

Nurturing Entrepreneurial Ecosystems in India: Lessons Start-up Entrepreneurs

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Abstract

In a country like India, even though various important projects have been introduced to tackle the hurdles of entrepreneurship activities, most of them fail to address the peculiar challenges raised by start-ups. Extensive research is being conducted in the arena of start-up entrepreneurs and the positive influence of a good entrepreneurial ecosystem in their development. In this attempt to comprehend factors that allow the fostering of start-up ventures, several researchers focus on the part of stakeholders in the nurture of business ecosystems. The understanding of the diverse stakeholders that can influence the nurturing of entrepreneurship ventures in itself will help business enthusiasts in organizing and managing these diverse aspects in order to produce combined positive output in entrepreneurship. The paper studies diverse stakeholders in India ranging from universities, government, private organizations to incubators and other accelerators in order to conceptualize their roles in development of a good entrepreneurial ecosystem. In this study, the emphasis is on how to collaborate and intervene these factors in framing a proper network of individual entrepreneurial ecosystems, there by expanding them to a large network of business ecosystem through holistic approach and eventually boosting innovative start-ups in India.

Keywords: Entrepreneurial Ecosystem, Start-Ups, Challenges, Stakeholders

Introduction

Entrepreneurial ecosystems refer to an interconnected network comprising innumerable stakeholders and resources managed, directed and organized in a constructive manner in order to ensure growth, advancement and sustainability of entrepreneurial ventures. In the recent times of globalization, with ever expanding market economy and emerging diverse demands of population, innovative in business is a prerequisite for the effective growth of capital of a nation. Start-up

innovative have a primordial role in developing the potential of human resources as well as in managing the financial capabilities and progress of a territory. Nurturing entrepreneurial ecosystems is crucial for promoting entrepreneurship roles and it plays a major position in the growth of the above-mentioned start-up ventures in a country.

There are several stakeholders that affect and influence the growth of entrepreneurial ventures of a country. These stakeholders include diverse sectors ranging from universities, research organizations, private firms to government, incubators and accelerators. They, being the critical stakeholders with immense potential in aiding the growth of business ecosystems, nurturing of these ecosystems can only be ensured by promoting effective collaboration of the above-mentioned sectors. Igor Dubina and fellow researchers in 2017 have established the intense relation and interconnectedness between the stakeholders conducting an extensive study about developing a better entrepreneurial ecosystem. The interesting aspect of this research focuses on the necessity to organize the interorganizational structures in firming the connection in maintaining entrepreneurial ventures and their abilities to expand as well as succeed. Brad Feld also laid a background in 2012 on collaborating various stakeholders in promoting and structuring start-ups at a community level to enhance business opportunities at this sector.

Furthermore, in the case of a country like India, there is requirement of interventions and changes at various government policies in order to make certain nurturing of entrepreneurial ecosystems. The policy makers have to persistently address the challenges and take necessary steps to tackle the hurdles that start-up communities face at all stages of their establishment to a successful firm. These challenges primarily revolve around lack of finance resources, limited management in market structures as well as several hurdles regarding regulation of business matters. It is only through holistic approach from the side of policy makers and government regulations one can ensure a proper, nurturing ecosystem that promote the growth and success of start-up ventures in a country like India.

Apart from ensuring access to market firms and social capital, providing adequate mentorship and facilitating proper network can increase the growth of successful entrepreneurial ecosystems and eventually develop start-up ventures. The role of universities and research institutions in building business ecosystems and nurturing them to a positive space ensuring constant support to innovative

like start-ups is very huge as these are the places that guide, direct and utilize the potential of youth of a country. The collaboration of these places makes possible business enthusiasts to learn innovative technological skills as well as gain knowledge and perspective on how to manage resources and finance in turning them to beneficial ideas of profit and development. The researches on the diversifying structures of entrepreneurial discourse, associating it with historical, cultural and social factors intensify the opportunities for rising start-up innovative and there by help foster the economy of the country.

Literature Review

In India, the government and organizations have initiated implementing several innovative programs to encourage the growth of entrepreneurship activities. These programs including several successful projects like 'Digital India', 'Start-up India', 'Make in India' etc. aim to promote entrepreneurship roles and help foster the economic growth of nation via it. However, despite the immense popularity of these innovative, they fail to properly address the extensive challenges that start-up entrepreneurs face, varying from lack of access to social capital, impediment in finance and market regulations as well as limited resource opportunities. It is only through efficient interconnection of stakeholders and resources that one will be able to tackle the challenges of start-up entrepreneurs. Various studies conducted regarding the same explain the necessity of entrepreneurial ecosystems in the process of establishing favorable space of growth and success for start-up entrepreneurs.

In 2014, Erkkö Autio and fellow researchers studied the importance of context in entrepreneurship activities to analyze the role of various theoretical, directorial and policy implications that arise within the entrepreneurship roles. The research concluded about the scope of private and public sectors in meeting the challenges that entrepreneurship innovation face, particularly in the framework of influence of context. Clarysse Bart and fellow researchers (2014) further expanded the role of various provisions and policies in establishing business ecosystems particularly in technological hotspot areas. In an empirical study conducted by these researchers where they collected data from around 138 innovative start-ups in the region of Flanders, the analysis of the study proposes the necessity of a supportive network system intertwining finance, entrepreneurship ecosystems and technological advancement or knowledge. The major challenges

that this study discovered is the lack of bridge between the three factors; finance, business ecosystem and knowledge.

Massimo G Colombo and Luca Grilli (2010) studied about the role of capital in the exponential growth of high-tech Start-ups. They conducted an empirical study collecting and comprehending database from around 439 advanced Italian tech-firms to explore the influence of founders' human capital as well as the venture capital in the progress of these start-ups. By using an econometric methodology, the research expands arena to discuss how to organize, direct and control human capital and venture capital investments to ensure positive outcome from business opportunities, specifically start-ups. Cavallo, Colombelli and others in 2018, did extensive empirical study on Italian firms by gathering data from huge sample of 6018 start-ups. This research discovers the intense role played by urbanization, diversification of industries, industrial districts etc. in empowering start-up ventures. Both these studies establish a framework of scope for further research in this arena of building sustainable ecosystem for advancement of start-ups by enriching information and applying it on the basis of empirical evidences.

Igor Dubina and co-researchers (2017) explore the influence and interaction of stakeholders in designing a better entrepreneurial ecosystem. The study also intends to discover how spatial innovation and entrepreneurial ecosystem can co-exist in a sustainable manner under various conditions and implications of an outside environment. The interesting take of this research in governing ecosystems by focusing on preexisting connections and various policies as well as other structures of interorganizational interactions give inputs about building sustainable entrepreneurial ecosystems. Brad Feld (2012) laid background for the development of business ecosystems centering on the growth of start-up communities. Feld's ideas regarding start-up communities became very popular and helped further researches in the discourse of entrepreneurial density, community and activities. Here, through observing the development of start-up structure named Boulder, Feld talks about the above-mentioned intertwining between various factors including interorganizational structures and entrepreneurial ecosystems.

Elizabeth A Mack and Heike Mayer (2016) expose the limitations in comprehending the dependency between entrepreneurship ecosystems and its components. Thus, the authors, in their study explores the evolutionary dynamics of these ecosystems, traversing through various cultural,

social and historical factors. Malecki's research (2011) emphasizes the rise of entrepreneurial ecosystems at regional level and along with it embarks the necessity to build a double network structure that connects international market systems with local entrepreneurial ecosystems. This, in a way, also proposes the need for an effective mix of global, regional market firms as well as integration of technological knowledge, both external and internal.

Colin Mason and Ross Brown (2014) talks in detail about growth-oriented entrepreneurship referring to entrepreneurial actors, connectors and resource providers within an ecosystem. Apart from this, they also propose the need for a holistic approach in structuring entrepreneurial ecosystems where policy makers persistently require to look upon the issues of each individual ecosystems. In doing this, strengths and weaknesses of each system can be analyzed such that proper metrics can be developed to comprehend how to monitor or intervene the association between these ecosystems on a larger scale. Salamzadeh and Kawamorita (2015) discusses the life cycle of start-ups analyzing various aspects regarding their entrepreneurship significance and opportunities. The paper conceptualizes perspectives about organization, regulating and entrepreneurship-based theories in facing various challenges in creating start-ups.

Stam (2015) explains in the critique on entrepreneurial ecosystems the influence of various factors as well as actors that exist in an interdependent system and hence contribute in enabling constructive entrepreneurship in a marked territory. Zahra and Nambisan (2011) laid a framework for the same where they studied how small and new ventures contribute their technological and market knowledge in organizing and directing large entrepreneurship ecosystems that foster the growth of start-ups. The study particularly analyzes how some incumbents have actively developed innovative platforms that provide space and scope for controlling and managing these ecosystems.

Nurturing entrepreneurship ecosystems in a country is the requirement of time, particularly in the period of globalization to meet the needs, demands of people as well as to aid nation to grow its economy and per capita income. Various factors, both internal and external, affect or influence the nurture of entrepreneurship ecosystems. The studies above depict how stakeholders scattered across need to be assimilated by policies and interventions to ensure a proper facilitating state of business ecosystems. Further research is required in the discourse to comprehend various

challenges faced by start-up communities in enriching their market growth as well as for building a vibrant entrepreneurial ecosystem in the country.

Objective

To measure the factors contributing to nurturing entrepreneurial ecosystems in India

Methodology

This study is descriptive in nature in which the data were obtained from the 217 respondents who have knowledge and experience of hospitality sectors. The respondents could include entrepreneurs, investors, incubators and accelerators, academics, government officials, industry associations and non-profit organizations. A checklist question was used to analyze and interpret the data. In a checklist question respondents choose “Yes” or “No” for all the questions.

Data Analysis and Interpretations:

Table 1 Nurturing Entrepreneurial Ecosystems in India

SL No.	Nurturing Entrepreneurial Ecosystems in India	Yes	% Yes	No	% No	Total
1	Creating an entrepreneurial ecosystem in India requires the development of markets and infrastructure.	177	81.57	40	18.43	217
2	Incubation centers play a crucial role in nurturing entrepreneurial ecosystems in India.	193	88.94	24	11.06	217
3	Nurturing entrepreneurial ecosystems in India requires creating access to funding for start-ups and entrepreneurs.	203	93.55	14	6.45	217
4	Creating a regulatory environment that encourages entrepreneurship is essential.	186	85.71	31	14.29	217

5	Providing incentives and rewards can encourage entrepreneurship and innovation in India.	161	74.19	56	25.81	217
6	Creating collaborative partnerships with academia, industry, and government can help in building successful entrepreneurial ecosystems in India.	183	84.33	34	15.67	217
7	Nurturing an innovation culture is crucial for the growth of entrepreneurial ecosystems in India.	165	76.04	52	23.96	217
8	To build successful businesses, entrepreneurs require a skilled workforce.	195	89.86	22	10.14	217

Table 1 shows the nurturing entrepreneurial ecosystems in India. It was found that around 93.5% of respondents accept that nurturing entrepreneurial ecosystems in India requires creating access to funding for start-ups and entrepreneurs, to build successful businesses, entrepreneurs require a skilled workforce (89.8%), incubation centers play a crucial role in nurturing entrepreneurial ecosystems in India (88.9%), creating a regulatory environment that encourages entrepreneurship is essential (85.7%), creating collaborative partnerships with academia, industry, and government can help in building successful entrepreneurial ecosystems in India (84.3%), creating an entrepreneurial ecosystem in India requires the development of markets and infrastructure (81.5%), nurturing an innovation culture is crucial for the growth of entrepreneurial ecosystems in India (76.0%) and providing incentives and rewards can encourage entrepreneurship and innovation in India (74.1%).

Conclusion

Nurturing entrepreneurial ecosystems in India plays key role in promoting economic growth, employment opportunities, increasing per capita income as well as enhancing innovativeness in entrepreneurship like facilitating the rise of start-up ventures. The focus on this area is crucial for ensuring sustainability in business sector and economic development. Moreover, a positive

entrepreneurial ecosystem not only aids the growth of economy and create more opportunities particularly for the youngsters, but also contributes to the overall progress of society by creating space to interact with new skills, technology and hence forming ideas and perspectives that drives the betterment of living conditions. However, there are several challenges that start-ups in India face varying from lack of access to finance, insufficient resources, limited guidance about technology to improper networking facilities in managing business encounters. Persistent researches in parallel with advancing technology and evolving social demands is a requisite in tackling these challenges that start-up communities face and it is only by expanding the study on how to nurture a good entrepreneurial ecosystem one be able to facilitate the same.

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