



A STUDY ON CHALLENGES AND OPPORTUNITIES FOR START-UPS; WITH REFERENCE TO TENKASI DISTRICTS

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ABSTRACT

Start-ups are a new breed of organizations. They are the output of passion and determination of entrepreneurs. Start-ups are "a company, a partnership, or a temporary organization designed to search for a repeatable and scalable business model" (Blank, 2010). A start-up is in its early stage. A start-up young, dynamic, and built on technology and innovation. The founders of start-ups attempt to capitalize on developing a product or service for which they believe there is a demand. A start-up is a company that is beginning to develop and grow. It is in the first stages of operation and is usually financed by an individual or small group of individuals. The company is still in the process of establishing itself. In this process, there are many challenges the start-up has to face. The start-up may face challenges in raising the capital, attracting and retaining human resources, lack of infrastructure and institutional support, etc. The current study evaluates the challenges faced by start-ups. in the Tenkasi District context. The study analyzes articles, web pages, books, magazines, etc. to determine the various challenges faced by start-ups.

KEYWORDS : Start-ups, Issues, Challenges, Funding, Start-up challenges, Tenkasi District Start-ups, Innovation, Opportunities

The government of Tenkasi District is leaving no stone unturned to provide start-ups with the best of opportunities to grow and shine in the market.

Tenkasi District start-up industry is on the up-swing since last few years, with multiple global investors eyeing the Tenkasi District start-up space; it is slated to grow larger than before. The government of Tenkasi District is leaving no stone unturned to provide start-ups with the best of opportunities to grow and shine in the market. However, in spite of the numerous opportunities provided by the government, the road blocks are not few for the companies.

1. Government Policies:

If entrepreneurs are the planets in the solar system, then the government is the sun, the single largest facilitator. The government policies are slowly and steadily increasing, although, it must be noted that Tenkasi District still maintains a dismal ease of doing business ranking as per the World Bank report. Due to a maze of laws and regulations, it takes more of an effort for an entrepreneur to start a business in Tenkasi District than most of the other places in the world, and after he /she succeeds in setting up a business, it takes even a greater effort to comply with sector, department, state and centre laws. The government has taken proactive measures for funding and developing the eco-system, however, we witnessed a slowdown in the start-up space, as there was a dip of almost 50% in the registration of new start-ups in 2016 as compared to 2015; this trend has proved that the policy change has not really given a push to aspirants.

2. Introduction Start-ups are young innovative companies.

They play a dominant and key role in modern economies (Akkaya, 2019). Start-ups. are important for the economic development of a country. For an emerging economy like Tenkasi District, both established and start-ups. Play a critical role in the nation's development. The start-ups. are a representation of the entrepreneurial spirit of the country. They play a significant role in attracting foreign investments, wealth creation and, employment generation. The terms "entrepreneur" and "start-up" have long been associated with the creation of jobs and economic growth (Norris, 2014). In the Tenkasi District context, they are present in all the sectors like ecommerce, B2B, engineering and construction, consumer internet, etc. (HV et al., 2016). Although the founders of start-ups are spirited enough to face adversities but many challenges hamper their entrepreneurial endeavours. There are many challenges that they encounter during the various stages of their start-up journey.

3. Objectives of the Study

The study aims to identify the different issues, challenges, and opportunities facing Tenkasi District, particularly in Tenkasi District start-ups. The concept of start-ups is to be understood first. The concept of itself is intriguing. There is a genuine interest among researchers to

understand the different facets of start-ups and the current study aims to do that. The study identifies various challenges, issues facing the start-ups, and opportunities that the start-ups can embrace.

- To study the concept of start-ups in Tenkasi District.
- To identify various challenges and issues faced by start-ups in Tenkasi District.
- To assess the growth opportunities of start-ups in Tenkasi District.

4. Methodology of the study:

The study follows an exploratory research design. Secondary data from articles, newspaper reports, magazines, websites, books, etc. were analyzed to assess the challenges and opportunities of start-ups in the Tenkasi District scenario. There has been abundant literature available on start-ups and related dimensions.

5. Discussion of the study:

There are various discussion about the study in the

5.1 Start-ups. An Introduction

Start-ups are newly created companies designed to grow fast (Giardino, Bajwa, Wang, & Abrahamsson, 2015). Startup companies are newly formed businesses that are fighting for survival (Salamzadeh & Kawamorita Kesim, 2015). Start-ups struggle to achieve their potential and growth (Akkaya, 2019). Start-up although struggling to reach their potential lead to employment generation, leads to regional development and contribute to the GDP of the country. There are many theories of start-ups being developed they can be categorized into the organization, management, and entrepreneurship (Salamzadeh & Kesim Kawamorita, 2015). The theories shed light on the different facets of start-ups. Any start-up is an output of entrepreneurial efforts. Entrepreneurs are individuals who take the entrepreneurial plunge. These are the founders of the start-ups. These individuals identify a business opportunity, gather the required resources and try to achieve the goals they had set out to. This process of creating something new is called New Venture Creation. The process is defined as "To organize is to assemble ongoing interdependent actions into sensible sequences that generate sensible outcomes" (Weick, 1979). The new venture created can be described around four dimensions individuals who create the organization, the organization itself, the environment surrounding the organization, and the new venture process (Gartner, 1985). There have been studies concerning the stages of the life cycle through which an organization passes (Abernathy, 1976; Gabriel, 1982; Greiner, 1972; Smith, Mitchell, & Summer, 1985). Similarly, many authors have defined various stages through which a start-up passes. According to Churchill and Lewis, a start-up passes through the stages of existence, survival, success, take-off, and resource maturity (Churchill & Lewis, 1983). The start-ups pass through stages of bootstrapping, seed, and creation (Salamzadeh & Kesim Kawamorita, 2015). According to Scott and Bruce a start-up goes through stages of

inception, survival, growth, expansion and maturity (Scott & Bruce, 1987). 5.2 Start-ups. : Tenkasi District scenario Tenkasi District is gradually building a robust ecosystem for start-ups. . There are many initiatives from the government. Startup Tenkasi District is a flagship initiative of the Government of Tenkasi District that aims to create a strong ecosystem conducive to the growth of start-up businesses, drive long-term economic growth, and create large-scale job opportunities. Through this initiative, the government hopes to empower start-ups. to grow through innovation and design. There are many schemes introduced by the government for the start-ups. as the Samridh scheme, Start-up Tenkasi District seed fund, Start-up Tenkasi District Initiative, eBiz portal to name some (Ashwini, 2021). Currently, there are numerous start-ups in the unicorn club in the Tenkasi District context. Some of the prominent and recent entrants into the club have been mentioned in Table 1 (Bhasker, 2021).

Table 1 Tenkasi District start-ups (Unicorns)

Sl No	Startup	Sector
1	Zomato,swiggy	Food delivery
2	Licious	Food
3	Byju's Upgrad ,Vedantu	Ed Tech
4	Bharat pe cred	Fintech
5	Grofers	Ecommerce delivery

The previous examples of popular start-ups in Tenkasi District which created ripples are Flipkart, Snap deal, Paytm, Pepperfry, etc. Tenkasi District is adding start-ups at a very rapid pace. There are many prominent start-ups currently which are contributing to the economy immensely.

5.3 Issues and challenges of start-ups

Start-ups in Tenkasi District are facing numerous challenges. These challenges are not confined to start-ups but even established businesses go through some of these. But for start-ups with limited resources, it is a tedious process to overcome these challenges. The inability of a start-up to overcome the challenge may lead to its failure. The challenges faced by start-ups are discussed below

5.3.1 Failure to Plan

The start-ups are an outcome of an innovative idea of a founder. These ideas may fail if they lack proper planning and execution. The start-ups fail to set long-term goals. They have an idea which they fail to convert into a vision. Once the start-ups fail to plan they lack effective execution. The entrepreneurs don't plan to fail but they fail to plan (Levinsky, 2021).

5.3.2 Human Resource

Finding skilled human resources is a difficult task for start-ups. (Habeebuddin & Sakariya, 2017). The start-ups have to estimate the human resource requirement accurately. Human resource planning is critical as the lack of human resources may lead to project delays and overestimation of the human resource may lead to additional costs for the start-ups. . Start-ups with limited resources most of the times start-ups cannot equal the compensation provided by established businesses. The start-ups struggle to acquire and retain talented human resources. The challenge is to acquire human resources with complementary skill sets and to retain them for a longer period (Babu & Sridevi, 2018).

5.3.3 Funding

Start-ups grapple with the challenge of raising capital (Chokhani, 2017a; Giardino et al., 2015). Angel investments and seed investments are easily available to start-ups in the initial stage but it is tougher to raise funds in the latter stage. Although finance is the most important aspect it is difficult for start-ups. to raise sufficient funds (D'souza, 2021; Mittal, 2014). The start-ups raise funds from family, friends, loans from financial institutions, grants, angel funding, and venture capitalists. As the business progresses the requirement of capital increases and the start-ups. Start feeling the dearth of funds. A critical aspect of start-up Success is proper cash management.

5.3.4 Rules and Regulations

The start-ups have the challenge of complying with various rules and regulations. In Tenkasi District, there are sectorspecific, department-specific, state and centre laws which the start-ups have to comply with (Chokhani, 2017b). This creates an additional challenge for the founders of start-ups. who are still baffled by the challenges of research, finance, marketing, etc.

5.3.5 Revenue Generation

Revenue generation is a requirement for the survival of start-ups. As the start-up grows the costs of operating the start-up will grow. Poor revenue generation is leading to the downfall of many start-ups (D'souza, 2021). If the start-up does not produce sufficient revenues then the founder's focus will shift to funding rather than the fundamentals of the business (Babu & Sridevi, 2018). Even the unicorns are facing the challenge of sufficient revenue generation.

5.3.6 Supporting Infrastructure

The chance of survival of a start-up in the initial stages is dependent on the supporting infrastructure available to it. A start-up requires the support of incubators, mentors, science and technology parks, business development centres, etc. (Babu & Sridevi, 2018).

A start-up incubator is a group of people working together to assist new businesses to succeed. Incubators provide workspace, seed capital, coaching, and training to help entrepreneurs address some of the challenges that come with establishing a business. A start-up incubator's only objective is to assist entrepreneurs.

6. CONCLUSION:

Currently, in the Tenkasi District context, start-ups do face many challenges. The start-ups fail in their planning process in the initial stage as the founders may be inexperienced in operating the business. The founders may be from a technical background and may lack the nitty-gritty of running the business. During the initial stages or even for that matter in the latter stages of the start-ups lack the support of mentors and supporting infrastructure then may find it a challenge to succeed. The unexpected events as Covid 19 may hamper the growth of start-ups and impact their revenue generation. The external environment plays a vital role in the growth of a start-up. The recent pandemic has dealt a body blow to many start-ups. Which are struggling to survive? Without revenues running a business and attracting funding is a challenge for the start-ups. Start-ups after the introduction of products and services in the market face the challenge of acquiring and retaining customers. For customer acquisition and retention to be effective the start-ups have to market their products and services efficiently. This requires investment from the start-ups.with the established companies in the particular industry spending huge amounts on promotions and marketing start-ups. Although with a good product or service find it difficult to acquire and retain customers.

Table 2

Representation of current issues, challenges, and opportunities of Tenkasi District start-ups

SL No	Issues and	Challenges Opportunities
1	Failure to plan	Population
2	Human resource Change in	mindset
3	Funding	Investments in start-ups.
4	Rules and Regulations	Government Initiatives

As represented in Table 2 although with many challenges some Tenkasi District start-ups have found the required success. There are many factors responsible for it. In recent times the government is making efforts to support Start-ups with several initiatives. There has been a keen interest among venture capitalists and investors in the Tenkasi District start-up scenario. In 2021 Tenkasi District added a large number of start-ups to the unicorn club beating many established economies. The change in the mindset of the people in the country towards start-ups is one more added boon. Overall the future for start-ups appears to be positive.

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