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A review of the concept, impact,  
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Indian perspective

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## **Business Incubation and Technology Start-up's: A review of the concept, impact, benefits and challenges in Indian perspective**

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### **Abstract**

Nascent entrepreneurs are people or individuals who are in the process of trying to begin a new firm. New venture creation is a long and strenuous process therefore support from government and local bodies, financiers and local groups will increase nascent entrepreneurs' motivation to put effort in the venture creation process. India's emerging economy is home to 5200 technology start-ups thereby

attaining the third position worldwide after the U.S. and the U.K. (NASSCOM, 2017). In this context, policy makers are interested in the early growth of new ventures and the entire start-up process in a Business Incubation facility. Business Incubators are engines of growth and support for start-up ventures, especially in developing economies like India. Even though the number of business incubators is increasing at an enormous rate, the concept of business incubation has not yet received substantial scholarly attention in India, though it represents a critical area in entrepreneurship research, where a potential body of knowledge is yet to be developed. This study provides a comprehensive qualitative review and evaluation of the literature on start-up process and how business incubation acts as an aid for nurturing start-up ventures to grow and survive amidst challenging environment. The paper also reviews the literature on Indian business incubation and the start-up ecosystem, its challenges and opportunities in a progressive economy like India.

**Keywords:** New Ventures, Start-ups, Nascent entrepreneur, Business Incubation, Incubators, Accelerators.

### Introduction: The Start-up Process

The creation of a new venture is defined as a process similar to biological creation, and has four stages to be considered - conception, gestation, infancy, and adolescence, with three transitions (Reynolds and White, 1997; Reynolds et al.,

2000). The start-up process begins when one or more persons commit time and resources to founding a new firm or venture. And if they do so, on their own, and if the new venture can be considered as an independent start-up, they are called nascent entrepreneurs (Reynolds et al., 2000 and Wagner, 2006). There is a period of entrepreneurial gestation prior to start-up, during which individuals become aware of, consider the feasibility, and prepare for engagement in the process of creating a new venture (Atherton & Hannon, 2006). Nascent entrepreneurs are individuals engaged in gestation activities and they statistically represent the sample of the population of individuals in the process of starting new ventures or start-ups (Carter, Gartner, and Reynolds 1996; Gartner, 2008; Reynolds 2008).

Nascent entrepreneurs can have significant consequences with respect to the development in the firm gestation process and the eventual outcome of the process which encompasses various stages such as quit, continued trying, or successfully establishing a new firm (Renko et al, 2012). A variety of perspectives have been used to distinguish the point at which a nascent firm shifts from “gestation” or “start-up” to being “operational” (Gartner and William, 2008). A start-up is said to have "graduated" when it moves out successfully from an incubator or accelerator (Isabelle, 2013). Graduates of an incubator will possibly lead to innovation, generate new jobs, rejuvenate society, advances technological knowhow, and



reinforce the local economic structure (Agarwal et al, 2010). Although new firms may bring new products, structures, ideas and processes to industries and markets, not all entrepreneurs and their firms qualify as innovators. Innovator organizations are those started by entrepreneurs whose routines and competencies vary significantly from those of existing organizations (Aldrich & Yang, 2014). The entrepreneurship literatures have reinforced the theme “New venture entrepreneur is often a person who “rushes in where angels fear to tread” which implies entrepreneurs are people who are willing to bear the risk necessary to bring a new product or service to market (McClelland, 1965)

Start-up efforts differ in terms of the characteristics of the individuals who start the venture, the organization that they create, the environment surrounding the new venture, and the process by which the new venture is started (Barrow, 2001). The motivation to start a new venture varies among nascent entrepreneurs which attributes to different personal and environmental characteristic’s (Edelman et al, 2010). A number of factors are likely to influence a person’s decision to engage in entrepreneurial activity and subsequently persist in efforts to start a new business (Reynolds et al, 2002). Young students at school and college have higher orientation to start-up, where the student community has broader social networks, which can influence entrepreneurship and their chance to engage in a business start-up (Renzulli et al, 2000). The environment variables include industry crisis,

demand for the product or service, regulatory authorities, predictability of financial markets, and hostility of the environment (Shirokova and Shatalov, 2010). There are a wide variety of areas which influence nascent entrepreneurship, including personal factors, environmental factors, resource factors as well as process-related factors (Kessler & Frank, 2009).

Start-ups are considered, studied and analysed at various levels in economies where the local economies intend to diversify. The measure of overall entrepreneurial activity and potential of new businesses are considered as an area of study by policymakers (European Commission, 2003; Reynolds et al., 2000). Policy makers have the intuition that new possibilities for growth, innovation, and job creation will arise from new ventures (Wennekers and Thurik, 1999). By considering the changes in external conditions over time, factors that affect the emergence of new organizations can be determined (Reynolds, 2015).

### Business Incubators and the Start-up Synergy

According to OECD (2002) report, one third of start-up's do not persist the third year and about 60 per cent do not survive through the seventh year. But the percentage of survived start-ups falls to 15–20 per cent among incubated start-ups (Lalkaka 2002). Therefore, many countries have been focusing on establishing

incubators at a high pace, and it is assessed that there are more than 2400 incubators in China, 1500 in The U.S., 190 in India, 130 in Israel and close to 50 in The U.K. (NASSCOM, 2016). In this context, early growth of new ventures and the entire start-up process have always been the focus of considerable research effort. Out of which, specific interest has been given to the understanding of the major aspects, features, and circumstances which promote the entrepreneurial practices, new venture formation, and that contribute to their success and achievement (Stuart and Abetti, 1987). Incubating organizations are part of a wide range of activities focussed and aimed towards promoting and creating entrepreneurship (Sofouli and Vonortas, 2006). Business incubators facilitate start-ups in the anticipation that they will later mature into self-sustaining, flourishing companies. New ventures have to face complex problems amidst challenging environment, thus policy makers widely promote an incubation environment as a solution to protect the start-ups from economic hazards. Business incubation can be termed as an innovative, progressing organizational method to generate value by linking the entrepreneurial motive of a start-up with resources normally accessible to large or medium sized firms (Hamdani, 2006). Business incubators foster young enterprises during their initial years when they are most vulnerable, aiding them to mature, grow and survive into viable commercial firms. Business incubation concept relies on the aspect that if weak but promising with a high chance of



growing into successful enterprises can be recognised at a young stage and assisted, major resource loss linked with creative destruction can be avoided. Decades back, the incubation concept encompassed dimensions and facilities such as office space, shared resources, business support, and access to networks (Barrow, 2001). Later in 1990s, incubators altered their schemes beyond offering infrastructure, trying providing management and in-house business support services to promote new firms learning process (Lalkaka and Bishop, 1996). A business incubator can be termed as a “producer” of business assistance programs in association with the society in which it functions. The start-up firms located in an incubator, can be labelled as “consumers” of those outputs, which function in an interdependent co-production relationship with the incubator (Kelley & Rice, 2001). According to Grimaldi and Grandi, 2005 “The incubation concept seeks an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate the development of new companies, and thus speed the exploitation of technology. Incubators assist emerging businesses by providing a variety of support services such as assistance in developing business and marketing plans, building management teams, obtaining capital, and access to a range of other more specialized professional services. In addition, incubators provide flexible space, shared equipment, and administrative services. After the

incubating period, it is intended that ventures graduate to become independent, self-sustaining businesses.

While most incubators have certain common services and activities, however, they also offer distinct services that reflect their own customer-base as well as the specific resources available within their (respective) communities. These differences give rise to different ‘incubating models’. Besides this gush of interest among researchers and policy developers around the world, agreeable statements over the concept of business incubation is not reached. Also there has been no consensus regarding the major factors contributing to successful business incubation (Theodorakopoulos et al, 2014). This interchangeable notion of business incubation/ incubators appears throughout the entire literature, which does not clearly explain the same concept.

In India, Universities play a pivotal role in Business incubation and new venture development. Out of the total number of incubation facilities 56 % are located in the Universities of India and one third are located in private universities of the country (FICCI, 2017). Out of the total 5200 technology start-ups in India 58 % are incubated in University, indicating the importance played by them in supporting entrepreneurship in the country (NASSCOM, 2017; FICCI, 2017). India also

moves along with the global trend of having the most number of incubators in the technology sector. The healthcare sector follows in terms of the number of incubators. Telecommunications, industrials, and consumer goods come in the third spot. The number of incubators supporting other sectors is much limited. The notable point is that more than 50 % of the incubators were set up in the last five years.

### Business Incubation - Understanding the concept

Besides the ambiguous nature of definitional paradigms pertaining to business incubators, the core concepts of incubation have always fixated on new venture creation. In the due course many incubators have tried and adjusted their value proposition to meet recent trends and latest incubation paradigms, subsequently generating many incubation models (Bruneel et al, 2011). The various types of incubators mentioned in the literature include Government, Private, University, and Public Private Partnership models (Khalid et. al, 2012). Various models of business incubation have emerged in both developing and developed countries to cater to the specific needs of incubate (Mian, 2014). Incubators are the solutions to deal with downsides of start-ups such as complications in attaining access to resources which are of tangible and intangible nature (Tavoletti, 2013) by providing the meticulous framework to deal with entrepreneurial problems such as limited access

to scientific knowledge, deprived management skills of entrepreneurs and new ventures in most developed countries. Researchers are trying to develop a process model to explain how and why the incubation process enables incubate growth and development. Business incubation can be analysed as a combination of creativity, entrepreneurship and innovation (Joseph P. Eshun Jr, 2009). As policy makers struggle with policies to stimulate the promotion of innovative technology-based firms (TBFs) in their respective entrepreneurial zones or areas, they are subsequently in quest for suitable mechanisms to help and stimulate these economic development objectives (Mian, 2014) and business incubators are perhaps the fastest growing approach to economic development and job creation which provide mechanisms such as physical facilities that “incubate” new and small ventures by providing them with varying support services and other assistance (Udell, 1990). Due to the difficulties met by small ventures, governments foster and support the development of a protected environment, in which these start-ups can ripen (Lalkaka, 2003).

### Business Incubation - Impact

Business incubators act as a mechanism to nurture economic development pertaining to role of entrepreneurial movements in the economy (Gstraunthaler, 2010) and those which are primarily not for profit, function in communities with

high levels of entrepreneurial activities in support of a large body of small ventures, else they can be formed in places that lack business existence to boost the formation and evolution of small business ventures (Qian et al, 2011). Thus the economy is increasingly influenced by incubators which have been observed as helping to build entrepreneurial cultures and clusters, acting as a catalyst for the development of integrated business support networks which include finance providers, universities, business schools, large companies, business professionals and government bodies (EUBICs, 2000). Advisors who are from various industries and professionals having prior experience will be able to assist entrepreneurs by providing access to varied information and to resources like venture capital, publicity, marketing, media attention, and access to potential customers, employees, thereby supporting venture survival and growth (Puķīte & Geipele, 2015). Although critical elements of successful “incubation programmes” are stakeholders; local demand; a range of facilities and services; effective management; throughput of businesses; economic impacts (Barrow, 2001) business incubators also provide a wide range of entrepreneurial services to their incubates including evaluating innovative ideas, financing, and helping them to develop and grow (M’Chirgui, 2012) providing mentoring and training by experienced entrepreneurs who are able to bring increased knowledge and awareness to a new venture (Hackett and Dilts, 2004). Business Incubation provide clear advantages

for progressive enterprises and a source of reference, knowledge and enabling skills in a “safe” environment, providing an incentive for immediate or future development of new enterprises (Voisey et al, 2006). Amidst all the positive sides, incubators alone are found to be insufficient to make an impact on business survival; rather other factors in conjunction with business incubators play a major role in the existence of firms (Mas-Verdú et al., 2014). Thus, incubators implementing a focused strategy and incorporating a wider network are able to increase tenant survival and growth through its customization approach (Vanderstraeten, 2014). The science park and similar initiatives such as incubation centres in the developed countries are setup to create an environment for innovation and entrepreneurship (Mubarak and Busler, 2014); for active collaboration between academics and industries; for brainstorming ideas, information, experience and services (Pals, 2006) for the growth of latest technologies and their timely transfer to the end user (Manjunatha and Nagesha, 2012).

### Business Incubation - Benefits

Incubators play an active role in nurturing businesses and creating jobs. The support of mentors and advisors will provide a strong foundation for survival during the initial stages of the start-up ventures (Wynarczyk & Raine, 2005).



Considering from an incubator's perspective, an incubate has the advantage of paying rent at below-market costs for workplace area, incubates support and network with one another, and every single tenant receive all aspects of business consulting services obtainable to them inside an incubation facility (Temali & Campbell, 1984, Allen & Rahman, 1985, Mian, 1994). Even though most number of entrepreneurs would have started on their own without the help of an incubator; entrepreneurs value the use of physical services, advertising and marketing, and risk management, insurance, and government grants that are being offered in an incubator (Allen & Rahman, 1985). There are substantial differences regarding the innovative output of incubated and non-incubated start-ups. The notable outcomes are job creation, education, and networking (Colombo & Delmastro, 2002). Incubators that offer coaching such as training and access to networking show higher rates of graduation of companies and there is significant difference among profit and non-profit incubator types, where graduation rates are higher for the latter (Peters et al., 2004). An incubation facility offers major benefits such as brand value, credibility, access to funding and business networking (Rothschild & Darr, 2005). Incubator mission and objectives should be in place with the services offered by incubator in order to obtain the desired outcomes. The mentors and advisors should possess good technical and managerial skills to support a tenant (Von Zedtwitz & Grimaldi, 2006). The value addition for the tenants in an

incubation facility is a combination of both tangible and intangible resources offered by the facility. The most important element of incubators in the early stages is tangible incubator services. But networking and clustering are the most important intangible factors behind firm success (McAdam & McAdam, 2008). Others include intangible benefits such as networking and opportunities, where a key role is played by the trust that allows exchange of information (McAdam & Marlow, 2007).

#### Business Incubation – Indian perspective

Business Incubators in India have existed since 1980s, under the Government of India and in the late 1990s private industries also joined hands. India is progressing leaps and bounds with its emerging number of new technology start-ups which are expected to grow at the rate of 8-10%. Incubators have played an important role in this growth by mentoring start-ups, nurturing ideas, providing technical support, helping them generate funds, and acquiring new customers. The role of incubators is to incubate ideas, help in product development, and provide seed funding whereas accelerators provide mentorship to companies with at least a ready version of the product, helping them scale-up (NASSCOM, 2016). In India the incubators and accelerators are classified among four groups such as Corporate by Large Corporates, Independent by Independent private centres, academic by academic

institutes, and Government supported which are started or supported by Government. According to NASSCOM, 2017 report the Indian incubator and accelerator ecosystem is estimated to grow multi-fold in the upcoming years, owing to the impetus given by academia, government and corporates. Incubators and accelerators (I/A's) play a major role in transforming the Indian economy by creating a sustainable start-up ecosystem. The number of incubators and accelerators has grown tremendously in place with growing number of start-ups. Incubators mainly deliver support throughout the start-up life cycle, accelerators are mainly concentrating on the growth and acceleration stage of the start-up ventures.

With the rise in awareness about start-ups and start-up initiatives along with 'starting your own thing' among young students, both public and private sectors are coming together to help find the next billion dollar start-up in India (NASSCOM, 2016). Entrepreneurship is flourishing in India and is now considered as the key to regional as well as national economy booster. Tier I cities in the country (Bangalore, Delhi and National Capital Region (NCR), Mumbai, Chennai, Hyderabad) are home to successful. On the other hand, the start-up boom is not confined to the Tier I cities rather it is rapidly spreading throughout the country. Tier II cities (Kochi, Indore, Bhubaneswar, Ahmedabad, Lucknow) are quickly

emerging with flourishing innovative incubator models. Incubators nurture young firms to grow, survive and establish during their start-up years, and can play a key role in the economic development of a community or region. In developing countries, including India and other similar countries like Israel, Business incubators can be promoted as a measure to help develop local economies, stimulate technology transfer, create new ventures, and produce new jobs (Al-Mubarak & Busler, 2013).

In the last few years, India has emerged as one of the world's largest start-up centres and ranks third in the number of start-up incubators and accelerators in the world after China and the US. About 40 per cent of the total 190 active business incubators and accelerators are located in secondary cities such as Ahmedabad, Pune, Jaipur, Lucknow and Chandigarh. The Indian government too, has stepped up its support for start-ups, launching a special fund to invest in start-ups as well as offering tax breaks and bureaucratic simplifications within the Start-up India program. Start-ups created 65000 new jobs in India in 2015, 80000 in 2016, and crossed 100,000 in 2017. By 2020 the number is expected to touch 250,000 annually. Start-up incubators have grown from 80 in 2014 to 190 in 2017 (FICCI, 2016). Out of the total number of incubators, 90 are academic, while the rest are corporate, government supported and private in nature. Over the next 10 years it is

expected that at least a minimum of 100,000 start-ups to come up, create \$500 billion of value and employ 3.5 million people, the largest high-quality employment in any sector.

Typical services provided by Indian Business Incubators include: Workspaces for entrepreneurs, High Speed Internet and Wi-Fi connectivity, Well-equipped conference and meeting rooms, Research Labs & Library Access, Start-up Boot Camps, Investor Networking & Pitching Sessions, Early stage investment and Seed fund providers and Mentors, E-Summits (attended by CEOs, investors, start-up founders), Entrepreneurship workshops, contests and networking events, Alumni Mentorship, Faculty and Industry Advisor Support, Technical & Leadership Training, Legal and Intellectual Property Services.

### Challenges - Indian Business Incubation

In India, it is assessed that there are about 190 start-up incubators out of which half are set up in non-metro cities outside National Capital Region, Bengaluru and Mumbai. But, India has witnessed many upcoming and funded start-ups shutting down due to lack of management experience, mentoring, training, guidance, and consulting. Start-ups usually have a higher mortality rate of around 75-80%. Therefore, promoting sustainable business incubation environment has become

inevitable for small firm growth, to reduce the chances of start-up failures in developing countries like India. The government support towards the is indeed vital, and can benefit in many ways as seen in Israel, Singapore and other countries, consistent and focused initiatives.

Even though India ranks third among the number of technology start-ups, there are only few incubation centres in India to cater to the need of the registered start-ups. The number of incubation centres are moderately less when compared to its counterparts US (1500 incubators), and China (2400 or more). Since India is in constant competition with its equals in attaining the first position, as well as to put India on the global innovation map, it is desirable to have a greater thrust in promoting and setting up of more technology business incubation centres to cater and nurture progressing number of start-ups. Even though successful and proven models of business incubation exist in India there are a lot of challenges ahead which needs to be resolved. Major challenges are include Lack of Mentors, Lack of Infrastructure, Limited access to funding, Limited contacts with the Industry, Limited Time Period for Incubation/ Acceleration and Evaluating start-ups is a big challenge when the number of start-ups are increasing at an alarming rate. Also, the numbers of start-up applications are relatively high in India, the process becomes extremely tedious and time consuming as compared to the developed economies



where benchmarks are well defined for the process of business Incubation (NASSCOM, 2016).

### Challenges - Indian Start-ups

Even though the future of India lies in a strong start-up ecosystem, it must be noted that India still remains a nation with rigid rules with unfavourable conditions of doing business raking as per the World Bank report. Even though the government policies are slowly and steadily increasing, and start-up India movement has energized start-ups and entrepreneurs, there are some key challenges which are difficult to conquer such as:

1. Government Policies- Due to stringent rules, laws and regulations, it is cumbersome for an aspiring entrepreneur to put forth tedious effort in starting a new venture in India than most of the other places in the world. Moreover, after launching a new business through year's long struggle, it takes even a bigger hassle to comply with individual sector, department, state and centre laws.
2. Talent Acquisition- Since start-up industry has already faced mass firing and downsizing in the past decade skilled talents are hesitant to join the industry. Also, start-ups in the initial stage have lesser pay than their counterparts in the corporate world. Most new ventures in a bid to outperform, hire inadequate talent without proper process, and lastly wind up on the trailing side.

3. Funding- Raising the capital in the second stage has been an extensive and tiresome challenge for start-ups. Initial funds like angel seed investment is simpler to discover, as the sums are littler, it has become substantially harder to go for later stage rounds, as companies burn too fast and do not look at unit economics. Very limited funding is available in forms of larger cheques in India.
4. Geographical variations- The geographical spread of start-ups in India show an interesting trend in growth and number. The Tier 1 cities accounts for about two-thirds of the angel and venture funding. Tier 2 cities received 31% of the total investment and start-ups in Tier 3 cities accounted for only 2 % of the total investment. There exists an immense gap in the chunk of investment received by start-ups in Tier 1 cities and the other two tiers.
5. Inadequate number of business incubation facilities- the numbers of business incubation centres are very less in India. As India has more number of rural areas, the connectivity and reachability of business incubation facilities for the village residing population is still a matter of concern. China tops the list with more than 2500 incubators and US follows with more than 1500, whereas India has only 190 incubators which shows a high gap in the start-up incubator ratio.
6. Infrastructure deficit- Being a nation of 125 crore people, India is a huge market for start-ups to flourish, but owing to inadequate infrastructure start-ups

are not able to penetrate in rural areas, major lack of facilities such as roads, internet and even electricity or telecom penetration is a matter of concern. Without overriding these challenges entrepreneurs and start-ups cannot build a big business in a country like India. India with its emerging market has many interesting challenges but at the same time, provides many opportunities to solve them too.

### Future Prospects

India's has witnessed a tremendous growth in the number of start-ups and the business incubators and accelerators continue to play an important aid in the growth of the Indian start-up ecosystem. This momentum has even triggered big corporates and established enterprises to start their own start-up programs in India. Not only does this benefit the potential entrepreneurs of the country, it also provides a platform for large and established companies to bind the possibility of the alternative thinking and problem solving approach that takes place in start-up scenario. Incubators/Corporate Accelerators collaborate for co-innovation and co-product development that can help in solving customer centric problems. Start-ups are typically the centres of innovation, and larger companies are very good at scaling the innovative ideas, this co production potential can be tapped by associating with incubators. Since publically funded business incubators are also

starting to make their presence felt, one of the newest trends to be noted in the Indian incubator and accelerator ecosystem is partnership-driven and sector-specific incubators and accelerators. Academic institutions, business industries and the central and state government are joining hands to set up sector-specific accelerators and incubators (Radhakrishna & Goud, 2017). These initiatives will certainly boost the growth of incubators and accelerators in the secondary cities of India, moreover big corporates are eyeing on start-ups for innovation and therefore more number of sector-specific incubators and accelerators will develop in the forthcoming days. Technology is the core focus where the major focus is on Big Data/ Analytics and Cloud, followed by core technology such as Internet of things (IoT), 3D manufacturing, Machine Language/Artificial Intelligence. Fin-tech, Healthcare, followed by Retail, Education-technology, Manufacturing are also some of the major focus areas (NASSCOM, 2017). In order to promote technology start-ups, the Kerala state government has launched the world's first online incubator SV.Co, exclusively for college students to help them take up entrepreneurship (Kurian, 2016). The online platform SV.CO means to convey a fully digital incubation platform to five million students in 3,500 universities all through the nation. The aim is to establish a world class start up system to a huge mass of students in India consequently constructing a superior eventual group of business people in the nation. The programme, modelled on technology incubators

in the Silicon Valley, US, offers both physical and virtual incubation for business communication and networking.

High net-worth individuals, local businesses and established entrepreneurs are grabbing opportunities to fund start-ups, though conventional white-collared investors may be uncommon in India's rising start-up hubs. Corporates are leveraging non-profit entrepreneurship networks such as Nasscom and The Indus Entrepreneurs (TiE) to engage with start-ups in India. Investment networks and entrepreneur support organisations are also co-creating events. There are co-working spaces, business contests and start-up conferences which also support and collaborate with the founders. It is notable that in the past decade many foreign start-ups have also started operations in India. In most sectors, there has been an equivalent Indian start-up to that of a foreign start-up (FICCI, 2017). Start-ups vary from the ones developing solutions for various grassroots-level problems in sectors like healthcare, education, clean energy, agriculture, to those trying to solve India-centric problems with the use of modern, innovative and indigenous technologies. Even though the major chunks of start-ups are in the Tier I cities of India, the latest trend shows a tremendous increase of start-ups in the Tier II and Tier III cities driven mainly by the growth of active incubators and accelerators (Dutta, 2017). Further, the Government of India has introduced actions to develop a sustainable

start-up ecosystem by initiating collaboration between government, industry and institutions, and catering to start-up challenges through innovative and sustainable measures. Such effective and proactive solutions have activated the growth of incubators and accelerators in tier II and III cities, which offer cheap manpower, lesser real estate investment, and inexpensive amenities to start-up companies with scarce or limited budgets (Balaji, 2017). Since, India's regional governments have acknowledged the importance of entrepreneurship; it seems to be assured that India's start-ups will begin to rise to secondary cities and rising metros, spreading the prosperity and innovation across the country in the years and decades to come. In addition to many future prospects and opportunities mentioned, there are as much limitations in the road of success for start-ups and business incubators in the country.

In India, B2B start-ups show higher stability, in 2016, 64% of B2C start-ups failed and it increased to 80% in 2017(NASSCOM, 2017). Most of the schemes in India are focussed for start-ups and the incubators in software industry. The infrastructure, facilities and the funds offered for hardware start-ups are very less, thus only a few venture into hardware start-ups. Although start-ups are seen as the need of the hour solution, the government is not deepening its efforts to create a sustainable start-up ecosystem (Vignesh, 2016). For instance, the government does



not want to take risk when large investments are involved. Therefore the government should eliminate funding eligibility barriers, so that start-ups can participate and compete on equal grounds. The policies and programmes should be framed so as to ease the process for a start-up to grow and survive. The major challenge lies in providing mentorship to start-up because most start-ups do not know what they essentially want to do and undoubtedly do not know how to do it; they are doing just what they have been told to do. Compared to the enormous volume of start-ups, there is a dearth of good mentors in the Indian start-up ecosystem (NASSCOM, 2017). Furthermore, despite the effort of state governments launching competitive schemes, cities in the Northeast of India have hardly any takers for state incentives. Even though there is a consistent one per cent increase in the participation of women entrepreneurs since 2015, the overall number of women-led start-ups continues to be small (NASSCOM, 2016). Despite the fact the government policies are slowly and steadily increasing, it must be noted that India still remains a nation with rigid rules with unfavourable conditions of doing business ranking as per the World Bank report. Therefore, in order to cultivate a sustainable ecosystem for start-ups, the research culture has to be intensively developed in the Indian start-up and incubation system to make it more practical oriented. Many challenges and barriers are yet to be solved through the government structural norms and policies. It is the need of the hour to go beyond

theory, exploring deep into a focussed research and create a conducive environment to cater to the diversity of start-ups.

## Conclusion

Even though incubation is a widely accepted phenomenon acting as an aid to start up activities, researchers have been mainly focusing only on new business development in entrepreneurial research papers, and there is little work existing on how incubating businesses develop within the incubator which outlines the experience of the incubates (Cheng & Schaeffer, 2011). Even when much research is done regarding new ventures, the extent to which business incubation supplements value to them has always been a substance of enquiry (Bruneel et al., 2012). The concept of Business Incubation has been quite successful in India over the last decade, with over 500 start-ups successfully graduating from their incubators thereby creating value to the national economy. However, the challenges faced by them such as a lack of sufficient mentorship, follow up activities, lack of continued funding, and other bureaucratic issues persist which prevent the incubators in successfully achieving the targets. Future prospects seem to be high and wide for incubators as well as start-ups in the country, thus timely intervention by the central and state governments are needed to overcome the challenges by bringing together the key stakeholders of the ecosystem including

start-up incubators/accelerators, angel investors, venture capitalists, start-up support groups, mentors and technology corporations to attain a global position in the start-up ecosystem.

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## Startups in India: Need for a Sustainable Ecosystem

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Entrepreneurship and innovation are the engines of economic growth and the societal progress. Entrepreneurial drive by itself cannot deliver sustainable economic growth and hence, requires the support of an ecosystem that is sustainable and scalable. This entrepreneurial drive is challenged by risk, government policies, advances in technology etc. and thus, it is imperative for the entrepreneurs to understand the environment, and the entrepreneurship in an economy and gauge its performance effects on the nation's economy. Although the last decade had witnessed considerable advances and breakthrough in the rise and growth of startups, the entrepreneurship culture in India is still at a nascent stage and is in search of a stimulus that can help entrepreneurship play a pivotal role in the development of Indian economy. The main objective of this paper is to study the recent advances and the forces that underpin the startup ecosystem in India.

Literature evidence that the development of an ecosystem is a continuous process with the support of many players in the ecosystem will occur over a period of time. The study also suggests that creating a robust and sustainable ecosystem requires linking large companies, entrepreneurs, academicians, researchers, Human Resources, Government agencies and funding organizations. Finally, this paper sheds light on the future of the startups and the determinants that would fuel the growth of startups in India.

**Keywords:** Entrepreneurship, Startups, Ecosystem, Sustainable Development, India.

## Introduction

There is an increasingly greater emphasis on the promotion of entrepreneurship across the world and India is no exception to this fact (Valdez and Richardson, 2013). Today, entrepreneurship is recognized by all the nations as a key driver for economic growth enhancing the per capita income of the nation. Entrepreneurship not only contributes to the economic growth of the nation but helps in job creation and address key social challenges. Research also evidences that innovation and entrepreneurship transform economy in the developing countries (Maimone et al., 2016) as they are the engines of economic growth and the societal progress (Allen, 2009). The success of any business enterprise depends on the ability to come up

with new ideas, be it a startup or an established organization. One of the key driving force for entrepreneurship is innovation and thus entrepreneurs keep ideating, with possible multi solutions for the same problem. However, it has to be noted that not all the ideas generated would turn into a service or a product. Those ideas that successfully translate into business are the ones that keep the business growing. A guiding principle for the successful entrepreneurs is to treat no idea or innovation as a bad idea as the success of those depend on the environment and depends on several other factors leading to an ecosystem. In order to bring life to the new ideas, the entrepreneurs require the support of other actors termed as an entrepreneurial ecosystem. Entrepreneurial Ecosystem refers to the social and economic environment affecting the local/regional entrepreneurship. Thus, it is important to understand the nature and the dynamics of the ecosystem for the organizations to succeed. Last decade witnessed a phenomenal change, where the entrepreneurs are inching towards startups. Hence, an attempt is being made to understand the Indian startup ecosystem in India and the trends shaping up the ecosystem.

Although, there are many definitions of what a startup is, the general understanding of a startup is considered to be an entity that has begun operations recently. Since, the current study revolves around Indian startups and the entrepreneurship, the



study adopts the operational definition by Department of Industrial Policy & Promotion (DIPP) that defines startups as an "entity incorporated or registered in India not prior to seven years, with exceptions to startups that operate in the biotechnology space with the annual turnover not exceeding 250 million". This study does not take into consideration the spin-offs nor the newly formed subsidiaries of the parent organizations as the focus is on entrepreneurship and the newly begun entities.

#### Startups in India – The Current Scenario

Geographically, India is 7<sup>th</sup> largest country. Incidentally, Indian economy is also the 7<sup>th</sup> largest, based on the Gross Domestic Product (GDP) and poised to become the third largest by 2030. India is dominated by agriculture and its allied sectors until 1990's, where the growth rate was very modest. This period was characterized by people who are deprived of training, technology, innovation and the policy support. Indian industry and the economy witnessed a paradigm shift with the introduction of Liberalisation, Privatisation and Globalisation policy (1991). The LPG policy of India established the path for a free economy that allowed multinational organizations to invest in India and Indian organizations. This has marked a new beginning in Indian economy giving rise to Industrial development

(Brandl and Mudambi, 2013) corporate governance (Khanna and Palepu, 2000) and connectivity (Lorenzen and Mudambi, 2013).

Much of India's growth in the past two decades can be attributed to service sectors of which, Information Technology industry contributed to the major share. The IT industry in India plays a significant role, contributing USD 154 billion to the nation's GDP in 2017, a growth by 8 percent compared to last year. The industry is expected to reach USD 225 billion by 2020 and USD 350 billion by 2025 (NASSCOM, 2015). Exports contribute to about USD 117 billion and the domestic contributes to USD 38 billion in 2017. Two-thirds of the export revenue is generated from the US and the rest of the world contributes to one-third of the revenues. The success of the IT industry can be attributed to the availability of the skilled workforce and the graduate additions every year.

Technology-based entrepreneurship has gained relevance due to the growing number of Information Technology/software organizations in India (Venkataraman, 2004). Last 10 years, India witnessed a phenomenal growth in technology startups as the current valuation is expected to be US\$32 billion (NASSCOM, 2017). The rise in the startups can be partially attributed to the expansion of the entrepreneurship education that is consistent with the global

initiatives fostering the growth of private enterprises (Global Entrepreneurship Monitor Report, 2016/2017).

### Indian Startup Ecosystem Landscape in 2017

Indian Startup Ecosystem is still in developing phase but is growing at a compound annual growth rate of 30% over the past five years. During the first half of 2017, Indian startups received funding of US \$6.4 billion from both the U.S and the non-U.S investors. Indian Startup ecosystem also witnessed a rise of startups that cater to the needs of the nation especially in Healthcare, Education, Inclusion, Clean Energy and Agriculture (NASSCOM, 2017). As per the report "Indian Start-up Ecosystem – Traversing the Maturity Cycle –2017" by NASSCOM, the total tech startups in 2017 are expected to be between 5000 – 5200. India is home to third largest startup base and is just behind U.S and UK. The number of startups was less when compared to the previous years as the focus was shifted to the solving the problems than mere existence and thus the key areas that focused were Fintech, Analytics, Artificial Intelligence and Internet of Things etc. Majority of these startups are located in the tier I cities – Bengaluru (27%), Delhi (25%), Mumbai (16%), Hyderabad (6%), Chennai (4%) and Kolkata (2%) due to the availability of the talented and skilled workforce required for the organisations. Tier II and Tier III cities contribute to 20% of the startups.

There was an increase in the total funding value in 2017, an increase of 45% over the previous year although the number of startups declined by 13% compared to 2016. As per the NASSCOM report (2017), investors believed in the growth of the e-commerce startups and thus 70% of the funding is placed in e-commerce verticals – travel & hospitality, food-tech, SCM & logistics, health-tech and fintech verticals. Oyo Rooms, India's largest hotel network has raised \$250 million funding last year is an example of startups attracts funding in India. The funding value increased 2.3 times for Fin-tech and 2.2 times for high-tech while it decreased by 40% for food vertical.

Over the last decade, several entrepreneurs have started their enterprises. However, the number of startups that have attained the status of the unicorn is not so encouraging thus underlining the need for a sustainable ecosystem. Unlike the U.S., the startup ecosystem is not matured in India, however, it has potential to grow. Lack of government support, investments, mentoring, and bureaucracy are attributed to the linear growth of the ecosystem. Having realized this, the policymakers are working on several policy measures to benefit the entrepreneurs (Ministry of Micro, Small & Medium Enterprises, 2013). The performance of the MSME's depends on the macroeconomic factors, environmental and regional

adaption and thus calls for a stable ecosystem that helps the small enterprises. The Government of India has set an explicit policy to become a leading business-friendly economy and thus the focus is also on the ease of doing business (World Bank, 2008; 2013). Although the rise in startups due to these initiatives cannot be measured, the ease of doing business has been on the rise. Metro cities like Mumbai, Bengaluru, Delhi, Hyderabad, and Chennai are leading the race and for the year 2017, the state of Telangana is ranked number one (Business Reforms Action Plan, 2017). The government of India has taken several initiatives – Startup India Hub, Startup India Learning Program, Global Entrepreneurship Summit etc. Startup India is first of its kind initiative initiated by the honorable prime minister of India Sri. Narendra Modi. The objective of this initiative is to build a strong ecosystem for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The initiative also has an action plan with three main focus areas – Simplification and Handling, Funding Support and Incentives, Industry-Academia Partnership and Incubation (StartUp India, 2016). This has given rise to a 30% of the new startups since 2016.

An online platform Startup India hub was launched by Government of India in June 2017. The objective of the hub is to create a single point of contact for the

startup ecosystem and to discover, connect and exchange information across the parties involved in the startup ecosystem. The hub also connects all the investors, funds, mentors academia, incubators, accelerators, corporates, government agencies and other parties involved so as to share information and thus acts as a one-stop shop for all the startups. One of the key government initiatives is Startup India Learning Program. The program is a 4-week online entrepreneurship program conducted in collaboration with UpGrad, an online higher education platform that provides rigorous industry-relevant programs designed and delivered in collaboration with world-class faculty and industry (UpGrad, 2017). Another key initiative encouraging the startups is removing the sanctions on Foreign Direct Investment (FDI). With this, startups can raise up to 100% funding the foreign venture capitalists or any foreign funding agencies.

Make in India initiative launched by Government of India in 2014 also helped spur the growth of startups. The initiative was a call to business leaders and potential investors around the world to transform India into a global design and manufacturing hub. Make in India has opened doors for investments especially with higher levels of Foreign Direct investment as a result of which several sectors like Railways, Defence, and Space etc. have been attracting investments underscoring the importance of regulatory policies being relaxed facilitating investments and thus ease of doing business in India (Make in India, 2014).

Industry associations play a significant role in the growth of the startups. One such initiative is setting up of T-Hub, a public-private partnership between the government of Telangana and three of India's premier academic institutes in the state, Indian School of Business (ISB), National Academy of Legal Studies and Research (NALSAR) and International Institute of Information Technology, Hyderabad (IIIT-H). T-Hub the largest technology incubator in the country acts as a liaison between the startups, academics, corporate and the government agencies (T-Hub, 2017). T-Hub is a not for profit organization and attracts the startups not only from all parts of India but from other countries as well. It also trains and equips innovators with the necessary entrepreneurial skills so as to succeed in their enterprises.

Of all the initiatives, Global Entrepreneurship Summit that was held in November 2017, needs a special mentioning. India hosted the eighth annual Global Entrepreneurship Summit (GES) from November 28 – 30, 2017. The summit provided a platform to share, network, collaborate and exchange ideas among the 1500+ attendees that included entrepreneurs, investors, academicians, venture capitalists, government officials and businessmen across the world making it truly global (Global Entrepreneurship Summit, 2017). The summit was one such opportunity to showcase the entrepreneurial spirit, resources, and the talent country



has to offer. The Summit, which was held in partnership with the United States of America and NITI Aayog was addressed by the honorable prime minister of India, Shri Narendra Modi, and Ms. Ivanka Trump, Advisor to Donald Trump, president of United States. With the theme, Women First, Prosperity for All, the summit focused on supporting the women entrepreneurs as the percentage of women entrepreneurs in the developing economy is low and often confront with barriers in starting a business (Venkatesh et al., 2017) as women experience difficulties with access to capital, markets, and business networks.

#### A conceptual framework of Sustainable Startup Ecosystem in India

Ecosystem refers to a group of interconnected businesses, organizations, and individuals that form with the objective of pursuing some sort of mutually agreed outcome (Agrawal et al., 2017) consisting of multiple actors working in tandem that affects the entrepreneurial / startup performance. The literature on ecosystem has mentioned hundreds of actors that affect the growth of startups (Theodoraki and Messeghem, 2017). Bala Subrahmanya (2017) highlights the need for a sustainable ecosystem and points out that an ecosystem cannot be built overnight and requires the support of several actors. The fact that India is the third largest startup ecosystem in the world reiterates the need for a sustainable ecosystem that attracts talent, investors, and entrepreneurs and is a base upon which new

entrepreneurs can build their enterprises (Khanduja and Kaushik, 2008). Several governmental and non-governmental agencies like National Institute for Entrepreneurship and Small Business Development (NIESBUD), Progress Harmony Development (PHD) Chamber of Commerce and Industry, The Entrepreneurship Development Institute of India (EDII) have laid the efforts to foster entrepreneurship in India (Dana, 2000).

Post the economic liberalization (1991) and the Information Technology boom, the Indian market has undergone several structural changes especially with the rise of knowledge-intensive sectors calling for a robust ecosystem linking several actors in the ecosystem leading to sustainable development. The actors in the ecosystem are divided into two factors – Primary and Secondary similar to Porter's (1985) Value Chain. Primary factors are considered to be the core that is indispensable in nature, while the secondary factors can be treated more as enablers supporting the ecosystem. Each of the actors plays a significant role in the development and sustaining the entrepreneurial ecosystem in India. All these are interrelated and needs the support of others as each of the actors grows strong, there would be little need for the industry associations or government agencies to reinforce the need for entrepreneurship/startups in building sustainability into the environment.

Primary determinants affecting the entrepreneurial performance are finance, markets, early customers, and talent. Finance is the least understood factor by the entrepreneurs and thus, most of the startups fail here, seed stage funding continues to be a big challenge in spite of government allowing foreign direct investments. Funding for startups often starts from friends and family, private equity, venture capital. Once the startup is stabilized, they will be able to attract FDI's. Access to markets - both domestic and international market is another determinant for the startups as small companies often fail to sustain due to their inability to penetrate into the markets due to the market barriers. Similarly, early customers play a critical role in the success of startups. Most often they become repetitive customers and does a word of mouth publicity when they are satisfied with the goods or services purchased. Indian population is huge and has millions of students graduating every year. These graduates prefer joining an established organization than being associated with a startup as joining an MNC is considered to be a status symbol for many of the Indian youth. Indian startups also lack experience in sales, marketing and thus, it is essential for the startups to have people with like-minded nature who would go along with the company (Rai, 2014). A recent survey by McKinsey highlights the shortage of talent faced across the globe as it estimates India will need 200,000 data scientists in the future (Fractal, 2015). In spite of India being the favorite destination for IT outsourcing, search for skilled

professionals to support the new technologies like big data, cloud computing, machine learning, artificial intelligence is in high demand.

Secondary factors include government policies & initiatives, academia, technology, industry, investors, accelerators, cultural support, regulations, infrastructure, incubators, industry associations, mentors, and media. Each of them plays a significant role in the success of the entrepreneurial journey when these do not support the ecosystem they become barriers to the growth of the startups. Of all the factors cultural support requires special mentioning. Culture refers to the preference for self-employment and the tolerance of risk and failure. In a typical Indian culture, families encourage their children to secure a job rather than to start their own venture. Further, entrepreneurs were treated as someone who is either unemployed or unemployable (Ganesh, 2016). This is in contrast to the global trends, where 42 % of the youth are interested in starting their own business (Global Entrepreneurship Monitor Report, 2016/2017). Though the trend has changed over the last few years, entrepreneurs are encouraged due to their family background and thus, the social status of the entrepreneur also plays a critical role in establishing a startup. Infrastructure refers to access to the transport, telecommunications or even the basic amenities like access to water and electricity. In terms of the technology startups, access to broadband and electricity plays a

critical role. Until 2016, there was no comprehensive policy dedicated to startups and as a result, entrepreneurs saw a sudden confrontation with legal processes. Prior literature also highlights that the developing countries like India possess relatively immature legal and governmental policies (Marcotte, 2014) and often take a non-linear path (Peng, 2003) due to which harnessing entrepreneurship and innovation become extremely difficult.

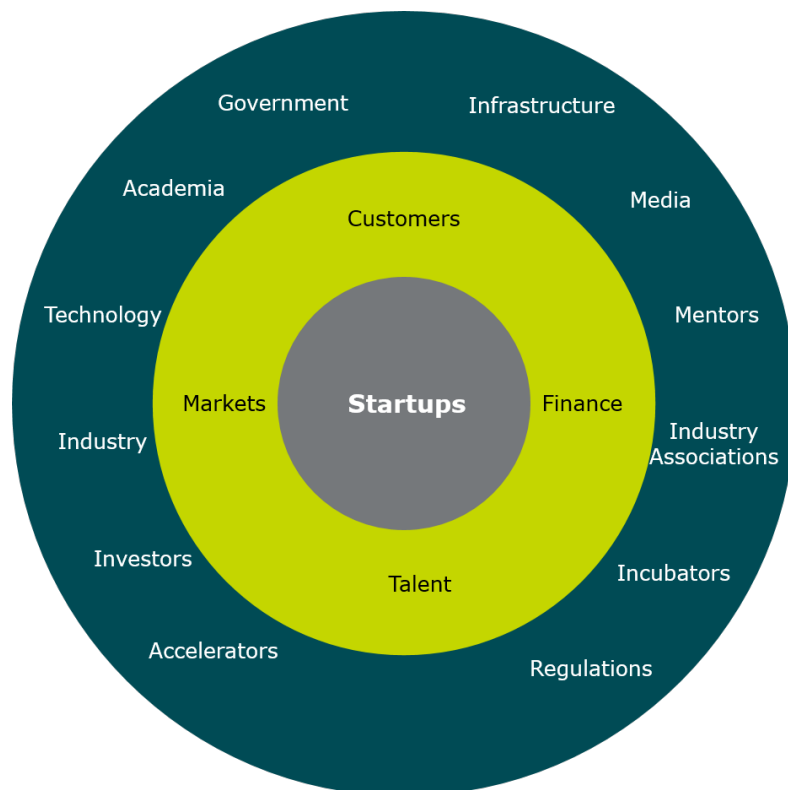


Figure 1

The study underlines the need for a comprehensive ecosystem that fuels the economic growth leading to sustainable development. The current timeframe is characterized by the growth of tech startups and for the next two decades, there would be a lot of new technologies emerging to support the business and hence, entrepreneurs need to keep a constant watch for the opportunities to excel in their entrepreneurial journey.

The second objective of the study is to shed light on the future of the startups especially in Indian context. The startup market is increasing in popularity and the number of startups is bound to grow multifold in the future. It is much easier for the entrepreneurs to own a startup due to access to venture capitalists, funding agencies, mentors, accelerators and the government initiatives. However, in order to survive in the market, these startups have to be innovative and provide differentiation. An attempt is being made to study the determinants both internal and external that would change the way the startups are functioning today as they envision a paradigm shift in the growth of startups.

### Corporate Accelerators

Until recently, venture capitalists were only the major source of funding for the startups, especially in India. However, there is a paradigm shift in the source of

funds for the startups. Termed as Corporate Accelerators, big players in the marketplace started to provide necessary support not limiting to financial assistance to early-stage startups. Large corporates are able to attract startups as they provide equity free funding, mentoring and the knowledge sharing. Besides, these accelerators fund those startups that operate in the same domain and thus, it is a win-win situation for both the parties. The corporations will have access to the new ideas and technologies leading to innovation, while the startups are being nurtured, funded and mentored as startups have cited mentoring as one of the most critical elements for them to sustain in the marketplace (Bala Subrahmanya, 2015, 2017). Some of the pioneers in this space with a focus on Silicon Valley Startups are Barclays, Google, Facebook, Amazon, Target, Qualcomm, Sprint, Disney, Samsung, and Microsoft. In 2017, Outcome Health, a platform for actionable health intelligence backed by Google is listed has become a billion-dollar company. Similarly, in China, internet giants like Baidu, Alibaba, Tencent have invested in startups that are closer to become Unicorns (CB Insights, 2017).

Although this trend is nascent in India, it is beginning to gain momentum in the last one year. As the large organization adopts this, it is only a matter of time before other organizations are likely to follow. Tech Mahindra, a leading IT service provider is partnering with 30 tech startups across US, UK, India, and Israel. It is



also encouraging and invests in their employees offering ideas around artificial intelligence, Internet of Things (IoT) etc. Infosys, a global leader in technology services has invested \$62 million in startups operating in IoT, automation, and drones. Similarly, Wipro, another leader in technology services has invested close to \$25 million in startups in IT space (Inc42, 2017).

Social Media firm Facebook expressed its interest to invest in Indian startup ecosystem in 2018 supporting small businesses in India run by women. Through its online startup hub, Facebook will assist entrepreneurs in their initial stage and help financially in scaling up their businesses and plans to train 5,00,000 Indians in the next three years.

### Startup Acquisitions

Most companies get acquired, when the company is in early stages of business. However, the recent trend has taken most of the entrepreneurs by surprise. Be it the acquisition of Shazam by Apple or the acquisition of AppDynamics by Cisco. Such acquisitions bring innovation, excitement and create unrest in the industry. Following the global trend, Indian startup ecosystem witnessed 123 acquisitions, though the number is less compared to the previous year 2016 (155), the trend was encouraging. Notable acquisitions were Halli Labs, a machine learning company by Google; ItzCash, a prepaid cash cards firm by Ebix Inc; Freecharge, an e-

commerce site providing online facility to recharge prepaid mobile and DTH by Axis Bank; Little Internet and nearbuy, an online marketplace platform allowing customers to connect with local merchants by Paytm (Inc42, 2017). The trend has been changing slowly wherein the startups are acquiring some of the largest companies. The recent acquisition of eBay India by Flipkart has taken the industry by surprise.

### Startups to Unicorns

The dream of any startup is to first become a Unicorn. Achieving this status is considered to be a sense of excellence. Unicorns are those companies, whose market valuation is more than \$1 billion. These companies are characterized by growth and will reach scale first before they turn into a profit-making business. In contrast to Unicorns, cockroach grows slowly and steadily as these organizations are not ready to take the risk and hence keep a tab on spending money. Unicorns attract funding agencies and venture capitalists due to the growth and the scale. However, the agencies are looking for those organizations that have a sustainable growth than those companies than those with swift growth.

The year 2015 was considered to be a year of Unicorns. Across the world, 81 startups have become unicorns in 2015, while 2016 was very tough for the startups

with 43 Unicorns. The year 2017 was better when compared to the previous year with 57 startups becoming Unicorns (Recode, 2017). The U.S. (32) and China (18) contributed to the majority of the Unicorns in 2017 (Visual Capitalist, 2017). According to Pitchbook, a data, research company that covers private capital market, venture capital, private equity, M&A transactions, U.S. has 128 active Unicorns as of 2017 (Pitchbook, 2017). Paytm, the largest mobile payments and commerce platform in India is the only Indian company listed in 2017 Unicorns. India is a home for 10 unicorns, whose total valuation is 35.4 billion with Flipkart at (\$11.6), Snapdeal (\$7), Paytm (\$5.7), Olacabs (\$3.65), ReNew Power Ventures (\$2), Hike (\$1.4), Shopclues (\$1.1) and Zomato (\$1), InMobi (\$1) and Quikr (\$1) with 1 billion each. Of all these Unicorns Paytm needs a special mentioning during the time of demonetization in India. India's largest mobile payment and commerce platform has virtually become an alternative for cash in India post the demonetization effect. Unlike other counties, cash is the only medium of transactions for most of the shopkeepers in India. Paytm has shown an alternative way of payments and transaction to Indians and companies like Mobikwik and Freecharge were quick to absorb it.

Venture Capitalists put in their money where their return on money is assured, be it a Unicorn or a Cockroach. With the economic slowdown across the globe,

investors are diversifying their money and investing in those startups that will survive irrespective of the economic downturns and the financial recession. This has led the venture capitalists to look at cockroaches, whose growth is slow but steady. Moreover, these startups can stand on their own and can take things in their stride. Building a sustainable business is a key strategy and therefore it is important for the organizations to focus on long-term strategies. Those startups that withstand the tougher times would automatically attract the funding and they are likely to be noticed by the investors in their endeavor to become a Unicorn. Many of the Indian startups has potential to become a Unicorn and there are at least 50 of them spread across industries such as e-commerce, financial technology, healthcare technology, logistics, and travel (Quartz, 2017). These companies are often called as Soonicorns, meaning startups with a potential to become Unicorns.

## Talent Management

Talent management is a strategy of managing and retaining the talented and skilled employees of the organization. As such, startups range from small to medium-sized and doesn't have the luxury of the large companies to innovate on HR practices. Right from the Silicon Valley in the U.S to the startups in India, talent management is one problem that is bothering all the entrepreneurs. These startups recruit individuals, who are multi-talented with niche skills and ability to reinvent

strategies. Highly skilled people are always in demand and has a strong and continuous demand irrespective of the economy or the country in which they work. On one hand, there is growing unemployment in countries like U.S and India and on the other hand, there is a shortage of skilled workers. This shortage can be attributed to either skill mismatch or missing the right skill required for the job. As a result, there exists War for Talent, where the employers bid for the talent. These organizations often tend to be more employee-centric as they play a critical role in innovation.

Silicon Valley firms like Facebook, Google, Apple stand as a role model in people management practices that all other companies look up to. These organizations encourage innovation and allow employees to do the best of their lives thereby leading as an example in attracting and retaining the talent. Silicon Valley firms provide more benefits and perks for the employee and create a congenial workplace that creates excitement at work. The current generation of employees is new millennials, who are passionate about things they like. They are also ambitious and curious to explore new things. At the same time, they are risk-averse. Prior studies indicate that these generations who cannot connect with their workplace leave their organization without having another offer in hand. These generations engage in discussions with an open mind and being transparent.

Indian startups have taken a new route in recruiting professionals for their firms. They are holding hackathons in identifying the right talent. Until 2016, these startups were recruiting graduates from premier technology institutes such as Indian Institute of Technology (IIT's), Indian Institute of Management. However, these startups find the recruitment process at these institutions too rigid and had to pick the best from the available candidates thereby limiting their recruitment search. Several startups like Paytm, Portea Medical, KNOLSKAPE, Grofers, and Oyo have decided to do away with the IIT's and instead focusing on tier II colleges in India that can supply right talent in right budget. On the flip side, these institutions have blacklisted few startups firms for delaying the joining dates. These institutes would not give first slots to these organizations irrespective of the package offered to the students. (Times of India, 2017). Talent management must fully integrate all the HR related activities into a business strategy connecting all the HR functions in the organization. PiLab, people, and innovation group of Google test and assess new people management approaches before they are implemented.

## Crowdfunding

Indian startups have attracted billions from across the world through private equity and venture capital funds. However, the early stage startups that are yet to make revenue are struggling to find financial sources. These entrepreneurs depend on family, friends, crowdfunding or their personal savings. In the recent past, crowdfunding has become the alternative source of finance to investor funding. It is a practice of raising small amounts of money from a large number of people through social media. This concept is very popular in the developed countries like U.S, UK. Global crowdfunding industry is growing at an exponential growth and is expected to generate 50 billion dollars by 2018. In India, though the number is small as the typical Indians are averse to risk and would invest in a company only if it is registered. Enthusiastic individuals, who wish to raise funds can create a profile and detail the project and the goals of the company to the larger audience through social media. In return, entrepreneurs would pay off either in terms of rewards or in the form of equity. In the next few years, crowdfunding platforms are expected to grow in large number. Some of the leading crowdfunding platforms helping the startups raise finance are RangDe, Faircent, Ketto, FuelADream, Catapooolt, Bitgiving, Crowdera, Milaap, Impact Guru, Wishberry. Indian startups are hopeful if the crowdfunding can be regulated by Securities and Exchange Board of India (SEBI), there would be more people financing the startups and thus



crowdfunding can be seen as an alternative investment for most of the businessmen (Crowdsourcing Week, 2017).

### Technology Incubators

Technology incubators assist technology-oriented entrepreneurs in the early stages of the startup by providing the required infrastructure in the form of finance, workspace, shared facilities and other necessary business support services.

Technology incubators in India are either the university incubators, public-private partnership or the government supported helping the entrepreneurs in making their ideas a reality. Besides they also provide mentoring, business planning and helps in identifying the right talent for the success of the venture. Getting early seed funding is considered to be the biggest hassle for most of the entrepreneurs and for them technology incubators seems to be the safest best in converting their ideas to business. Entrepreneurship in India has taken a U-turn with the universities introducing entrepreneurship courses and encouraging ideas through their technology incubators (Agrawal et al., 2017). All the leading IIT, IIM and the popular universities have technology incubators in place facilitating business growth through academics and hence a growth of 30% in student startups. It is important to drive entrepreneurial culture as they not only become entrepreneurs but they live, work with the decisions that affect the communities (Audretsch,

2017). As per NASSCOM report (2017), there are about 190+ active incubators with a year over year increase by 36%. By 2020, NASSCOM expects that the industry-academia partnership would boost innovation as the government of India plans to set up 35 new incubators and 31 innovation centers.

## Conclusion

Developing countries like India has tremendous opportunities for Entrepreneurship and Innovation. Entrepreneurship coupled with Innovation can taste success when they challenge risk and ambiguity that is essential for startups in order to be grounded in the business. The literature on the risk-taking ability of entrepreneurs in the Indian context reiterates the shyness and the fear of failure (Dana, 2000). In spite of these, India Indian startups have disrupted some of the large established companies with their innovation and market-driven technologies. These startups have not only created new businesses and job creation but also has potential to offer much to the society. What makes very special about the entrepreneurship is that the successful entrepreneurs often take the role of venture capitalists by investing money in the startups that has potential to grow.

India is second largest populous country next only to China with 1.3 billion people. Similarly, India is one of the youngest nations with more than 60 percent of the

population is in the working age group and the number of graduates coming out of the colleges is more than 6 million every year (Dwivedi and Tiwari, 2013). In spite of the amazing numbers, India has not harnessed the entrepreneurship effectively. This calls for a need to foster the spirit of entrepreneurship for which sustainable ecosystems have to be created supporting the entrepreneurs. Access to funding, markets, government regulations, entrepreneurship education becomes a decisive factor for the success of entrepreneurship. The Global Information Technology Report, 2016 by World Economic Forum (2016) paints the lack of entrepreneurial education as concern for the development of the startup ecosystem in India. Industry-Academia interface, government-industry associations and the other combinations such as incubators-accelerators should drive the entrepreneurship readiness enabling the students to start their own enterprise even before they complete their graduation so they know what to do after completion of their studies.

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# Factors Influencing Female Entrepreneurship in India

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## Abstract

Women's entrepreneurship, whilst increasing in size and quality across the world, still lags behind in India where many of those enterprises created are low tech micro enterprises which often employ only the entrepreneur themselves. This it has been suggested is due to a variety of factors, such as male prejudice which makes it hard to be taken seriously by funders, a lack of confidence in themselves, lack of access to support and cultural issues in general, for example where women are expected to look after the children. Using both quantitative and qualitative data from a questionnaire and interviews with three diverse female entrepreneurs,

it was found that men still had a negative view of female entrepreneurship in India, a view shared by some women also. More specific problems included awareness of help and support and some not wanting to accept help as a sign of weakness. Support from friends and family was mixed, but was useful when offered. Women were broadly positive and confident about their skills and abilities whereas men's views were more polarised toward female entrepreneurs. Suggestions for improving the situation included more support programs nationally and locally as has been successful elsewhere, but crucially making people more aware of the programmes. Networking, availability of mentors and awareness raising using positive case studies could be used effectively. Reducing male bias it was suggested could begin in university education or even before where entrepreneurship programmes could also be made available to increase the number of those who might start high growth technology businesses rather than micro enterprises.

## Introduction

Recent data suggests that women entrepreneurial ventures are increasing in number (reported to be now approximately 163 million) and quality throughout the world, with the latest GEM report suggesting overall female contribution to total entrepreneurship rates has increased by 10% and the gender gap (ratio of

women to men participating in entrepreneurship) has narrowed by 5% (GEM 2017). However many of the enterprises created in India are low tech microenterprises which employ only the founder themselves. Around the world, the highest levels of entrepreneurship amongst women tend to be in sub Saharan Africa and the Philippines where entrepreneurship, often out of necessity, is 30-35%. A recent GEM report suggests that women in India contributed 7.6% of total entrepreneurial activity in that country with 31% of those entrepreneurs saying they were entrepreneurs by necessity rather than opportunity driven. This compares with countries such as the USA, for example, which have 10.5% contribution of women to total entrepreneurship with 12% doing so out of necessity. Kelley et al., (2012) identified 126 million female entrepreneurs (with 98 million being stable businesses) in 67 economies with worldwide and lower female totals for entrepreneurial activity are observed, whether in extremely advanced or extremely under-developed economies. In addition, a report by the International Labour Organization (2014) highlighted that although 22% of men's industrious aptitude is underutilized, women's is as high as 50 per cent, adding evidence to suggest that the bulk of those female entrepreneurs businesses in the emerging and transitioning markets are micro enterprises, with limited opportunity for progression. Since women are approximately 50% of the population, many have argued it is remiss not to take advantage of this (e.g.

Cabrera and Mauricio, 2017, Minniti and Naudé, 2010), in fact, The World Economic Forum declared women entrepreneurs as the most important area for growth (Elias, 2013), and women entrepreneurs have been considered as the “New Women’s Movement” with women entrepreneurs key drivers for growth and development in the world economy (Vossenbergh, 2013).

Indian women hold around 48% of the populace, out of which only 34% are occupied in economic activities encompassing regular occupations or entrepreneurship. India’s position of 110th of 166 nations suggests that it has an underwhelming participation of women contributing towards the country’s economic activities (Vijayakumar and Naresh, 2013, Fielden and Davidson, 2010), so it would be clearly beneficial to improve this position. Das (2014) suggests that in India, there are approximately 61% of people who perceive entrepreneurship as a viable career option. According to the central statistical authority, women account for close to 70 % of the micro enterprises in India (Malyadri 2014), and five- year plans made by government are focusing on fostering women’s entrepreneurship by encouraging them with intensive agricultural programmes, education, training for women in need of work and protection and empowering women. A total of 27 different schemes are run by the government departments and ministries for the upliftment of women (Nehru and

Bhardwaj, 2013). Bertaux and Crable (2007) stated in their study that Indian women, especially living in rural areas, can become entrepreneurs by aiding them with technology, training and other resources. Banks, companies and NGO's (non-governmental organizations) have proposed micro credit and other type of entrepreneurial assistance to foster their development. Charantimath (2005) also believes that women self-help groups enable the rural poor to earn their livelihood through entrepreneurial activities. Jerinabi (2006) also advocates that the micro credit program targets women as micro and small entrepreneurs and the self-help groups are regarded as one of the fundamental elements of the micro-credit movement in India that, in turn, had been a reason for optimism for many women startups. So it is clear there are some opportunities for support already in existence operated by government agencies, provided women entrepreneurs are informed about them and have access to them.

Striking a balance between family and work is one of the biggest challenges faced by women entrepreneurs in many countries. In countries like Korea, Mexico and India, for example, the female entrepreneur faces a continuous challenge to strike a balance between work and home. However, family responsibilities are becoming shared more equally by both males and females in countries like Sweden and the US, for example (Kelley et al. 2012). Obtaining finance is a

primary issue for women particularly for novel ideas and also an additional difficulty is that many women do not possess collateral for security against debt financing. Also, the non-acceptance of domestic possessions as a guarantee by funders and the overall negative attitudes regarding women entrepreneurs in some countries contribute additional difficulties (Rao et al. 2012). Family issues might also restrict the capacity of the entrepreneur to grow the business, meaning many ventures will stay as microventures only, supporting just the founder. In an Indian context, Rao (2006) feels that joblessness, unable to do work at home, new challenges and opportunities for self-fulfilment, proof of innovative skills, and the need for additional income are the reasons for women to engage in entrepreneurship. The economic compulsion, family responsibilities and the desire to enjoy social status often compel women to start enterprises (Ferreira et al. 2017). There is a concern however that the majority of Indian women entrepreneurs are participating in unorganized economic segments like agriculture, agronomy, handiworks and crafts, kitchen activities or other cottage industries like basket making.

Tambunan (2009) also summarizes the reasons or motives for starting business in Asian developing countries, and based them on the categories of women entrepreneurship such as Chance entrepreneurs (who pursue a hobby or have a



strong attraction towards the already existing family business with the main reason to remain occupied), forced businesswomen (who are stimulated by monetary requirements, control over time or flexibility or as a challenge or to show others that she can do it and the difficulties in married women especially with children to obtain a regular job) or created or pulled entrepreneurs (these entrepreneurs are keen on being self-reliant and making a mark for themselves. They find becoming a role model, especially for their children and creating financial prospects for others highly satisfying). From a different perspective, Manonmani (2012) compares the fundamental reasons between the two genders for starting a business. While men often tend to start a business for profit potential and growth opportunities, women start for personal goals generally, such as a sense of achievement and accomplishment. Financial success forms only an extension of their success and not the primary goal for many women entrepreneurs. On average, women tend to become entrepreneurs ten years later in life than men, with the reasons for delayed entry including motherhood, traditional socialization, and lack of management expertise. Traumatic events like divorce, lay off, corporate glass ceiling and discrimination due to pregnancy were also reported as the reasons by a considerable percentage of women entrepreneurs for delayed entry into entrepreneurship.

Kumari (2014) highlights the role of NGOs in every stage of women entrepreneurial activities in India. On analyzing previous studies, it was found that the economic need and the need to support the family financially form the primary motivational factors for women entrepreneurship. Other reasons like support by family and friends, adequate education and training, easy availability of finance, family occupation, the desire to fulfil their personal dreams, to achieve economic independence are be important. However, Vinesh (2014) attributes to the reasons like advanced education, modifying social and cultural systems and the necessity for an additional source of income are the change factors for many home makers to become entrepreneurs. However, the desire for independent decision making and career form the motivation behind the urge to start a business. He is also confident that if Indian women are provided with proper education, exposure to knowledge, they can prove themselves and will economically benefit a developing nation. Other researchers such as Mathu and Pandya (2008) state that female entrepreneurs, particularly in the rural regions find themselves powerless to match the contemporary market requirements and feel lacking in the skill set required. In addition, women are often regarded as less credit worthy by financial institutions. They also face problems in obtaining raw materials and in marketing their products or services. Attitudes, values and the societal set up often compound these problems.

Manonmani (2012) believes that whilst the driving forces for business launch are quite similar for both male and female entrepreneurs, men view entrepreneurship as an enterprise decision, many women view it as a life option combining family and professional needs. She also addresses the fact that many of the women entrepreneurs are not able to devote maximum time and energies for their venture as they often have the primary responsibilities of family, children and elders. It was also found that women entrepreneurs were innovative with time management, working around family issues and were able to call on family support and resources in some cases to help the business which was found to strengthen the family bond (Khandelwal and Sehgal, 2018).

Also on a comparative note of both male and female entrepreneurs, Nirjar (2011) emphasizes that women can lack in organizational skills, but they are very good in service and timely delivery management. A competition mindset sometimes exists between the genders, thus developing obstacles for the women entrepreneurs in their activities. He also sees that the freedom of expression and freedom of mobility is higher with male entrepreneurs rather than their female counterparts and globally it has also been suggested that men are more optimistic and confident than women in starting and running a business and have less fear of failure. According to Kumari (2014), women entrepreneurs feel that they have to

put in more effort in starting a business and making it run successfully as compared to their male counterparts. Gender associated problems have a common prevalence for all women entrepreneurs whether at urban or rural level among educated or less educated, although women have a higher illiteracy rate which makes it more difficult to access information, become aware of opportunities and access appropriate technology (2011 Census).

It is also understood that most of the female entrepreneurs start at a later phase of life as the early childhood care of their children comes to an end. Societal beliefs and feelings of guilt among the women that they are tagged as “career women” and that they are neglecting managing the affairs of the family are common problems among faced by Indian female entrepreneurs. In addition to this, Indian female also confront with lack of funds, family support and male supremacy in the culture, which are proving to be big hurdles for women entrepreneurs in India (Mathu and Pandya, 2008). In neighbouring Pakistan, Roomi & Parrott (2008) and Vijayakumar and Naresh (2013) found similar issues to India, such as a deep-seeded conventional prejudiced socio-cultural standards and ethics such as the caste system, female businesspersons are given a secondary treatment compared to their male counterparts with male power embedded politically and religiously in many cases. Women, across the globe, have been shown to substantially

contribute to eradicating destitution, promoting education, channelling resources for entrepreneurial endeavours, women empowerment, self-sufficiency and socio-economic purposes. Yet, this can be endangered by the lack of support systems and also various societal opposition and hindrances (Singh and Belwal, 2008). Nandy and Kumar (2014) also agree that there is a noticeable variance in the risk bearing capacity of the entrepreneurs of the two genders, survival within the competitive market, middle management, and in execution of managerial functions. They also state that women are less confident, have less motivation and are deprived of the financial need to become an entrepreneur. The situation is magnified for rural females. The OECD (2012) report suggests that gender equality is needed not only for monetary empowerment but also to bring justice and fair-mindedness to society, culture and politics. It aims to achieve equality through reforms, policies and guidelines in three key areas such as Education, Employment and Entrepreneurship. Its findings show that women entrepreneurs are less prevalent in capital-intensive sectors and there is no identical access to financial assistance as for men, supporting other data. It also aims to provide widespread support programs to advanced sector women-owned enterprises. Pardeshi et al. (2007) also states that when women enter industries, it will uplift not only the economy, but also the social status of females.

Elsewhere in the world, there are many examples of good practice, for example Australia has a developed economy with a high level involvement of women in self-employment. The reason for this include that they face less difficulty in getting funds to set up such ventures (Kably 2015). Malaysia is an emerging economy and has high level of women entrepreneurs owing to higher educational support and wide acceptance by society for them (Ariff and Abubakar, 2003; Hassan et al. 2014). A substantial count of women entrepreneurs is also seen in China and Taiwan. Above all, the nation where nearly half of the entrepreneurs are found as female is the US due to ease in availability of startup capital (Kably 2015). In terms of conducive environment for the women entrepreneurs, European countries are generally considered also to be good for female entrepreneurs (Cauwenbergh and Watthy, 2007; Welter, 2004). In each country, female entrepreneurship has its own uniqueness which demands to be considered and studied in its own socio-economic context. For example, factor driven economies witnessed highest rates of female entrepreneurship in Zambia (40%) and the lowermost in Pakistan (1%) in 2012 (Kelley et. al.2012). This may indicate that the rate of female entrepreneurship and financial progress of the nation are independent phenomena (Brush et al. 2010).

Several studies have been undertaken to understand the reasons for underutilisation of female entrepreneurship in India. An empirical study was conducted by Rani and Selvarani (2013) to ascertain the obstructions of female entrepreneurship which can be classified into hurdles pertaining to academic , expert and instruction, ethnic, social, lawful, conduct and barriers of the title role. Credit access, progressive technology, information, and assistance from institutions, government and industry are some of the hurdles confronted by the women. Other professional obstacles include conservative restrictions, lack of specialized education, enrichment of skills and awareness to act as a team. Education and training barriers encompass lack of training prospects and time and inferior approachability to elementary education and info about professional education. Behavioural obstructions consist of low self-respect, seeing one's self as mediocre, timidity in communication with males and in making contacts. A study on women entrepreneurs of Haryana was conducted by Chander and Arora (2013) where financial constraints were examined. The results suggested that problem of acquiring start-up capital is the major blockage faced by women entrepreneurs. Often, women instigate their undertakings on a micro or a small-scale basis from their private savings, but more investment is required in many industrial and trading sectors, and attaining it is a severe challenge. Women need to overcome the hurdle of monetary institutions who are disinclined to yielding



loans to women entrepreneurs as the officials are not convinced of their capabilities and credit worthiness. A lot of crucial resources for motivating female entrepreneurs have been introduced by administrative and financial organizations along with policy makers in India, yet women are often perturbed by limited circulation of appropriate information (Chander and Arora 2013). Chaudhary (2012) also adds to this by inferring that the startup capital is indispensable for the progression of women entrepreneurs in most industries.

Benefits were also highlighted by Singh (2013) and Kalim (2012) who revealed that women establish a sense of self-confidence and pursue self-importance in being an entrepreneur. It has become easier for women to keep to date with the use of the internet for acquiring information and networking purposes with the advent of technological advancement and accessibility. Women have in some cases been able to exploit their multi-tasking aptitudes and inventive ways of striking equilibrium between their private and professional lifestyle. Furthermore, women are making self-help clusters and are also associating with other women entrepreneurs and looking for their guidance and assistance on various matters. Though the previous authors mainly highlighted the steps taken by women themselves to take up entrepreneurship as a profession, Kumari (2012) emphasized the strategies adopted by the government as well in endorsing women

entrepreneurship in India. Several programs for training and employment such as Khadi and Village Industries Commission, and Trade Related Entrepreneurship Assistance and Development Scheme (TREAD) have been initiated by the Government of India to guide women and support entrepreneurship (Kumari, 2012).

This paper seeks to use primary data to obtain a view on how attitudes towards female entrepreneurship have changed recently from both men and women and to try to understand what entrepreneurs themselves would want from governments, other institutions and in general in order to boost female entrepreneurship in India to the benefit of the country's economy.

## Methodology

The approach of mixed method was chosen as using data collected from both qualitative and quantitative approaches. Under such an approach, both primary and secondary data sources have been used. Primary data has been gathered from both the general public and women entrepreneurs. Quantitative data was collected from the public at large, whereas qualitative data was assembled from women entrepreneurs. For collecting quantitative data, survey method was deployed

using a close-ended questionnaire for which 50 males and 50 females were sent an online questionnaire.

The Research questions were the following;

1. What are the fundamental reasons that inspire women to take up to entrepreneurial activities in India?
2. How motivated do the Indian women feel in comparison to Indian males for venturing into entrepreneurship?
3. Does gender disparity still exist between male and female Indian entrepreneurs, and if so to what extent?

The questionnaire was answered by 50 men and 50 women and a Likert scale used to collect responses to the following statements;

1. Women entrepreneurs can manage to balance both business and family life
2. Women have the necessary skills to start a business
3. Women have then necessary aggression to start a business
4. Women are more likely to take risks

## 5. Gender bias affects the mindset of female entrepreneurs

For collecting qualitative data, three women entrepreneurs were approached for face-to-face semi structured interviews in English in India to gain deeper insights related to their individual feelings, opinions and attitudes. This method was chosen mainly because it provides for an opportunity to collect comprehensive information with an ability to follow up any points raised, along with ensuring autonomy to the participant. The profiles for the three entrepreneurs interviewed was as follows;

Interviewee (1) is 21 years of age. After the death of her father, she started running a craft business and takes orders from all over India. She is also studying part time.

Interviewee (2) is 46 years old with three children. She has a large vegetarian bakery founded in 2009 and she has recently also opened up a restaurant.

Interviewee (3) is 51 and her business is in flexible packaging manufacturing, the business being founded in 1993.

## Results and Discussion

The results of the questionnaire are shown below to gain an idea of the difference between male and female views towards female entrepreneurship in India.

Table 1: Women entrepreneurs can manage to balance business and family

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Male	8	10	6	0	26
Female	32	0	4	10	4

Table 1 shows that overall, women seemed more positive than men about women's abilities to balance running a business with family life, with confidence not seeming to be a major problem for those women who answered the questionnaire, unlike that reported in the literature. A large core of male

respondents however strongly disagreed that women could find this correct balance, suggesting a continuing problem of gender bias.

Table 2: Women have the required skills to start a business

	Stron gly Agre e	Agr ee	Neut ral	Disag ree	Stron gly Disag ree
Mal e	2	8	0	15	25
Fem ale	38	2	0	0	10

According to the responses, women believed they had the skills to start a business whilst men seemed to disagree, with many suggesting they did not think that women required the skills. This agrees with previous data which suggests there is a gender prejudice which could be damaging for women's chances of gaining funding, securing contracts with customers and suppliers etc where men might be the decision makers within an organisation.

Table 3: Women have the necessary aggression to start a business

	Stron gly Agre e	Agr ee	Neut ral	Disag ree	Stron gly Disag ree
Mal e	13	5	0	6	26
Fem ale	32	0	0	14	4

As with previous results, the responses show a gender difference with men believing that women lacked the necessary aggression to succeed starting a business, whilst women mainly believed they did- however a core number of women did not agree perhaps reflecting cultural issues.

Table 4: Women are more likely to take business risks



	Stron gly Agre e	Agr ee	Neut ral	Disag ree	Stron gly Disag ree
Mal e	15	5	7	5	18
Fem ale	15	0	3	0	32

Both Men's and especially Women's views were quite polarised on this issue but overall it seemed opinion on whether women take risks was not dissimilar between Men and Women.

Table 5: Gender bias affects the mindset of female entrepreneurs

	Stron gly Agre e	Agr ee	Neut ral	Disag ree	Stron gly Disag ree
Mal e	8	26	0	5	11
Fem ale	32	4	0	10	4

Both men and women agreed there was a gender bias against women entrepreneurs, although the data shows that women believed the gender bias to be more severe on the whole.

The above data shows in general there is a difference in what Men and Women think about the abilities and skills of Indian women entrepreneurs, with women more positive about their skills and abilities compared to men, although there also seems to be a small core of women who do not have confidence in women's

abilities to start and run a business which could be an area to address with any future programmes.

## Interviews

To augment the questionnaire data, three entrepreneurs were asked in more detail about the issues faced when starting and running their business to gain a more detailed understanding of the problems with a view to suggesting recommendations to improve the situation.

a) What was your initial motivation for becoming an entrepreneur?

The motivations for the three entrepreneurs interviewed included necessity due to financial issues for entrepreneurs 1 and 2 however, entrepreneur 3 implied her reason was for self fulfilment and was inspired by other family members, agreeing with previous studies. Interestingly, number 2 used an idea which came from her hobby to create a business. Entrepreneurs 2 and 3 also fitted their business around children where a regular job with regular hours may not have been possible, illustrating the entrepreneurship is potentially a good opportunity for women with children.

Entrepreneur 1 said “after the demise of my father, there were many financial problems as I was the eldest one in the house. At that time, I decided to take up such work in which I can continue my study as well as look after the family needs.”

Entrepreneur 2 also had similar reasons for starting her business “after the separation from my husband, the monthly compensation money received was not enough for the upbringing of my children. As I was very fond of cooking and always wanted to own a bakery, I started to sell homemade bakery items from home.”

Entrepreneur 3 however was more motivated by self fulfilment saying “I belong to a business class family and business is in my blood. My husband owns a manufacturing unit and I always wanted to show my calibre and earn name and fame. With the attitude towards life, I started working with my husband after the education of my children.”

b) What did you feel were the biggest barriers to starting your business?

Unsurprisingly, lack of funds was mentioned above gender issues as would be the case for any startup business, but also societal issues were also mentioned by two of those interviewed where self confidence was needed to overcome them, their abilities were doubted by society.

Entrepreneur 1 explained “I was only 21 when my father died. At that time, all the society was against my decision to work and earn money. Moreover, people even said that I am not even that mature to take up the responsibilities. But my dedication and hard work proved them wrong. In addition to this, the biggest problem I faced was lack of funds and trust of people in me to do the business.”

Entrepreneur 2 mentioned general business issues rather than societal problems saying “Funds proved to be biggest hurdle in taking up baker as profession. People were reluctant to purchase from me as I was not having an attractive outlet to show my products. Moreover, they were not ready to pay the price quoted by me in spite of taking minimal profits.”

Entrepreneur 3 described that societal issues were the main factor explaining “when I asked my husband to join the business with him, he was ready but I saw a lot of opposition from my in-laws and relatives as at that time the society views were quite different. Women were supposed to be either within the four walls of the house or take up profession like teacher.”

c) Did you have much support for society in general and more specifically from friends and family?

It was further asked directly on the support of friends and family, two reported that they were not supportive of their decision to become an entrepreneur whilst one explained that her immediate family who were business minded were supportive, although her wider family was not. The entrepreneurs needed to show confidence to overcome cultural negativity in their environment. The entrepreneurs however won the support of family in the end, and once this was achieved, began to benefit from the positive resources family can provide.

Entrepreneur 1 explained “All my relatives were against my decision to work for the family. My mother does not keep well and so I opposed all of them to earn in order to educate my younger sister and provide proper treatment to my mother.”

Entrepreneur 2 said “I faced lot of opposition from society to take up my own business. My interaction with the male co- workers was not liked by my parents. But with the whole heartedly support of my children, I crossed all the hurdles.”

Entrepreneur 3 had a more positive experience saying “My family was in full support of me to join our family business. Though my in-laws were against it, they were later ready as I was very determined to do my job and was successful in fulfilled the responsibility of home as well.”\

d) Do you think there is there gender bias in India when women try to start a business?

All three suggested that it was an issue when asked directly, with neither men nor women showing much support, although entrepreneur 3 hinted that the situation might be slowly changing for the better.



Entrepreneur 1 stated “There was lot of opposition faced by me due to discrimination among men and women. Society was not ready to accept me as women entrepreneur. Moreover, people did not have faith in me as I was a girl and were not ready to give me loan.”

Entrepreneur 2 had a similar view, asserting that “In our society, people think that the life of a girl is confined to the four walls of a house. I too faced the same. My husband while giving divorce thought I would not be able to survive and I would rather beg him to accept him again. But with the grace of almighty God and support of my children, I proved everyone wrong and my hard work paid me.”

Entrepreneur 3 also shared that view but suggested things might be slowly changing “The time when I thought of joining business, the perception and outlook of the people was quite different to what we had today and so I too faced opposition due to femininity”

e) How useful were regional and national policies in helping and encouraging you to start a business?

Answers suggested that there was mixed provision, with one taking advantage of a training scheme, one didn't know of anything and the third did not attempt to use any help from government.

Entrepreneur 1 said "I wasn't aware of any policies of the government and all my business was set up by my hard work and perseverance."

Entrepreneur 2 was of the view that "In the beginning, when I started my business from my house, I wasn't aware of government policies and procedures. But when I thought of expanding up my business and get a professional training in bakery, I benefitted by the Prime Minister Rojgar Yojna and training and development program run by the government."

Entrepreneur 3 was of the opinion that "As we had an established business, we did not want any kind of help from government and so I was not in need of any aid and help provided by the government."

So as often the case there is a lack of knowledge of what is available but also there was a feeling of the entrepreneurs wanting to prove they could run their business without help

f) The entrepreneurs were asked what could be done to encourage and support women to create successful businesses.

Entrepreneur 1 suggested “Women should definitely enter into entrepreneurship with the support of their family and government. Policies and training should be framed and imparted to females to make them aware that entrepreneurship is everyone’s cup of tea. Moreover, this is the best field where a woman can show her capability and competence to the society.

Entrepreneur 2 was of the view that, “ Definitely, it should be encouraged as we the women need to show the society that we are not dependent on male counterparts for bread and butter. Rather, we can live a lavish life by working and proving ourselves that we are not less than them in any field.

Entrepreneur 3 also had the same feeling. When she was asked about her opinion, she said “I would be involving my daughter in law too in our business. After my joining, our business flourished like anything. The thinking and ability of mine proved instrumental and helped us to prosper.

## Discussion and Conclusions

The quantitative data suggested that a large majority of women were confident they could balance family and business, although some did disagree which indicated not all women were supportive of women entrepreneurs suggesting there are still deeply ingrained cultural issues even within women themselves. Men's' views were mixed but a large number seemed to have a bias against women entrepreneurs. Overall, there was an element of opposition from both men and women. In terms of skills needed, women mainly believed they had the skills and necessary aggression to start a business whilst men mainly disagreed, although some men did appear supportive. Both men and women agreed there was a gender bias against women entrepreneurs, but women felt that the bias was stronger.

The interviews indicted that the main reasons for starting their business was self fulfilment and also the necessity to bring in extra money for the family, which is in agreement with previous studies. The biggest issue for the female entrepreneurs, as with any other business, was finding funding, but with societal issues also mentioned. Family was not always supportive of the female entrepreneur, however when they were the help was very valuable, and there was

a feeling things could be changing positively. Policies from the government, although well meaning, were seemingly not always clear or even known about, and even if they were aware, interestingly it was often the case that the entrepreneur tried to manage without help to show they could do it alone. Many of the entrepreneurs interviewed implied they needed to show confidence to overcome negativity in their environment from others, both male and female. In addition, the interviews suggest it was easiest to turn a hobby or interest into a business to fit in with family and available time rather than a regular job as mentioned by previous research.

To improve the situation for female entrepreneurs, it is recommended that more networking opportunities may help female entrepreneurs identify suitable help and demonstrate how it can be useful, as well as aid the ability to connect with suitable finance (Jia and Phillips, 2014, Shamenov and Phillips, 2013). This combined with improving number and visibility of female mentors may help to show what could be achieved by women if they accept the help available in addition to the positive influence that a role model could exert anyway in boosting women's self-image. Improved internet access, especially in rural areas would give rural female entrepreneurs to make use of available information for skills and to identify opportunities and also potentially apply for crowdfunding.

The government, along with the formulation of policies for promoting women entrepreneurship and empowering them, should also organize extensive awareness programs so that more women are encouraged to consider become entrepreneurs. Such awareness programs by government and its various bodies will also act as strong motivators for family and society members as they will clarify benefits of women entrepreneurship, thus awakening society to the benefits and changing mindsets. Awareness programs can be developed and undertaken through mass media channels from social media to television. For uneducated women, special events and other face-to-face promotion schemes could be launched by the government. Governments such as China (Chen and Phillips, 2016) have promoted a variety of successful schemes to encourage entrepreneurship which have succeeded in overcoming cultural barriers. Though the government has a number of schemes for supporting development of women entrepreneurship in India, it still needs to do more to ensure female entrepreneurs have access to adequate finances. Schemes aimed at women created by the government of United Kingdom for example have been successful. Government, NGO's, educational institutions, training and development institutions and others should organise vocational and other skill development training programs, wherein women are provided with appropriate guidance to deal with multiple

issues that would be faced by them during their leadership period. This will help them to nurture their skills and thus overcome weaknesses that act as roadblocks in their development along with augmentation of productivity. For example, university education could offer more entrepreneurship training (both on and off curricular), there are several examples of successful schemes that boost the number of start-ups created for the economy (Phillips, 2010 and Phillips, 2017). Embedding this at university level might also help to reduce male bias at an early stage. As women are tied up with responsibilities of their family and children it would be useful to take measures to provide them with overall support in dealing with same. Schemes that would support women in accomplishing household tasks, support from the family for performing household activities mutually and provision of day-boarding schools or child care centres should be promoted and practiced. This will facilitate women to overcome such issues and concentrate on taking up their entrepreneurial ventures (Pandian et al., 2011).



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## Examining Success Factors of Social Entrepreneurship

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### Abstract

The purpose of this research is to introduce a value addition in the area of social entrepreneurship by integrating the entrepreneurship literature with research carried out on social entrepreneurs using the phenomenological method of qualitative research. The study has insights from social entrepreneurs. This paper examines the construct- Social entrepreneurship in the global context and provides a holistic perspective exploring the success factors of social enterprises in business. The findings show that Social Entrepreneurship is in a nascent stage, and the entrepreneurs and governments in different countries have much to do to scale up the social enterprises for their betterment. The exploratory study in the paper identifies the success factors of social entrepreneurship. The result of the research is a conceptual framework for social entrepreneurship, which introduces the success factors for such ventures.



A favorable institutional environment is dependent on the decision to start a new social venture (Bernardino, 2019). The study developed scale items to measure the construct of organizational social entrepreneurship (Kannampuzha & Hockerts, 2019). Social Entrepreneurship is the original search for opportunities to achieve improvement in social or environmental conditions (Dees, 2018). Social Entrepreneurship is the form of entrepreneurship where profits are just the means to achieve the result of social upliftment and further empowerment (Singh et al., 2017). Social Entrepreneurship creates enterprises those who operate with business ethics. In the United States (US), the social enterprise sector still has a long way to go (Ullah et al., 2015). A social entrepreneur is pro-active and enthusiastic about making a profit; at the same time, he or she is ready to solve the social problems on a massive scale. Like any business entrepreneur, social entrepreneurs also find gaps in the market and create a venture to carry out business operations to cater to the under-served 'markets' and the bottom of the pyramid, but with a social clause. The fundamental difference between business and social entrepreneurs is at the starting of the venture. The business entrepreneur's focus is in earning profits, and the social entrepreneurs' objective is to create social change and benefit. A business entrepreneur transforms society, but it is not their prime objective.

Social enterprises are significant to improve the gaps in the market and support the government. The researchers have shown great interest in social enterprises to bring social change, empowerment, and economic development (Zahra et al., 2009; Chell, 2007). The social entrepreneurship process consists of social opportunity and has an enterprise concept; resources are identified and acquired to achieve the enterprise's goals. Social entrepreneurs are also called social innovators. They are the agents of change and create significant change using innovative ideas. They identify the problems and build the difference by their plan (Frederick et al., 2015).

Social entrepreneurship helps to succeed the economic initiatives and all the investment focuses on the social and environmental mission (Battesti & Petrella, 2013) Social Entrepreneurship can be considered an innovative solution and is known as a catalyst business game transforming phenomenon and has been adopted in several parts of the world (Zeyen et al. 2012). It is a construct that blends the idea of a commercial enterprise with the tenets of a charitable non-profit organization. Cross-country comparative research is rare in the area of social entrepreneurship (Kerlin, 2012). For example, countries such as Thailand are different from the rest of East Asia, in social enterprise terms because of government backing (source: [www.theguardian.com](http://www.theguardian.com)). It is worth noting that the

research in Social entrepreneurship shows the disparity in thoughts on the geographical boundaries (Dacin & Matear, 2010).

Prior research has identified the eight most common critical success factors for social enterprises, mainly relating to those operating in Western Europe or the United States (Di Domenico et al., 2010). The literature on social enterprises, as an international phenomenon, is not much developed (Sharir & Lerner, 2006), particularly in the context of developing countries. Governments across the globe, including Europe, the United States, and Asia are willing to create the awareness for social entrepreneurship as a driver of innovation that offers a set of solutions to the complex social problems that the world faces today (Defourny & Nyssens, 2008). In countries like Belgium, France, Germany, and Ireland non-profit private organizations, as regulated by public bodies provide the social services (Salamon et al. 2004), which are part of the phenomenon social entrepreneurship.

No doubt, social enterprises are present in both developed and developing countries (Mair & Marti, 2006). The social enterprises originate in the developed world. In developing countries like Bangladesh, one enterprise named BRAC is engaged in the alleviation of poverty. Another example, Mann Deshi Foundation, in India works towards women empowerment, particularly, to empower women in rural areas by teaching entrepreneurial skills. Their organization aspires to create 1

Million women entrepreneurs in India (Source: [www.in.thehackerstreet.com](http://www.in.thehackerstreet.com)). The researchers have presented the two schools of thoughts. The first one refers to the use of commercial activities by non-profit organizations. The second one supports social innovation (Dees & Anderson, 2006).

A social entrepreneur may generate profits, but for her or him, that is not the primary reason for establishing the venture. Profitability - not 'profit-making' - however, is essential for the social entrepreneur. Being 'profitable' helps self-sustainability of the investment, and also works as a mechanism for self-monitoring. The outcome for a social entrepreneur should be Social welfare, as shown in Figure 1. The Kisan Network is an online marketplace meant to develop the small-scale farmers in India. The Co-Founder of Kisan Network, Aditya Agarwal, is ranked as a leading Social Entrepreneur by Forbes in 2017 (Forbes, 2017). On the other hand, it's tough to survive as an enterprise in Africa, so enterprises need to be robust and secure themselves, and help to improve the resilience of the societies in which they operate (Mannion, 2017).

There are now more than 20,000 social enterprises in Australia employing more than 300,000 and contributing to 2-3% of GDP, according to a recent report from the Centre for Social Impact (Anthil, 2016). The Thomson Reuters Foundation poll with Deutsche Bank, the Global Social Entrepreneurship Network (GSEN) and

UnLtd, ranked Australia 28th overall (Probono, 2016). Another example in this area of social entrepreneurship that got featured in Forbes magazine is the case of Devi Prasad Shetty, the Bangalore based Entrepreneur in India who attempts to make affordable healthcare available to all, irrespective of their economic situation or geographic location (Forbes, 2015). Similarly, the research on social entrepreneurship in Germany is still a new topic (Brauer, 2014). Social entrepreneurs in America, Asia, and Africa know that there are some easy ways of working with people living in the slums who understand how they can overcome poverty (Burt, 2015).

## Social Entrepreneurship: Construct, Objective and Outcome

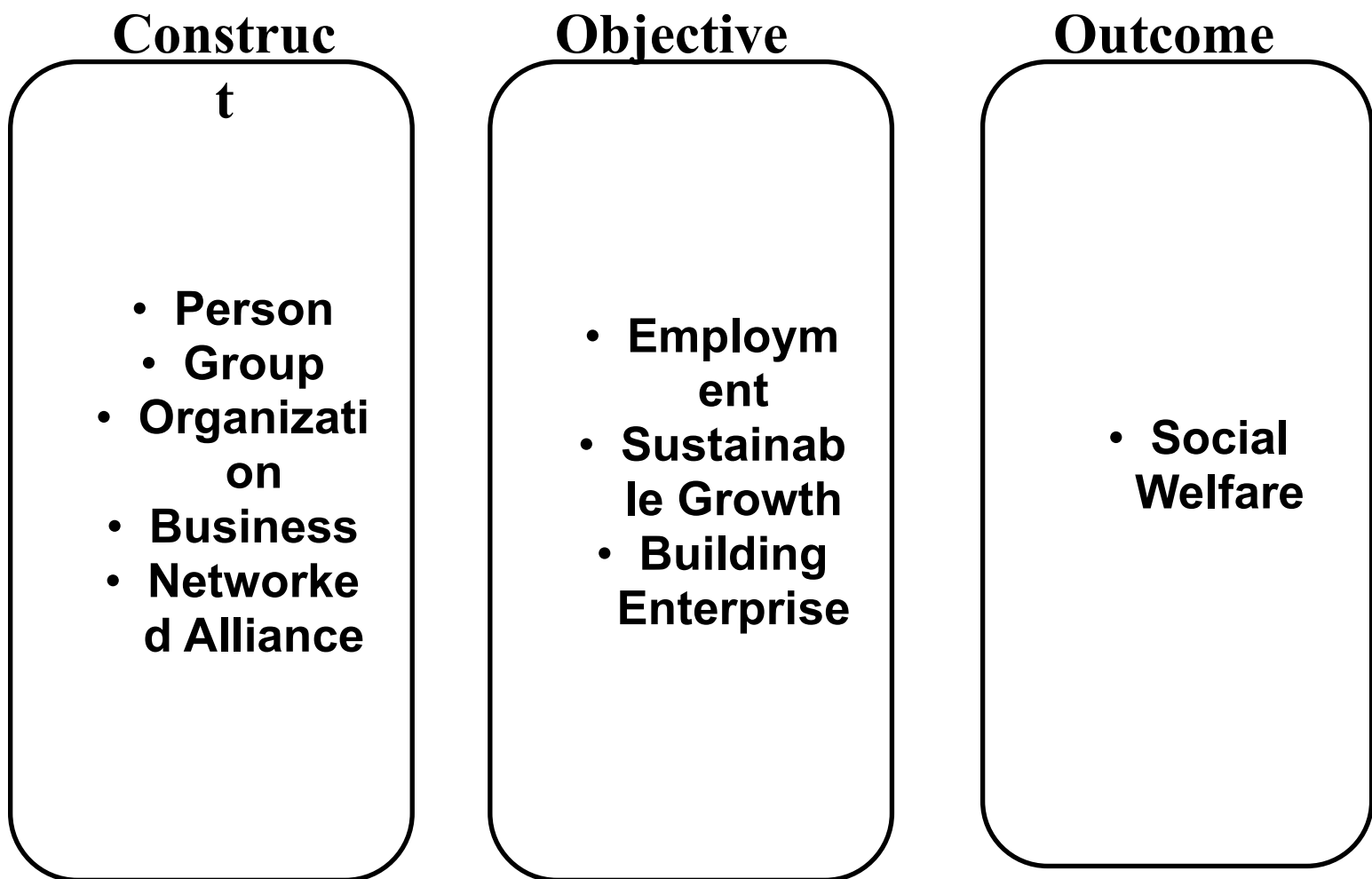


Figure 1: Original Figure drawn with some inputs from Light, 2006)

There is a growing importance of Social Entrepreneurship in North America and South America too. For instance, the mission of Spoiler Alert, USA is to ensure that no food surplus goes to waste. The company is the marketplace for food donations and discount sales so that excess food can be managed (Forbes, 2017). A Social Entrepreneur is a risk-taker who provide innovative solutions to society (Merie, 2015). They also face hostility or mistrust (e.g., Economist, 2014). Social Entrepreneurship identifies three significant elements- People, Opportunity, and Capital (Kickul & Lyons, 2012). Reudiger (2012) found that commitment, marketing, management, leadership, co-operation across sectors, skills and attribute, external support, etc. are critical success factors for social entrepreneurship in Eastern Europe (see Figure 2).





Figure 2: Critical Success Factors of Social Entrepreneurship in Eastern Europe  
(The inputs from Ruediger, 2012)

The critical success factors are essential for the strategic analysis of an enterprise and act as the analytical tools for examining the character of the industry (Gierszewska & Romanowska, 2007). The social entrepreneurship has roots in charitable nonprofit organizations (Lasprogata and Cotton, 2003). Social

Entrepreneurship is an expression of Visionary Leadership. The terms social entrepreneur and social entrepreneurship mentioned in the book “Lasting Social Responsibilities of the Businessman” (Bowen, 1953).

Various organizations provide resources to increase the social entrepreneurial ventures. The need for social change and potential payoff makes them the transformational organization. The key factors have given a competitive advantage to the organization (Rockart, 1979).

So far, recent research primarily focuses on new and therefore, instead of small actors. The history and development of social entrepreneurship in Germany, however, is still highly under-researched and a big blind spot in the academic literature. Dr. Mohammed Yunus, with his social entrepreneurship venture of Grameen Bank, become successful in poverty alleviation in Bangladesh (source: [www.nobelprize.org](http://www.nobelprize.org), 2006). The Cawthorne Children's Centre, UK offers affordable and top quality childcare for local working families (Cawthorne, 2002). The social enterprise in China has thrived since 2009, but the access to investment and management training is the biggest challenges for social enterprise growth (source: [www.britishcouncil.org](http://www.britishcouncil.org)). Frederick K.W. Day, Buffalo Bicycle Company, Southern Africa was Africa Social Entrepreneur of the year in 2013 (Source: [Schwabfound.org](http://Schwabfound.org)).

### 3. Objectives

The present study seeks to discuss the increasing need for social entrepreneurship along with its success factors in the global context. Earlier studies have focused on the success factors of a specific country and not the global scenario. This study has taken up the practice of social entrepreneurship and its success factors in the worldwide perspective. The rationale of this paper is to fill up the research gap of the study of social entrepreneurship in the global context.

Therefore, the objectives of the study are as follows-

- a) Identifying the need for social entrepreneurship,
- b) Explore its Success Factors at the global platform,
- c) Develop the Conceptual Model of Successful Social Entrepreneurship.

### 4. Methodology-

The primary and secondary sources have contributed to the data and information for the study. The type of study is exploratory comes from the phenomenological method in qualitative research. The published journals and research websites were secondary sources of data. The online focus group was the primary data collection technique, which discussed the issue and success factors of social entrepreneurship in various country contexts. The discussion had the Experts from different

continents of the world the viz USA, Australia, Europe, Asia, and Africa. Based on that, following structured steps guided the framework of social entrepreneurship. First, the proposition that Social Entrepreneur- helps in creating social upliftment as investigated with examples by analyzing qualitative data derived from the discussions made with social entrepreneurship experts. Finally, they discussed on the Implications for practice and implications for future research in the area of social entrepreneurship in different countries.

## 5. Data Analysis and Findings-

The need for Social Entrepreneurship has helped in uplifting the economy of countries in the world. There are several advantages to being a social entrepreneur from both a business and societal standpoint. Social entrepreneurs develop different solutions to social problems. The discussions among the experts through the focus group have resulted in fruitful findings on social entrepreneurship at the Global level.

Every social entrepreneur of any country needs essentials like strong leadership, innovative mindset, government support, talent access, financial help, income source, and mentorship. The previous findings of focus groups have given the following factors responsible for the growth of social entrepreneurs in the world are viz Strong Leadership, innovative mindset, Government Support, partnership,

managing the local community, Financial access, triple bottom line planning, risk management (See figure 3).

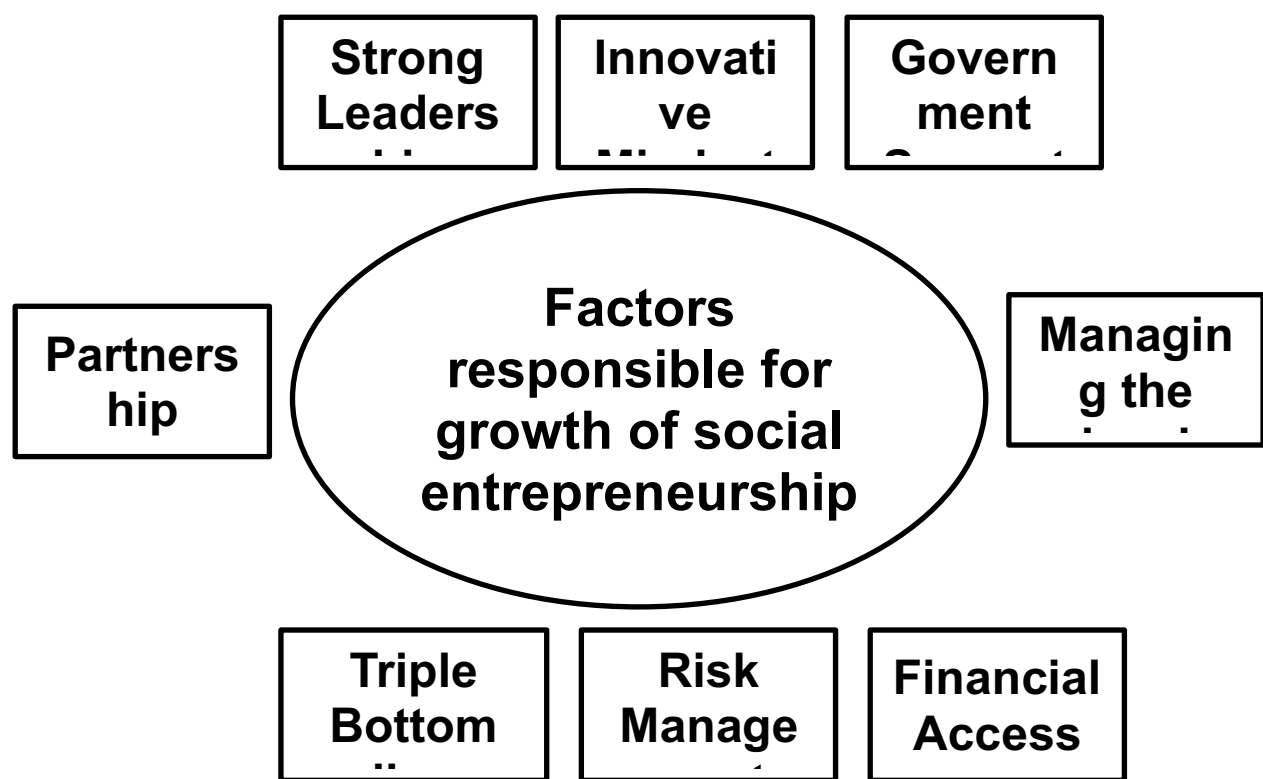


Figure 3: Factors Responsible for Success of Social Entrepreneur(Source: Author)

The following Table1 depicts the various social enterprises of the five continents with their success factors.

Table 1-Social Enterprises with their Success Factors

Country	Company	Success Factors
USA	Groundswell	Financial
USA	Biolite	Financial, Innovations
Australia	The Fabric Social	Financial, Support
Australia	Words with Heart	Innovations, Financial
Europe	Specialisterne	Leadership, Innovations
Europe	Ecoalf	Innovations

Asia	Nazava	Coordination, Innovations, Marketing	This table
Asia	Arus Education	Leadership, Skills	
Africa	Esoko	Innovations, Skills, Support	
Africa	Ebonoko Foundation	Cultural, Support	

indicates that there are some success factors responsible for the economic growth of Social Enterprises in the world. The development of the following conceptual framework suggests the critical role of eleven success factors for productive Social Entrepreneurship in Global Perspective.



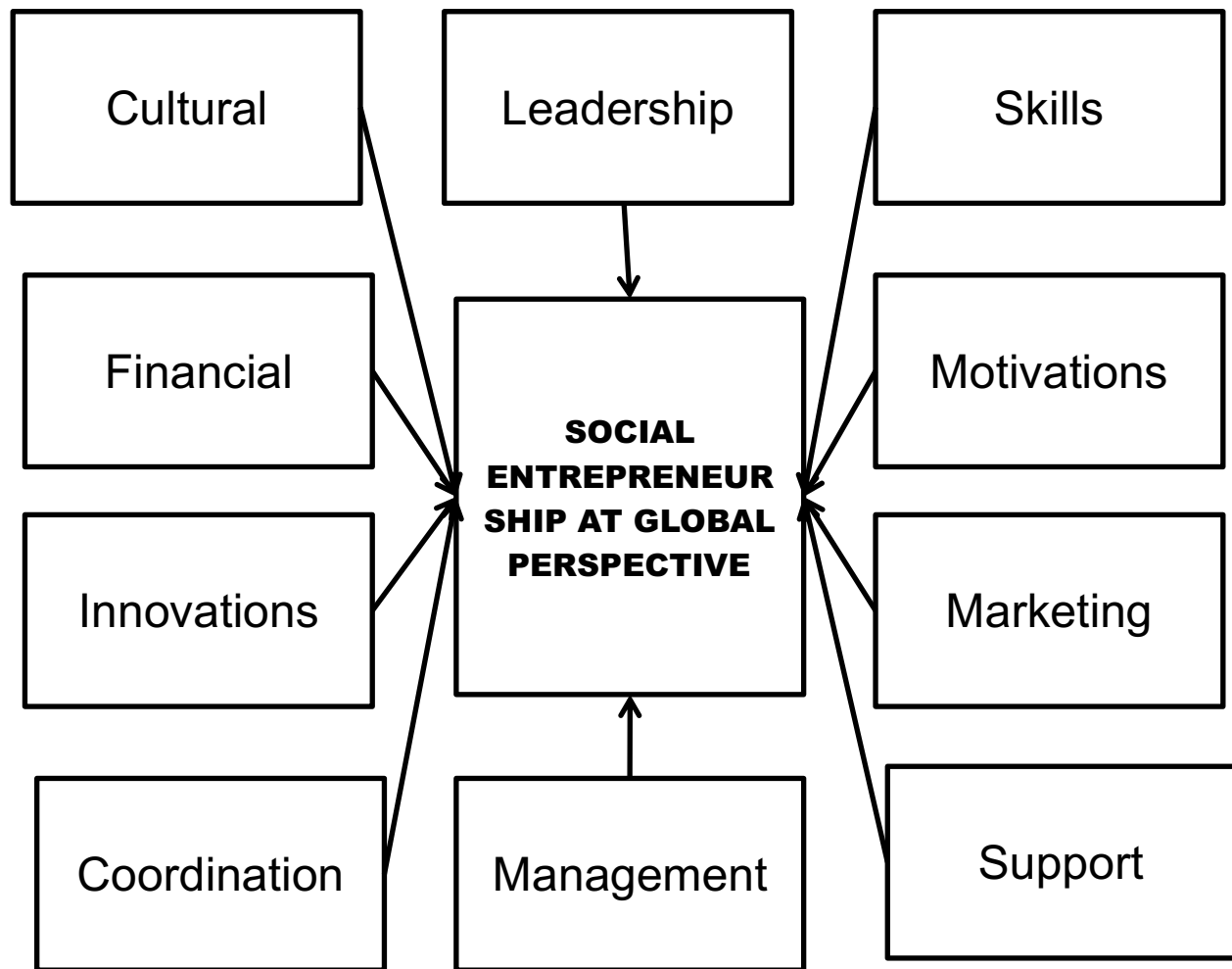


Figure 4- Social Entrepreneurship in Global Perspective

#### 4.2 Implications for Practice

The study reveals the ever-increasing need for Social Entrepreneurs, the success factors of Social Entrepreneurship for them in different countries. The

globalization context of Social Entrepreneurship concerning their success factors shows different entry modes in all counties for the social enterprises. The study implies the collective opportunity for coping with complex social needs in all countries. The factors like support and motivation for social entrepreneurship seems to be the prominent case in various countries in the world. The need for social entrepreneurship can be further promoted by effective management in the world.

#### 4.3 Implications for Research

Our survey of literature in the area of social entrepreneurship shows that there is not much theoretical advancement in this area. Researchers seem to have confusion regarding what theoretical models would be appropriate to carry out studies on different dimensions of social entrepreneurship, including internationalization of social entrepreneurship. Therefore, there are immense opportunities to extend existing theoretical lenses and develop new models and frameworks for analysis which facilitate future research. The conceptual model suggested in the paper would serve as the basis for further empirical research. Therefore, there is scope for carrying out empirical studies in this area. It is also worth noting that the majority of the studies published in this area are in the context of developed countries and

countries in isolation. This trend necessitates more studies in the context of developing countries.

#### 4.4 Social Implications

The society and its value decide the country's growth. The social entrepreneurship can provide sustainability to the business model of any state. The profit is essential for the business but not at the cost of losing people and planet. The social entrepreneurship assures the future of every society in the world.

#### 5. Conclusion

Social entrepreneurship is an economic and social activity that influences culture (Steyart & Katz, 2004). The positive results are not necessary for social entrepreneurship (Shane, 2003; Dey & Steyaert, 2010). The operations of social enterprises face inefficiencies. The framework of social entrepreneurship in global perspective suggests the success factors of social entrepreneurship in business. The social enterprises can benefit out of using the success factors for their ventures. Future research might focus on investigating the interdependencies among all variables, thereby providing an additional test of the conclusions of the present study.

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# **Career Insights: Understanding Changing Expectations of China's Generation Z for Employment, with new characteristics, learning patterns and their readiness for the future**

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## Introduction:

China has experienced tremendous changes over the past decades, creating very different circumstances under which employers can select their next generation of emerging leaders. For Generation Z (or Gen Z in short)<sup>1</sup>, their growing-up has centred around digital life, diversity and immediate consumption. This creates a different set of expectations from those of their parents and challenges employers, both national Chinese and western firms, to create a working environment perceived as attractive. With many Gen Z university graduates looking for fun and experience in their careers, not all workplaces may be ready to attract the best and brightest.

With aspirations and expectations of the Gen Z workforce having shifted materially from those of their predecessors, employers must carefully analyse and understand the factors contributing to productivity and satisfaction at work. Moreover, globalization and the heavy focus on emerging new technologies require a mindset for rapid and constant upskilling.

The business environment is continuously changing, new generations are replacing the older workforce, and new strategies for talent recruitment, management and

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<sup>1</sup> Demographers and researchers typically use the mid-1990s to mid-2000s as starting birth years.

retention have to be developed because fresh graduate employees' career expectations have witnessed generational shifts (Lee, D., He, B.T., & Xie, R.X., 2017)<sup>2</sup>. With intense competition for talents, it is imperative for employers to have an updated understanding of the evolving aspirations of Gen Z – human capital that will become the competitive advantage of enterprises.

Lee, D., Zheng, E.S., and Mueller, J. (2017)<sup>3</sup> reported an overall mismatch of expectations between Gen Y employees and their employers with regards to the workplace environment (job context) and job performance (job content). Would we witness a continued or an even greater divergent mismatch with Gen Z employees? This paper aims to understand the aspirations and changing expectations of China's Generation Z with regards to employment, including any new characteristics, learning patterns and readiness for the future, so as to provide insights to employers in their efforts to create appealing workplace opportunities to a new group of university-graduate workforce – the Gen Zs – who emerge at a time when well-paid jobs are plentiful, economies are producing good growth-rates and unemployment in many countries is at historic lows. We report specific outcomes

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<sup>2</sup> See, for example, Lee, D., He B.T., & Xie R.X. (2017). *"Understanding Post 1995s' career expectations: What employers need to know"*, GSTF Journal of Psychology (JPsych) Volume 3, No.1, January 2017.

<sup>3</sup> Lee, D., Zheng, E.S., & Mueller, J. (2017). *"The Future of Job Seekers in China"*, Journal of Asian Entrepreneurship and Sustainability (JAES), Volume XIII, Issue 5, December 2017.

from a multi-country review of more than 13,000 university students' preferences for career entry and growth, in 8 countries.

### Literature Review:

For the past several years, business has heavily focused on the millennial population – how to educate them as students, how to market to them as consumers, and how to hire them as employees. Now it is time to start paying attention to the next generation - Gen Z (Yaneva, 2018)<sup>4</sup>.

The characteristics, mindsets and expectations of Gen Z, those born after 1995 who will participate in or have recently joined the workforce, are different from previous generations. Mustafa Ozkan and Betul Solmaz<sup>5</sup> compared Gen Z with Gen Y to identify differences in their willingness to use technology, their expectations of the workplace and their preferences of leadership.

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<sup>4</sup> Yaneva, M. (2018). *Z GENERATION IN CORPORATE ENVIRONMENT. HOW TO ADDRESS IT?* Paper presented at the 739-745. Retrieved from <https://search.proquest.com/docview/2057947243?accountid=41154>

<sup>5</sup> Mustafa Ozkana, Betul Solmazb (2015). *The changing face of the employees- Generation Z and their perceptions of work (A Study Applied To University Students) [J]*, *Procedia Economics and Finance* 2015 (26) 476 – 483.

Hu Lifang<sup>6</sup> analysed the career expectations of undergraduates (Gen X, but close to Gen Z) based on “Chinese Education Panel Survey (CEPS)” Data in 2009 (respondents are 5100 undergraduates from 15 colleges or universities in Beijing). The study particularly focused on the correlation analysis among college students’ career planning, achieved factors and ascribed factors. It showed how gender differences, rural-urban differences, types of colleges, politics and status influenced the choice of academia, career and occupation prospects.

The upper age group of Gen Z are starting to do research on companies, apply for internships and prepare to enter the full-time workforce. To be aware of these new entrants and how Gen Z differ from their predecessors, organizations need to understand what Gen Z value in their careers (Robinson, 2018)<sup>7</sup>.

Hill International conducted a competence analysis study in Bulgaria, with participation of 15 international companies and local business (over 1000 employees in the country). It focused on outlining the personality profiles of Gen Z vs Gen X and Y. What are Gen Z expectations, how they perceive the business environment and what are their motives for engagement and contributions to the business environment? Over 1636 employees participated in the survey distributed

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<sup>6</sup> Hu Lifang (2011). *Undergraduate’s Career Planning and Its Influencing Factors Analysis: Based on “Chinese Education Panel Survey (CEPS)” Data in 2009* [J], Renmin University of China Education Journal, No.4 Dec. 2011, 5-25.

<sup>7</sup> Robinson, R. (2018, 01). *Gen Z enters the Workforce...Now what? Top 3 things gen Z expect from companies they work for*. Recognition and Engagement Excellence Essentials. Retrieved from <https://search.proquest.com/docview/2043555406?accountid=41154>

in the following scale: 33% representing Gen X, 38% - Gen Y and 29% classified under Gen Z. It focused on occupational interest profile in two specific areas: workplace and business (Yaneva, 2018)<sup>8</sup>.

### General characteristics

Gen Z also known as Digital Natives, Gen Tech, Post-Millennials, are the demographic cohort born after the millennials. One of the defining characteristics is their affinity with the digital world and use of technology. They have grown up with smartphones, laptops, broadband and social media. They expect instant access to information. The behaviour of Gen Z is emphasizing on their personal needs, rather on the organizational goals. The global trends are showing that by 2020 Generation Y and Z will form more than 50% of the global work force (Yaneva, 2018).

### Personality profile

Gen Z are much less self-confident, not sure in their own abilities, very sensitive to criticisms, and are more afraid of making mistakes compared to Gen X and Y. Gen

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<sup>8</sup> Yaneva, M. (2018). *Ibid.*



Z are significantly less relaxed and get upset easier in stressful situations. They tend to get easily distracted and feel insecure more than X's and Y's. Vert often they judge things based on their current mood, which oscillate frequently. They also start many activities simultaneously. Compared to Gen X and Millennials, Gen Z are less outgoing.

### Communication style

Gen Z prefer to keep their distance and dislikes giving private information. Gen Z are not initiators of change but are more likely to support change when it comes to change orientation. Self-regularization in general is low – less punctual, not predictable and less dutiful. Gen Z are more person-oriented, value harmonious relationships and are more interested in the human than the factual side of the problem.

### Occupational interest profile

Gen Z are highly interested in creative working style, detailed information and working for organizations that value innovators. They have moderate interest in dealing with intellectual activities and being in subordinate functions. They do not have interest in traditional organizations.

### Gen Z: What do they want?

Gen Z tend to be somewhat ignorant about global viewpoints. They are not as ready as the other two generations with regards to flexible working conditions. Conversely, they expect employers to demonstrate flexibility.

### Work environment

Gen Z tend to choose jobs that are not desk-bound and would prefer technical activities. Induction training should comprise short and clear instructions, infographics and pictures, virtual training, and tours; utilizing smart technologies and games in training process. In terms of task distribution, they would expect small and practical tasks and clear guidelines. To engage Gen Z, management should assign them to participate in projects with a purpose and cause (Yaneva, 2018)<sup>9</sup>.

### Gen Z Employees

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<sup>9</sup> Yaneva, M. (2018). *Ibid.*

Gen Z are usually independent, self-directed, and value opportunities for growth through training and sponsored higher education. They value diversity and egalitarian work cultures. Gen Z view equality as synonymous with access to information (Hart, 2018)<sup>10</sup>.

Zhaopin.com recently conducted a survey of over 90,000 Chinese graduate students. It revealed that about 10% of interviewees favour taking a one-year break after graduation instead of going for a job search right after graduation.

Gen Z graduates do not see this gap as a loss opportunity but view it as a chance to search for meaning and for connecting to the real world. They prioritize on their own interests and self-realization.

The rest of the 90% Gen Z graduates intend to join the workforce. Employers describe Gen Z graduates as those who act cute, dress smart and opt for freedom and flexibility. They tend to choose jobs with flexible hours and greater freedom, prefer ordinary interpersonal relationships to heavy and bureaucratic ones, and would probably choose a foreign company instead of a Chinese government agency or local state-owned enterprise. Unlike their parents, they do not tend to see a life having fixed path and value work-life balance. The environment they grew

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<sup>10</sup> Hart, D. (2018, 06). *Gen Z - training to unlock A Generation's potential: Learning what makes gen Z tick*. Training and Development Excellence Essentials. Retrieved from <https://search.proquest.com/docview/2062878649?accountid=41154>

up in made them feel confident with the cyberworld, explaining their natural choice to seek out online jobs such as online writing, game tester, voice acting or live streaming (Xijia, 2017)<sup>11</sup>.

In the study by Liang Yun-si<sup>12</sup>, using Yunnan Normal University (a university located in Southwestern China) as an example, the employment expectations of Gen Z undergraduate (born after 1995) are researched using 6 dimensions: attitude of career prospects, major correlation, initial salary, employment area, employment orientation and entrepreneurial intention.

The National Society of High School Scholars' (NSHSS) 2018 Career Interest Survey<sup>13</sup> did a research on education and career attitudes, employment aspirations of high school students (71%), college students (25%) and post college students (4%). It covered all 50 states in the USA and the other U.S. Islands' territories including Guam, Samoa with over 16,000 high school and college-aged participants. The study found that Gen Z has high expectations for future career but

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<sup>11</sup> Xijia, Q. (2017, June 7). *Generation Z: China's post-95s generation of university graduates are not ready to become adults*. Retrieved from: <http://www.globaltimes.cn/content/1050464.shtml>

<sup>12</sup> Liang Yun-si (2018). *Analysis of College Students' Employment Concept - Taking Yunnan Normal University as an Example*[[J], 教育教法探讨与实践 2018, No.2. 167-169

<sup>13</sup> The National Society of High School Scholars. (2018, Jul 23). *2018 Career Interest Survey. Career Motivations of Generation Z*. Retrieved from: <https://www.nshss.org/media/30882/nshss-2018-careersurveyv6b.pdf>

are realistic in their approach to financial security. According to survey, 88% of respondents will seek grants or scholarships and 53% will still end up taking student loans (The National Society of High School Scholars, 2018)<sup>14</sup>.

Another survey conducted in Canada in late 2017 with over 600 Gen Z participants revealed that Gen Z are pragmatic in their expectations. If they are certain that a company can offer opportunities for career and professional growth, they more likely would prefer to stay for a much longer time with a company (Waddell, 2018)<sup>15</sup>.

Chen Hao, Li Tianran and Ma Huawei<sup>16</sup> did a research of college students' occupation values among 5201 students (born after 1995) in 30 Chinese colleges. The results showed the structure of work values can be divided into 4 dimensions: talent performance, self-realization, social status and reputation, work environment and welfare by means of the factor analysis. Self-realization is placed first. College students of different gender, type of school, rank of total credits, regions of school

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<sup>14</sup> The National Society of High School Scholars. (2018, Jul 23). *Ibid*.

<sup>15</sup> Waddell, D. (2018, May 31). *Gen Z values job security; embraces traditional goals; university grads enter workforce with renewed lofty expectations*. Retrieved from <https://search.proquest.com/docview/2047864506?accountid=41154>

<sup>16</sup> Chen Hao, Li Tianran, Ma Huawei (2012). *The Empirical Research on Status of Contemporary College Students' Work Values*[], 心理学探新, 2012, Vol.32, No.6, 553—559

have different effects on work values (what is the most important thing at work, which type of company to work and which city to work).

In Zheng Jing's Research on Occupational Values of the Post 1995 Undergraduates<sup>17</sup> (respondents are 535 undergraduates from colleges or universities in Shanghai), occupational value is classified into 10 dimensions. The order ranging from the most important to the least important are: achievement motive, interest, occupation prospects, salary and reputation, welfare, status, family harmony, social facilitation, easiness and stability, and morality. Besides, it also found that female undergraduates ranked family harmony as more important than males, while male undergraduates ranked salaries and reputation higher than females.

Adecco Staffing (Florida, USA) conducted a survey that shows 32% of Gen Z aspire to not only land a dream job but to do so within 10 years. In addition, 19% of Gen Z prioritized fulfilling exciting work, contentment and passion in their careers over the prospect of a lucrative salary (CEDROM-SNi INC. 2016, Apr 19)<sup>18</sup>.

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<sup>17</sup> Zheng Jing (2018). *Research on Occupational Values of the Post 1995 Undergraduates*[[J]], Education Teaching Forum, Jun. 2018, NO.24, 241-243

<sup>18</sup> CEDROM-SNi INC. (2016, Apr 19). *Hard-working, job hopping Gen Z values opportunity*. Retrieved from <https://search.proquest.com/docview/1782253738?accountid=41154>

In late 2015 Universum surveyed 49,000 members of Gen Z across 47 countries throughout America, Europe, Asia, South America and the Middle East, exploring respondents' plans for school, work and careers. It revealed the following findings on Gen Z:

- Entrepreneurial intention: 55% of those surveyed are interested in starting their own company.
- Independence and autonomy: 32% of respondents rank this as one of their most important career choices (compared with 22% of Gen Y).
- Work-life balance: 40% of Gen Z (compared with 54% of Gen Y).
- Learning and development: 36% rated growth opportunities as more important than remuneration.

Adecco's survey showed 27% of respondents believed they should stay in their first job for only a year or less, while 83% of them believed that three years or less was the appropriate amount of time to spend at their first employer (CEDROM-SNi INC. 2016, Apr 19)<sup>19</sup>.

Gen Z expects from the work environment:

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<sup>19</sup> CEDROM-SNi INC. (2016, Apr 19). *Ibid.*

- Friendly and flexible hours
- Employer-sponsored development opportunities, often as a substitute for post-secondary training
- Effective and frequent training as well as professional development opportunities
- Opportunities to collaborate with colleagues online, strong digital platforms (CEDROM-SNi INC. 2016, Apr 19)<sup>20</sup>.

According to Hays Singapore, Gen Z now makes up 30% of Singapore's resident population and a majority of whom are entering the workforce in Singapore. What can the labour market expect of Gen Z and do these expectations need to be moderated? Those who grew up during the 2008 financial crisis, with threats from global terrorism, and political uncertainty in the Middle East, have become more self-aware, self-reliant and driven. They are realistic, goal-oriented innovators who are constantly connected and ambitious. They seek instant gratification and feedback. They find the workplace exciting but daunting (Questex, LLC. (2017, Jul 18)<sup>21</sup>.

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<sup>20</sup> CEDROM-SNi INC. (2016, Apr 19). *Ibid*.

<sup>21</sup> Questex, LLC. (2017, Jul 18). *5 tips for recruiting generation Z workers*. Retrieved from <https://search.proquest.com/docview/1919807467?accountid=41154>



## Gen Z Recruitment tips

- Help make a difference: Rob Phipps, Chief People Officer for KFC Australia, New Zealand and Thailand
- Quick, honest and transparent recruitment: Gen Z want to receive quick responses and want to see transparency from employers. They do not want to hear what the organization thinks of itself; they will gain insights from others in their network. The parental influence in Gen Z's employment decisions is relatively high (Fernandes & Bance, 2015)<sup>22</sup>.
- Adopt new attraction strategies: Most connected in history Gen with more advanced level of digital skills. Represent your job offer online and recruit through social media. Make use virtual reality and gaming as part of recruitment processes.
- Work-life balance: This generation has a different view of work-life balance. They know they will work longer and as digital natives, use of technology for remote and home working is considered as a norm.

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<sup>22</sup> Fernandes, R., & Bance, L. O. (2015). *Impact of career thoughts, parental support and career decision-making self-efficacy on adolescents' career indecision: Basis for career guidance program*. International Journal of Education and Management Studies, 5(2), 101-107. Retrieved from <https://search.proquest.com/docview/1706580266?accountid=41154>

- Clear objectives: Both for organization where Gen Z representatives work and their own role within company. This awareness enables them to contribute effectively to company success (Questex, LLC. 2017, Jul 18)<sup>23</sup>.

Dan Schawbel's 2014 online survey<sup>24</sup> (through GMI's Global Test Market) revealed attributes distinguishing Gen Z and Gen Y employees. Research findings are based on a survey fielded in the United States, Brazil, Canada, China, Germany, India, South Africa, Sweden, Turkey and the United Kingdom in April 2014.

In this survey, 1,005 respondents aged 16-20 (Gen Z) were asked about their thoughts on their future employment and workplace environment, while 1,016 respondents aged 21-32 (Gen Y) were asked about their thoughts on their current employment and workplace environment. For each country, at least 200 respondents were surveyed with a minimum of 100 within each age group. This first worldwide study<sup>25</sup> focused on the workplace preferences of both Gen Y and Gen Z showed the following key findings about Gen Z:

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<sup>23</sup> Questex, LLC. (2017, Jul 18). *Ibid*.

<sup>24</sup> Dan Schawbel is the founder of Millennial Branding. Millennial branding and Randstad US release first worldwide study comparing Gen Y and Gen Z workplace expectations. (2014, Sep 02). *PR Newswire*. Retrieved from <https://search.proquest.com/docview/1558861958?accountid=41154>

<sup>25</sup> Millennial branding and Randstad US release first worldwide study comparing Gen Y and Gen Z workplace expectations. (2014, Sep 02). *PR Newswire*. Retrieved from <https://search.proquest.com/docview/1558861958?accountid=41154>

- More entrepreneurial spirit and readiness to set up a business: 17% of Gen Z (compared with 11% of Gen Y)
- It is not just about the money: Only 27% of Gen Z (compared with 38% of Gen Y) are motivated by money to work harder and stay longer with their employer
- Preference for face-to-face communication over technology. Gen Z grew up with technology yet 51% prefer in-person communication to tools like instant messaging and video conferencing.

#### Design/methodology/approach:

Online surveys were conducted in 2015, 2016 and 2018 on tertiary students in universities across China to understand the career expectations of Chinese students. In 2018 an online survey was conducted among university students across 24 provinces in China, in the Mandarin language. There were 11,211 respondents for this survey.<sup>26</sup> 87% (9,758) of respondents were born in 1997 and 1998, and 13% (1,453) born in 1995 and 1996. 64% females and 36% males make up the gender ratio. All data were collected online. Further, same-content/different language, surveys were conducted in United Kingdom, Canada, South Africa, Germany, India, Brazil, and Korea in the same year.

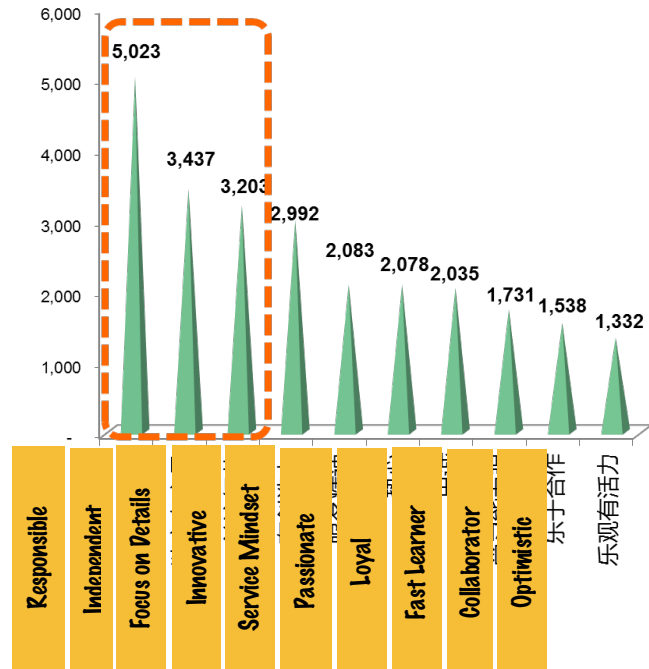
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<sup>26</sup> Another similar survey was conducted with 2,500 international Gen Z respondents' data collected from UK, Canada, South Africa, Germany, India, Brazil, and Korea.

## Findings:

Here are key highlights from the analysis of the data collected.

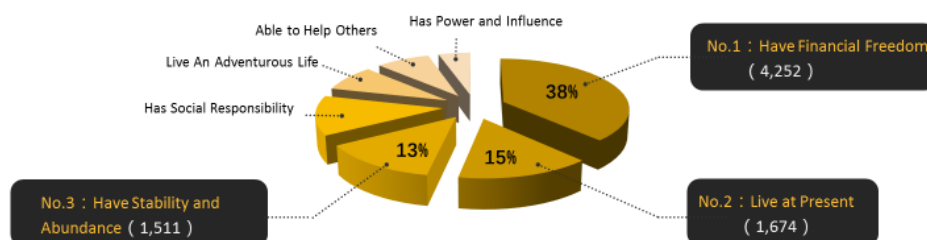
Most respondents consider themselves responsible, independent and detail-focused. 45% consider themselves having a strong sense of social and self-responsibility. One third (31%) regard themselves as being independent in their opinions and voices. They want to work for companies / organizations that make the world/society better and wants to take good care of themselves (live a good life, right now).



66% of respondents define “success” as living a good life with financial freedom and having stability and abundance. 38% of respondents define “success” as having financial freedom, 15% define “success” as living in the present, and 13% as having stability and abundance.

**Over 60% of respondents define “success” as living a good life with financial freedom and having stability and abundance.**

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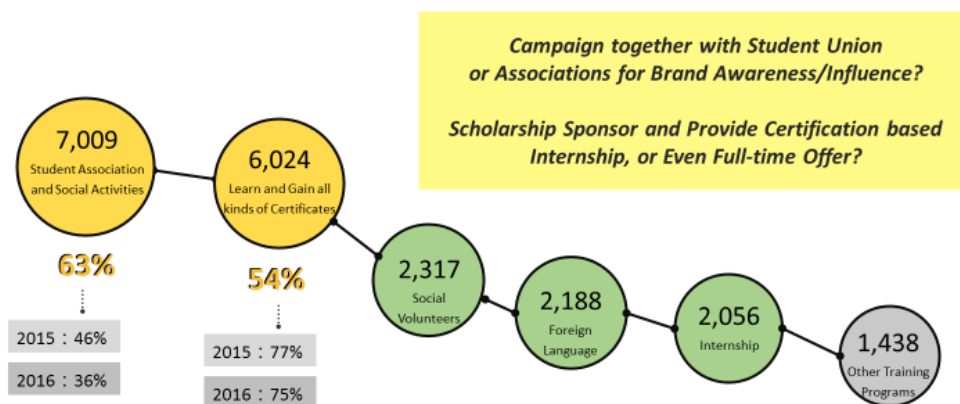
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06

In terms of learning, social activities and obtaining certificates (as evidence of knowledge) are the two main methods of learning. Increasingly, students are more motivated to learn via participating in student association and social activities (36% to 63%), while gaining certificates have become less popular (75% to 54%). The skills students want to learn the most are innovation, leadership, teamwork and problem solving, which are all soft skills which may not be taught at college.

## Social Activities and Gaining Certificates are the mainstream of how they learn

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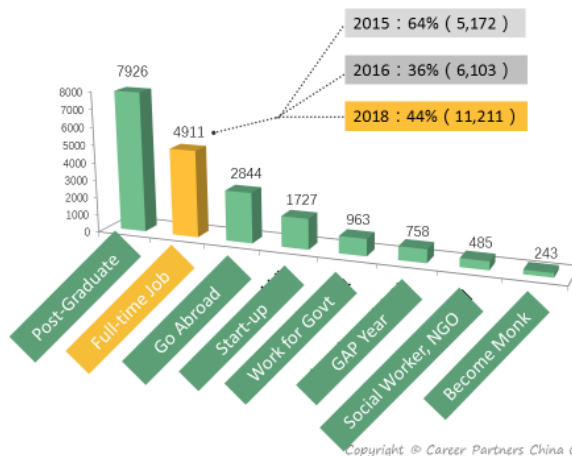
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08

The percentage of graduates choosing to work right after graduation has dropped sharply (from 64% in 2015 to 44% in 2018). Continuing post-graduate studies or going abroad has become increasingly popular.




**They have multiple options and full-time work is just one of the alternatives after graduation**

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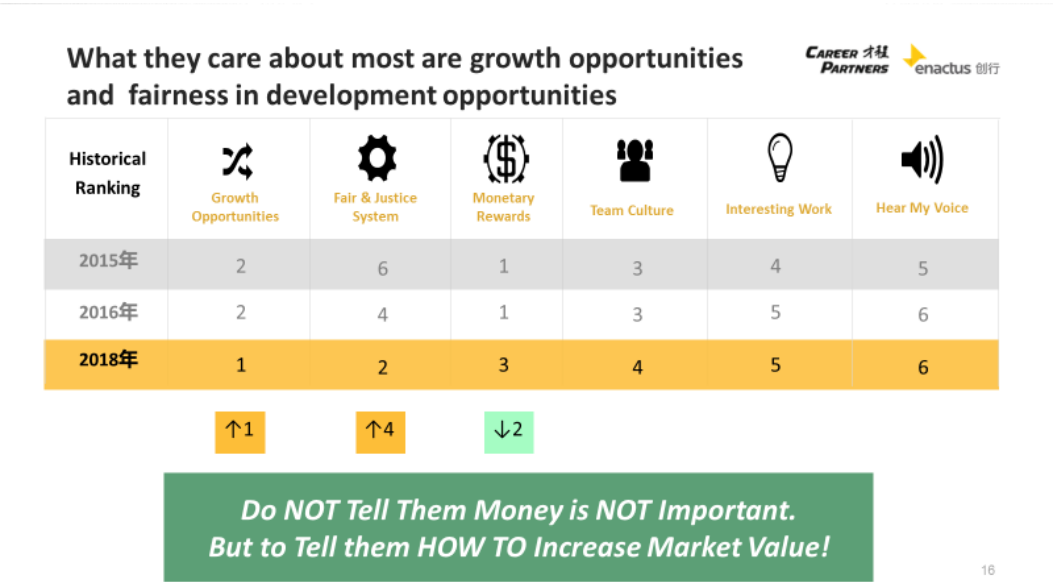


**Ready to hire  
post-graduates as  
receptionist?**

Multinational companies (MNCs) are still the top choices for graduates but their attractiveness is being eroded by state-owned enterprises (SOEs), small and medium enterprises (SMEs), and also Start-Ups.

Historical Ranking	 MNC	 State Owned	 Private
2015年	84%	40%	26%
2016年	70%	46%	24%
2018年	↓1% 69%	44%	28%

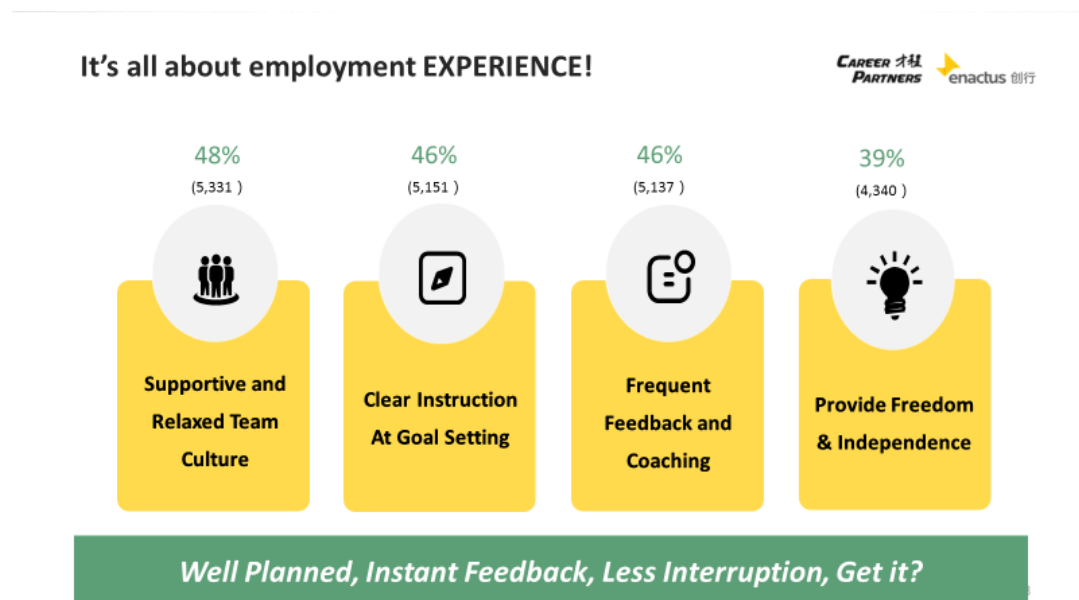
While “Growth Opportunities” remain the highest priority (for staying on in a company), having a “Fair & Just System” (for development opportunities) has overtaken Monetary Rewards at No. 2.





The new workforce also has a very different definition of an “ideal manager”. Being visionary is no longer the most valued characteristic of leaders. Today’s Gen Z want their leaders to be practical, well-organized, fair and efficient.

For new Gen Z employees, it is all about employment experience! They look for companies with supportive and relaxed team culture, clear instructions on goal setting, frequent feedback and coaching, and freedom and independence.

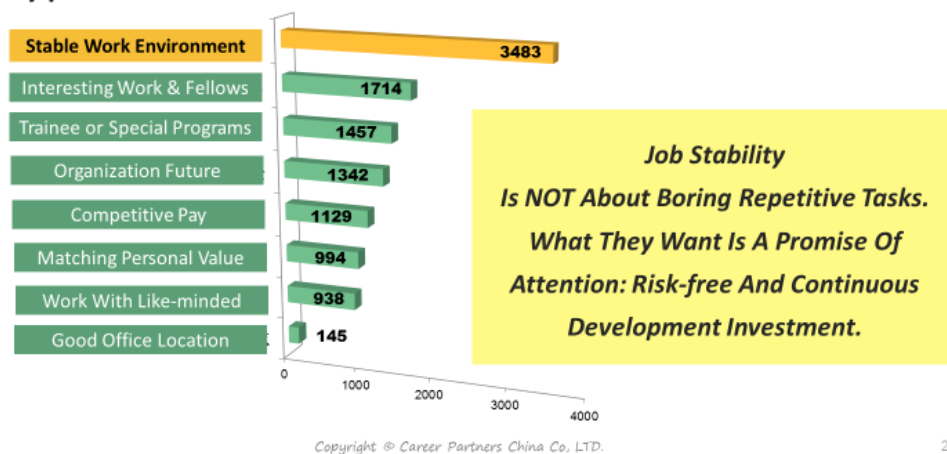


Gen Z are very sensitive to the stability of the first job because of the competitive labour market.

They are very sensitive to the stability of the first job because of competitive labor market. And survival is a very practical criterion.

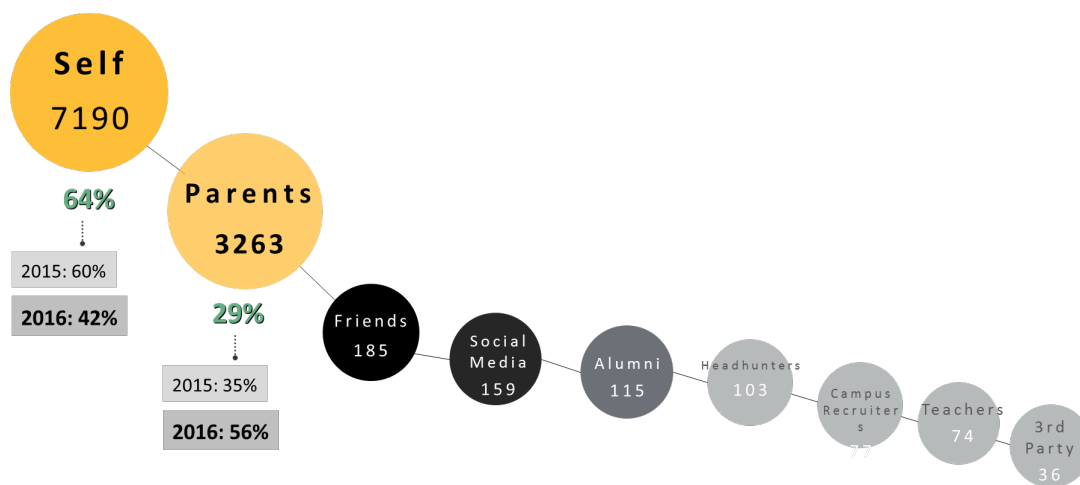
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When making career decisions, 64% of all respondents make their own choices. Parents (29%) are much less involved in the decision making than the last two

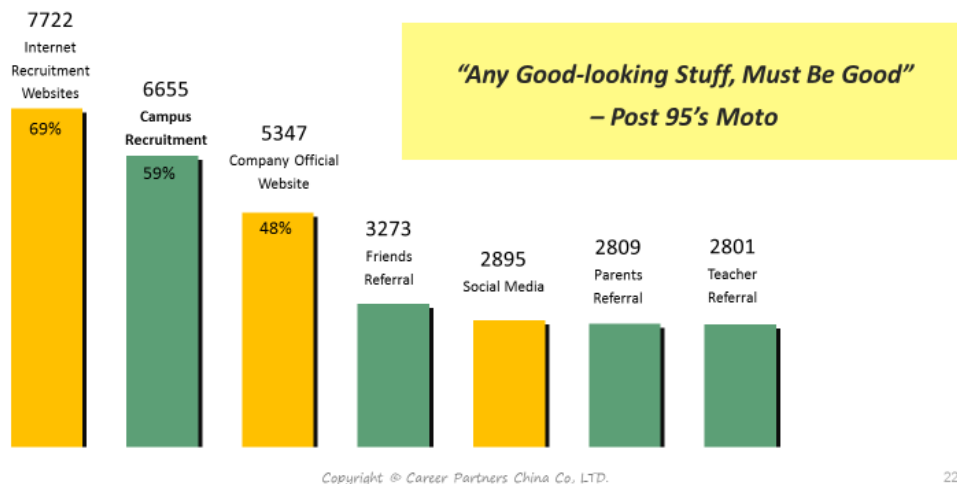
years. Friends, social media, alumni are new sources students turn to for advice but do not figure significantly.



Almost 70% of respondents find their first job via internet recruitment websites while traditional campus recruitment and company official websites are also popular channels for job hunting. Increasingly, companies are organizing campus recruitment events on an annual basis.

## Where do they find first job? Internet!



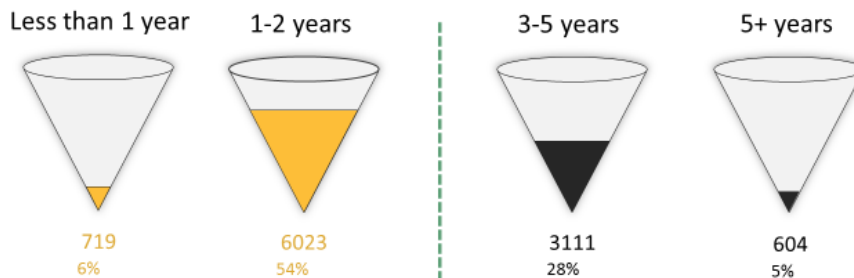
22

Do not expect Gen Z to work for long tenures. 54% think 1-2 years is a reasonable period. Most prefer to use the first company as a platform for growth. Stories of long tenures of past employees are not attractive.

## Do NOT expect they work for long tenures, because they want to see the world

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Q: How long do you plan for first job?



**Actually, In Their Minds,  
2 Years Is A Good Time for REVIEW.**

24

Over 75% of respondents don't have a clear career goal or plan. Only less than a quarter (24%) has a clear goal and plan. Career development and planning is a major weakness.

## Over 75% do NOT have a career goal or plan, which is surprisingly low and worth paying attention

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Q: Do you have a career goal, and know how to realize them (if have) ?



*If We Look At Their Early Years, Then We Understand They Are Paying the Price For Lack Of Career Interest Exploration. As a result, Employers Are Also Paying.*

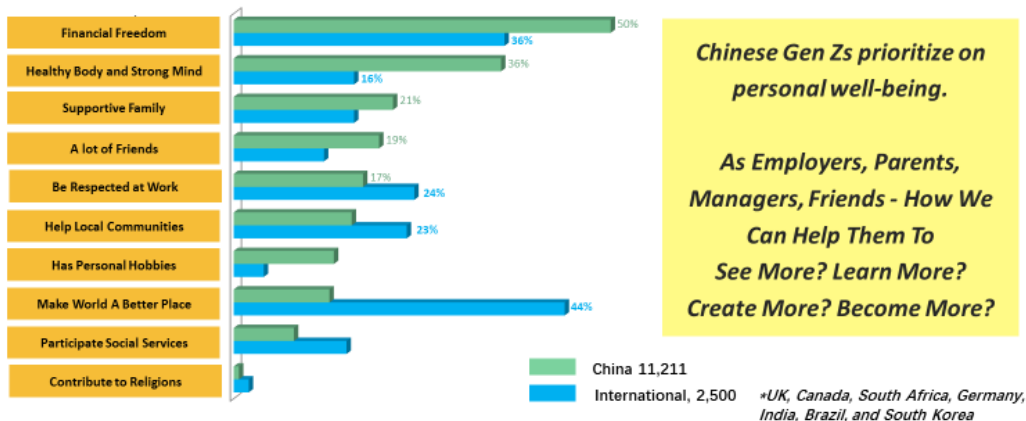
This research demonstrates an emergence of significant shift in the career aspirations and expectations such as preference for (job) stability and attention paid to a fair and just system (for appraisal and development opportunities).

Most respondents consider personal well-being as a priority and regard financial freedom, healthy body, strong mind, and a supportive family as what they aspire to attain in the next 20 years. By comparison, International Gen Z aspire to make the world a better place.

## We can help to broaden their thinking, and explore meaningful vocations.

Q: What would be your achievements in 20 years?

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**Chinese Gen Zs prioritize on  
personal well-being.**

**As Employers, Parents,  
Managers, Friends - How We  
Can Help Them To  
See More? Learn More?  
Create More? Become More?**

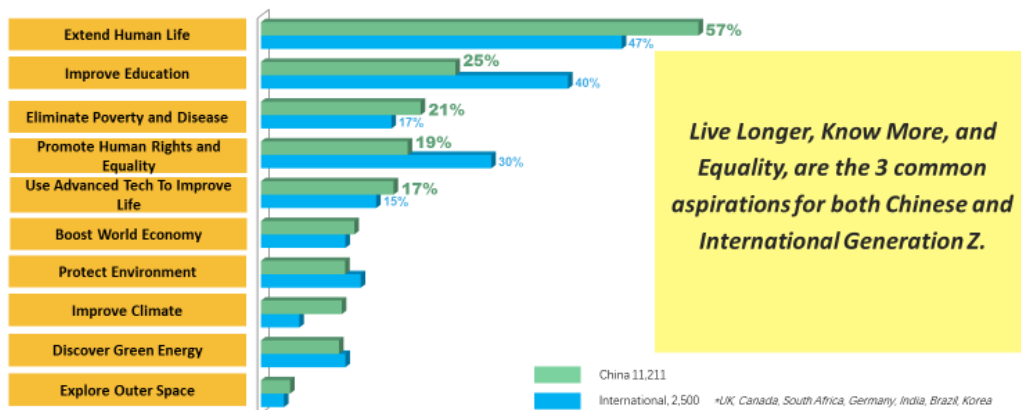
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When asked how they can contribute to this world, their response: life extension (longevity), education improvement and equality are the 3 most common aspirations for both Chinese and International Gen Z respondents.

**In 20 years, what kind of contribution can you bring to this world?**

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### Practical Implications:

Managers should develop an improved awareness of rapidly evolving career insights and understand the characteristics, learning patterns, career aspirations and expectations of Gen Z as well as their future-readiness. This will lead to improved policies and practices in talent recruitment and retention, and human capital development.

### Originality/value:

The paper attempts to provide updated career insights into China's Generation Z - their characteristics, learning patterns, career expectations and their readiness for



the future. The findings can inform businesses to create an effective environment to attract, develop and retain Gen Z employees, and to harness their talents and potential.

### Acknowledgement

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