two related variables.

