Innovative Idea is an Inspiration to Start the Startup Enterprise

Srinivas Subbarao Pasumarti[1]
Anubhab Patnaik[2]
[1] Professor & Dean, FMS, Sri Sri University, Odisha e-mail ss_pasumarti@yahoo.co.in
[1] Research Scholar, FMS, Sri Sri University, Cuttack, Odisha anubhab.p2015ds@srisriuniversity.edu.in

Abstract: In the last few years there has been huge uprising in startup enterprises in India, and now days' lot of innovation are coming in the shape of startup and these enterprises are no doubt the end result of the startup initiative. India has unique problems due to multicultural and multilingual areas where innovations are needed to find solutions in the lower-pyramidal space for health, education, infrastructure, sanitation and population. Each issue gives startups an exclusive opportunity to create business around them. Innovation policy gives greater importance on the of start-ups role in putting forward innovations to the market and startup policies are becoming more selective by triggering more innovative start-ups rather than new firms in general. This paper gives an insight on the impact of innovation towards inspiration for towards creation of startup enterprises in the state of Odisha.

Key words: Startup, Innovation, Inspiration

INTRODUCTION

A startup venture could be defined as a new business that is in the initial stages of operation, beginning to grow and is typically financed by an individual or small group of individuals. It is a young entrepreneurial, ascendable business model developed on technology and innovation in which entrepreneurs advance a product or service for which they anticipate demand through existing disruption or generating entirely fresh markets. Startups are nothing but the idea of commercialization. It is truth that the large number of startups are at present the alike previous small businesses. The current scenario of economy in India is on development means. The Indian government is increasingly showing greater enthusiasm to increase the GDP rate of growth from grass root levels with introduction of liberal policies and initiatives for entrepreneurs like 'Make in India', 'Startup India', MUDRA etc

'Make in India' is great opportunity for the Indian start-ups. As the government goes full-fledged on emerging entrepreneurs, it arrests the brain drain and affords an atmosphere that improves the accessibility of local talent for employment through startup companies. Small contributions from a number of entrepreneurs would have cascading effect on the economy and employment generation which would complement medium and large industries efforts projecting India into a quick developing economy. Startup Arena has very much of challenges, from finance to human resources and also launch to justifiable development. Being a huge populated nation, there are many opportunities accessible, from retail, food and hygiene to solar and IT applications to startups that deliver products and services at reasonable prices.

[1] Professor & Dean, FMS, Sri Sri University, Odisha e-mail ss_pasumarti@yahoo.co.in
[2] Research Scholar, FMS, Sri Sri University, Cuttack, Odisha anubhab.p2015ds@srisriuniversity.edu.in

This Independent ventures are what make up the real piece of any nation's economy and are simpler to fire up as they require not all that much capital. The proprietors of such new companies start the organizations with the objective of getting cash from them and providing food for their families. They in this way tend not to put a great deal in them as the organizations don't ordinarily make a ton of benefit.

Mittal, (2014). Found More often than not, the workers are either family relatives or dear companions. India is a large country with a population of 130Cr and has high population bonuses due to the large number of young people. According to the newest UN report, India has the largest youth population of 35-2 million 10-24 year olds who are going to be the energetic force behind hand creation and innovation with the use of goods and services

Kshetri (2016). Stated India has its own challenges of education, health, infrastructure and the rising gap between India and Bharat. This presents big opportunity for start-ups to solve a variety of problems. India has the population of 1.3 billion people; the country's middle class is growing along with the consumers. The huge variety of India's population constitutes a strong circumstance for the economy of great products and services. Startups should look to banks; our banking system takes advantage of the size of our population

Literature Review

According to (Schumpeter, 1934; B aumol, 2002; Acs and Audretsch, 1988) How is entrepreneurship good for economic development? This question may sound complex but results in a very simple answer: Business enterprises are created by Entrepreneurs, and as outcome these business enterprises create employment opportunity, competitiveness, and may even enhanced productivity through technological change. High measured levels of entrepreneurship will thus translate directly into high levels of innovation, employment and development

R. Ranga Babu, M. Murali Krishna and A. Swathi (October 2013). Stated Entrepreneurship means different things to different people. Conceptually and in practical, no stereotype is suggested by the term. However, it is very etymology-derived from the French 'entrepreneur' which literally means 'to undertake'-indicates an entrepreneur's characteristics. From the viewpoint of economic functions, three key characteristics of entrepreneurial operations are: risk taking, creativity and profit-seeking in new business practice. This is because of the new reality that any business competition extends far beyond its local area. Those enterprises which understood this early on and entrepreneurship took the technology to the market. Innovation is successful competitive edge creation and as such is the secret of entrepreneurship.

Kalpeshkumar L Gupta & Shivali Rathore, (2015). Found India where rural poor accounts up to 30 crores, are conscious of the criticality of the situation which leads them towards innovative business ideas. Entrepreneurship in India is on the edge of rapid growth and which is truly need of an hour for employment generation, elevation from poverty at grass root through developmental intervention. India economic progress has started from the development of its small and medium scale enterprises to ensure that the sectors continues to stay competitive and achieve rapid growth in the period of global economy many incubation centers have been created with the aim to give the encouragement to vast number of innovative ideas. As new organizations multiply past the customary innovation focuses, territorial and national pioneers are progressively looking to these

organizations as a wellspring of monetary development. As they do, authorities are stood up to with the truth that development driven enterprise contrasts extraordinarily from customary private venture action, which implies the development systems are profoundly extraordinary

David B. Audretsch, & Alessandra Colombelli (2018) stated This large and heterogeneous set of new initiatives promoting innovative start-ups offers the opportunity of some assessment, appraisal and refinements of the very nature of innovative enterprise and related policies. National techniques to aid modern start-ups are quite combined and some means experimental and their effectiveness is nonetheless missing in evidence**.**

Kiraka, R., Kobia, M., & Katwalo, A. M. (2013) examined the development and innovation in Startup in Kenya by evaluating the performance of the Women Enterprise Fund (WEF) on these dimensions. The WEF, a Government of Kenya initiative, aimed to develop and grow women-owned startups. Five years since its inauguration in 2007, it is authoritative to establish whether the Fund is attaining its objectives in attaining the intended beneficiaries with the correct type of finance and support. Using a mixed method approach, containing qualitative and quantitative practices, the study inspected the performance of the fund at the micro, small and macro levels. The most common form of innovation was observed in the change or addition of new products in the post loan period. Innovations in terms of services, markets and sources of raw materials were, however, less common among women owned enterprises.

Research Methodology

This study is conducted through primary data collection where a sample of 158 from Startup's located in the 18 districts of Odisha are chosen for the purpose of this study. This geographical area has been chosen as they represent a large number of Startup enterprises in Odisha. The population frame was drawn from the list obtained from the Startup Secretariat, IED Odisha. Each Startup was represented with one respondent only. The questionnaires were distributed based on the random sampling to ensure it is able to represent the sample population. Data collection was accomplished by Google forms and personal delivery. The population of the study consisted of promoters and directors in the startup enterprises. The questionnaire comprised of different categories to collect information on challenges and opportunities faced by startup enterprises in financing.

Questions are prepared in 5-point Likert Scale. Statistical package IBM SPSS (21) package was used to conduct all the statistical analysis. For analysis of the collected data test was done using Chi-squared test, it is also simply known as test of chi-square, this test constitutes whether a sampling distribution of the test statistic is a Chi-squared distribution when the null hypothesis is true. At the same time if this test is asymptotically true, then the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-squared distribution as closely as desired by making the sample size large enough.

Table-1 Sample Data Demographic and social profile

		N	**Percent**
Location of Enterprise	Urban	138	87.3
	Semi-Urban	13	8.2
	Rural	7	4.4

Constitution of Enterprise	Sole Proprietorship	3	1.9
	Partnership	6	3.8
	Pvt. Ltd. Company	149	94.3
Type of Enterprise	Manufacturing	40	25.3
	Service	118	74.7
Gender	Male	141	89.2
	Female	17	10.8
Age	18-30 Years	64	40.5
	31-40 Years	74	46.8
	41-50 Years	20	12.7
Qualification	Graduate	75	47.5
	Post Graduate	75	47.5
	Professional	8	5.1
Experience	Below 1 Year	35	22.2
	3-5 Years	42	26.6
	5-10 Years	66	41.8
	Above 10 Years	15	9.5

Source: Primary data

Table-3: Innovative Idea is an Inspiration to Start the Startup Enterprise.

		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**X^2 (DF)**
Type of Enterprise	Manufacturing	70.0%	20.0%	5.0%	5.0%		3.525 ^{NS} (4)
	Service	64.4%	30.5%	1.7%	2.5%	0.8%	
Age of Promoter	18-30 Years	62.5%	29.7%	6.3%		1.6%	14.123 ^{NS} (8)
	31-40 Years	71.6%	24.3%		4.1%		
	41-50 Years	55.0%	35.0%		10.0%		
Qualification of Promoter	Graduate	72.0%	21.3%	2.7%	2.7%	1.3%	4.853 ^{NS} (8)
	Post Graduate	60.0%	33.3%	2.7%	4.0%		
	Professional	62.5%	37.5%				
Experience of Promoter	Below 1 Year	62.9%	31.4%	5.7%			12.353 ^{NS} (12)
	3-5 Years	71.4%	23.8%	4.8%			
	5-10 Years	66.7%	25.8%		6.1%	1.5%	
	Above 10 Years	53.3%	40.0%		6.7%		

N.B: * - Significant at 5% level (P<0.05), NS – Not Significant at 5% level (P>0.05) ***Source: Primary data***

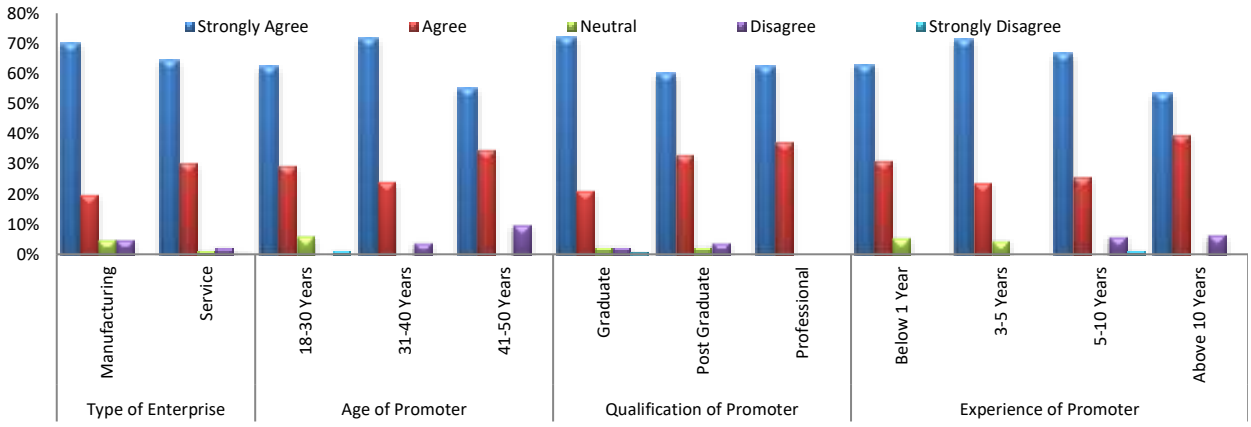

Figure-1: Innovative Idea is an Inspiration to Start the Startup Enterprise.

Table-3 and Figure-1 above present the opinion of the startup entrepreneurs towards starting the enterprise being inspired on the basis of innovative idea. The χ^2-values shown against type of enterprise (3.525) is not significant at 5% level (P>0.05) for DF=4. Hence, the Null Hypothesis: "there is no association between type of enterprise and opinion towards initiating a startup basing on innovative idea" is accepted. Accordingly, the trend of response obtained from entrepreneurs of manufacturing and services for starting an enterprise on the basis of innovative idea is uniform. The figures in the Table cite that majority of both manufacturing and service entrepreneurs are agreed on this issue.

Similarly, the χ^2-values shown against age of promoter (14.123) is not significant at 5% level (P>0.05) for DF=8. Hence, the Null Hypothesis: "there is no association between age of promoter and opinion towards initiating a startup basing on innovative idea" is accepted. Accordingly, the trend of response obtained from entrepreneurs of different age groups for starting an enterprise on the basis of innovative idea is uniform. The figures in the Table cite that majority of entrepreneurs irrespective of their age are agreed on this issue.

Further, the χ^2-values shown against qualification of promoter (4.853) is not significant at 5% level (P>0.05) for DF=8. Hence, the Null Hypothesis: "there is no association between educational qualification of promoter and opinion towards initiating a startup basing on innovative idea" is accepted. Accordingly, the trend of response obtained from entrepreneurs of different educational qualification groups for starting an enterprise on the basis of innovative idea is uniform. The figures in the Table cite that majority of entrepreneurs from different educational qualification groups are agreed on this issue.

Also, the χ^2-values shown against experience of promoter (12.353) is not significant at 5% level (P>0.05) for DF=12. Hence, the Null Hypothesis: "there is no association between experience of promoter and opinion towards initiating a startup basing on innovative idea" is accepted. Accordingly, the trend of response obtained from entrepreneurs of different experience groups for starting an enterprise on the basis of innovative idea is uniform. The figures in the Table cite that majority of entrepreneurs from different experience groups are agreed on this issue.

FINDINGS

- Frequencies are showing Location of Enterprise ratio 87.3 % in urban, 8.2 % in semi-urban and 4.4 % in rural
- Frequencies are showing Constituent of Enterprise ratio 1.9 % sole proprietorship, 3.8 % partnership and 94.3 % Pvt Ltd Company
- Frequencies are showing Type of Enterprise ratio 25.3 % Manufacturing and 74.7 % Service
- Frequencies are showing Gender ratio 89.2 % Male and 10.8 % Female
- Frequencies are showing Age ratio 40.5 % 18-30 Years, 46.8 % 31-40 Years and 12.7 % 41-50 Years
- Frequencies are showing Qualification ratio 47.5 % Graduates, 47.5 % Postgraduates and 5.1 % Professional
- Frequencies are showing Experience ratio 22.2 % Below 1 Years, 26.6 % 3-5 Years, 41.8 % 5-10 Years and 9.5 % Above 10 years
- Rating innovation as a source of inspiration for starting of startup, the trend of response obtained from promoters of different groups for innovation as a source of inspiration for starting of startup is uniform. The figures in the Table cite that majority of promoters from different groups are strongly agreed on this issue. And by which we can say that the startup promoters are highly motivated by innovation not only starting new startup but for growth and development of startups.

The present study based on data collected from registered startups operating in the state of Odisha and was limited to capturing opinions of one fifty-eight respondents. A larger and more promoter sample can give broad representation for the effectiveness of innovation as an inspiration factor. Although there are many other factors, such absence of product/service, inspiration from policies, availability of resources, etc which can act as inspiration for starting startup. This current study is limited to innovation only and analysis of other factors for inspiration can further enhance the knowledge base of researchers.

CONCLUSION

Many people think for creation of a startup enterprise but could not materialize on the same, the reason in many case is these people are reluctant to take risk but a large number of people drop their plan for startup because they understand that their ideas lack in innovativeness which is the primary essence of a startup enterprise. Innovation and innovativeness is not restricted to new startup enterprises but large number of startup enterprise take steps to keep their startup innovative always. Innovation not only makes a startup unique but motivates people associated with it to be more innovative in their approach.

REFERENCES

Mittal,A. (2014). Indian Startups Challenges and Opportunities, Economic Times, 24.11.14 https://economictimes.indiatimes.com/small-biz/startups/indian-startups-challenges-and-opportunities/articleshow/45272.

Kshetri, N. (2016). Fostering Startup Ecosystems in India. Asian Research Policy, 7(1), 94-103.

Schumpeter, J. A. (1934). The theory of economic development. (Cambridge, MA: Harvard University Press).

Baumol, W . (2002). The free-market innovation machine: Analyzing the Growth Miracle of Capitalism. (Princeton: Princeton University Press).

Acs, Z. J. & Audretsch, D. B . (1988). Innovation in Large and Small Firms: an Empirical Analysis. American Economic Review, 78 (4), 678-690.

Babu Ranga R., Krishna Murali M. & Swathi A. (2013), Role of creativity and innovation in entrepreneurship. Innovative Journal of Business and Management, Vol- 2: 5, 112 – 115.

Kalpeshkumar L Gupta. & Shivali Rathore. (2015) Study of Incubation Centers & Its Role In Fostering Entrepreneurship In India With Special Reference To Centers Set Up In IIMs/IITs National Conference on MI-ETTIEE 2015 (P-2)

David B. Audretsch, Alessandra Colombelli, Luca Grilli & Tommaso Minola,(2018) Innovative start-ups and policy initiatives: heterogeneity, impact and implications (P-1) http://www00.unibg.it/dati/persone/2928/10213.pdf

Kiraka, R., Kobia, M., and Katwalo, A. M. (2013). Micro, Small and Medium enterprise growth and innovation in Kenya: A case study on the Women Enterprise Fund.