Start-ups by Women in Bengaluru

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Abstract

This is a new era for emerging businesses across the globe. Advancements in the technology field and its applications have resulted in new businesses that bring new challenges. Innovations are also responsible for developing new business models by formulating new different strategies, expanding business base etc. One of the new business models are the formation of start-ups. Start-ups emerge from innovative ideas, encouragement from government policies, opportunities for self-employment, etc. Start-ups can be opened in any of the economic sectors (Aldrich, 1990). In India, Bengaluru is considered the start-up capital. Women’s empowerment is one of the important economic objectives of many of these start-ups. Start-ups founded by women not only create jobs for others but also boosts their morale and entrepreneurship abilities. The present study focuses on start-ups formed by women in Bengaluru. This paper aims to find the factors that encourage start-ups and the challenges that women face in setting up start-ups in Bengaluru. It analyzes the operational efficiency of these startups. The researchers conducted a cross-sectional survey through in-depth interviews of 20 women entrepreneurs who set up new businesses in the last 2 years. Convenient sampling method was used to select the sample. Thematic content analysis with some grounded theory was used to analyze the data. NVivo12 Pro software was used for the qualitative data analysis. The results indicate that the Covid-19 pandemic affected operations and setting up of start-ups by women in Bengaluru.

Keywords: Start-ups, Women empowerment, Entrepreneurship, Innovative business

Introduction

There has been a transformation from traditional business activities to modern businesses because of rapid technological improvements and advancements. Due to these tremendous changes, there have been new businesses emerging such as entrepreneurship and start-ups. Start-ups have become the new phrase in the contemporary business world due to the encouragement the government and private industrialists have given them. Risk taking is one of...
the entrepreneurial traits that are a large part of start-ups. New business ventures in the form of start-ups are changing both society and the economy. Start-ups provide a means for self-employment; entrepreneurs can turn ideas into businesses, though they may face many risks and new challenges along with growing competition. One of the objectives of the government is to empower women and reduce gender discrimination. Empowering women—making them financially independent, allowing them to participate in decision making, expanding their roles by not just being restricted to the home and kitchen—will make India a strong nation. It is equally important that women are given opportunities for their social, cultural, and economic development. Women are also pioneering in different areas of businesses (Ackermann and Audretsch, 2013). One of the ways to empower women is through nurturing their entrepreneurial skills and talent through encouraging them to have their own starts ups. Through its policies, the government has encouraged women to set up start-ups with financial and technological assistance. The present study focuses on the empowerment of women through start-ups in Bengaluru. According to a Global Startup Ecosystem Ranking report (https://www.urenio.org/2015/10/26/2015-global-startup-ecosystem-ranking/ accessed on 11th January 2021), Bengaluru is growing rapidly when it comes to start-ups.

Concept of Start-ups

Growth of technological knowledge and the emergence of new innovative business ideas has resulted in the development of new economic business models and strategic benefits (Ensley et al., 2006). Entrepreneurships and start-ups have led to economic growth and employment. Start-ups not only create employment, but they also help reduce poverty. The government of India needs to create an ecosystem of innovation to meet the requirement which in turn may help in developing a start-up culture.

Definitions of a Start-up

A start-up can be defined as a newly emerged business venture which can develop into a feasible business model through innovative solutions.

According to the Indian legal system, a start-up is an entity which is incorporated as a private limited company or registered firm, operational for seven years from the date of its incorporation, not exceeding a turnover of Rs. 25 crores. All start-ups should be capable of providing innovative and improved products or services. A start-up business is defined as an entrepreneurial organization that is three years old or less and that develops new products and services and earns a sizeable amount of revenue by employing fifty people or less (Al-Mubaraki and Busler, 2017).

There are 2 types of start-ups in the Indian system: a Unicorn start-up and a Cockroach start-up. Start-ups in India are a very new initiative of the government of India, which aims to build a strong eco-system for nurturing innovative business ideas. This will allow for the creation of new employment opportunities. The government said that the Start-up India policy is to promote young entrepreneurs of the country with the prime objective to make India into a start-up nation, a country of job creators (Arzeni, 1997). The government, both at the central and state levels, encourages and supports the development of start-ups through its policies and tax benefits. In India, start-ups are based on pillars which include nurturing ideas and provision for financial and technology support through industry academia partnerships and business
incubations. India is the third largest country in the world in start-up development, and Bengaluru is considered as the start-up capital of India. India has start-ups in industries from financial tech to food and agro tech.

**Graph 1 - Stages of a Start-up Life Cycle**

The first stage or the pre-start-up includes the identification of business ideas that would suit a large market and the search for a saleable product or service for potential customers. The second stage is to create a business model through trying to create a customer base by increasing business activity in a sustainable manner. The third stage of growth is to maximize profits, further expansion of business, accumulate new resources, face new challenges, and develop a brand which will enhance the growth of the start-ups.

**Government Policy Framework**

To develop and encourage the setting up of start-ups across the country, the Indian Government has set the following objectives for start-ups:
- To understand opportunities for gaining new knowledge
- To develop large scale innovative business
- To collaborate with other stakeholders

**Government Schemes**

Atal Innovation Mission (AIM) in collaboration with Self-Employment and Talent Utilization (SETU) provides technological support for world class innovation hubs by providing the necessary infrastructure. This scheme encourages entrepreneurship and innovation (Policy, 2010). NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC) is a start-up programme that is to be implemented in educational institutions. The government provides financial assistance, up to Rs. 25 Lakhs to the institution. India Aspiration Fund India Aspiration Fund (IAF) is investing in Venture Capital Funds.
Review of Literature

Gomez (2007) analyzed the processes involved in setting up startups and the factors that influence them. The authors also discuss the various problems faced by entrepreneurs with a specific focus on research and funding. Sharma (2010) conducted a study on women entrepreneurship, looking into how this concept improves women’s economic participation by owning business and make them financially capable. The author evaluates the role of women entrepreneurs and how they try to explore new business opportunities while also balancing family life. Entrepreneurship gives them the scope for the development of their own individuality by exploring their hidden talents and abilities.

De Silva (2010) analyses the motives of entrepreneurs to create start-ups with a focus on push and pull motives at the growth stage. They conducted in-depth interviews to study the practical problems faced by the entrepreneurs in setting up a start-up. Their study was conducted in Bradford, concerning entrepreneurs who owned small and medium scale enterprises. Ghezzi et al. (2012) conducted a study in Italy. Most of the enterprises selected for the study considered traditional business practices and entrepreneurial practices to start new mobile start-ups.

Chandiok and BCIPS (2016) have analyzed the growing popularity of start-ups in India and the factors influencing it such as funding and technology in the domestic market. The author finds that adequate financing is one of the major challenges for start-ups; these opportunities need to be made more accessible and start-ups should be encouraged for patent filing and to promote research and development.

Dutta (2016) discusses the start-up campaign that was started by the government of India in 2015 under the leadership of Shri Narendra Modi. The article focuses on the initiatives introduced by the government to encourage start-ups in specific areas by promoting research and funding. The study specifically refers to increased funding for start-ups and the availabilities of jobs. Shamith (2017) highlights the role of women entrepreneurs not only in setting up start-ups but also for economic development. The author focuses on women entrepreneurs who start new business ventures and promote the concept of inclusion. The study focuses on how women entrepreneurs use Digital India campaign in setting up their start-up projects and utilize the benefits offered by the government of India.

Sunanda (2017), in her case study, analyzes how start-up companies can be started and managed in India. The author also discusses the role of innovation in setting up start-ups and the development of research, initiatives introduced by the government of India.

Manshani and Dubey (2017) analyze women’s use of digital technologies through their innovative ideas. The article discusses the factors which encourage women to start their own start-ups and to contribute to income and employment generation for the economic development of the country.

Akhila (2018) analyzes the role of women entrepreneurs in setting up digital start-ups. The author brings up internet technologies for the use of new digital platform to promote digital business by women. The author argues that promoting the development of start-ups by women would reduce the gender gap, improve their identity, and create a digital start-up environment.

Research Gaps

Throughout the literature survey the authors observed the relation between economic development and entrepreneurship. Progress in entrepreneurship also contributes to employment creation. Entrepreneurship is one of the major routes for women’s empowerment. A lot of studies
are focused on women’s empowerment through entrepreneurship, but there are not many studies based on start-ups founded by women, particularly in Bengaluru, though Bengaluru is considered the start-up of capital of India. There is a separate start-up policy introduced both by central and state governments (Government of Karnataka, Startup Policy, 2015). In this context, the authors interviewed some women start-ups owners in and around Bengaluru, to identify problems and challenges they face.

**Objectives**

1. To analyze the factors that encourage start-ups by women in Bengaluru.
2. To understand the challenges in setting up start-ups by women in Bengaluru.
3. To identify the operational efficiency of start-ups by women in Bengaluru.

**Methodology**

**Participants**

A cross-sectional survey using in-depth interviews was used as a part of the qualitative analysis. Convenience sampling method was used to select 20 women who founded or co-founded start-ups in Bengaluru. As per the reports, Bengaluru is considered to be the start-up capital of India. The researchers gave an overview about the research to the respondents. A face-to-face in-depth interview by the researchers was conducted with the respondents’ consent.

The women respondents had founded their businesses within the last 3 years. To obtain genuine information, respondents were informed that the result would only be used for research and academic purposes. The duration of each interview was around 30-45 minutes. The tool used was a structured format of questions, asked in a more or less similar order to each respondent by adjusting to each respondent’s answer. All interviews were recorded and key points were noted.

**Scope of Study**

The scope is limited to analyzing factors that encourage women start-ups and the challenges of setting up a start-up by women in Bengaluru. Research identified the operational efficiency of start-ups by women in Bengaluru.

**Analysis**

Primary data was analyzed using Thematic Content Analysis with some grounded theory (Hoda et al., 2010). Researchers used a similar version of the three-step coding and analysis approach, which consisted of open coding, axial coding, and selective coding (Corbin & Strauss, 2008). Each response was heard twice, and field notes were used to identify core concepts. Codes were assigned for the selected concepts and sub themes were developed by detailed coding. NVivo12 Pro software was used for this analysis.

**Results**

Twenty participants were identified, and their responses were recorded. All the respondents were women entrepreneurs from Bengaluru. Out of twenty, 10 of them were doing
service based and consultancy services. Four were doing home-based food and catering business. Others focused on their skill and hobby-based businesses.

**Factors for Start-ups by Women**

Analyzing the previous literature and participant’s in-depth interviews, this paper provides a comprehensive qualitative analysis of major factors that attracted women to set up their own start-ups in Bengaluru. Respondents were identified with all or some of the below mentioned factors for setting up start-ups. These factors are grouped into 3 major factors.

**Graph -2 Factors for Setting up Start-ups by Women in Bengaluru**

The following table elaborates themes and sub themes which emerged from the narratives of the respondents.

**Table - 1 Thematic Framework for Motivational Factors**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motivational Factors</td>
<td>Monetary Benefits: Main factor for setting up a start-up is the wealth and money obtained by it.</td>
</tr>
<tr>
<td>- Monetary Benefits</td>
<td>Support to Family: Some of the participants choose to do business to support family and thereby raise their standard of living.</td>
</tr>
<tr>
<td>- Support to Family</td>
<td>Status: Desire to become their own boss and the social status achieved is one of the reasons for starting a business by the participants.</td>
</tr>
<tr>
<td>- Status</td>
<td>Risk Bearing: Some of the respondents wanted to take up a challenging career.</td>
</tr>
<tr>
<td>- Contribute to Society</td>
<td>Contribute to Society: Even though</td>
</tr>
</tbody>
</table>

*Source: Primary Data collected by interview*
contributing back to the society and economy were the least preferred motivational factor for start-ups, some of the women agreed that they want to contribute to the nation’s economy by doing business.

2. Environmental Factors
   - Experience & Skills
   - Education & Education System
   - Social Media influence
   - Govt. Assistance

   Experience & Skills: Previous experience of doing business and skills developed is one of the major factors that influenced their desire to start a business and choose the type of business.

   Education & Education System: Educational qualification of women and a changed outlook on the education system, especially in cities like Bengaluru, plays a major role in influencing women to set up start-ups. Recently universities and institutes have started promoting entrepreneurial courses.

   Social Media influence: Motivational stories and feeds about successful businesses on social media influences the women to create a new start-up business of their own. Most of the respondents use social media to promote and market their product and services.

   Govt. Assistance: National and State governments are providing financial, technological, and other supports to women entrepreneurs, especially to start-up enterprises of women, and this is a major factor that promotes women start-ups.

3. Social Factors:
   - Family/ Friends/ Relative in business field

   Family/ Friends/ Relative in business field: Some of the respondents choose start-ups due to the influence of family, friends, and relatives who are in the same business field.

4. Demographic Factors:

   Demographic factors that motivated them to set up their own start-ups are marital status, age, no. of children, type of family etc.

Source: Primary Data collected by interview

Challenges in Setting up Start-ups by Women

Analyzing the previous literature, participant’s in-depth interviews, and comprehensive qualitative analysis, the researchers identified five major challenges in setting up start-ups by women. Respondents explained many challenges that they faced while setting up start-ups during the interviews. Using NVivo12 Pro software, the researcher developed themes and sub-themes of challenges faced by women in setting up start-ups.
Graph – 3 Challenges in Setting Up Start-ups by Women- Themes and Sub Themes

The following table elaborates themes that emerged from the narratives of the respondents.

### Table - 2 Thematic Frame work of the results of Challenges in setting up Start-ups

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Investment Mobilization</td>
<td>Bank Loan: Many respondents are finding it tougher to avail bank loans. Banking illiteracy and differential attitude by authorities make it difficult for women to avail loans. Most of the banks ask for security and a male guarantor. Unaware about Govt. initiatives: Both central and state governments have initiated many funding and promotional schemes for women start-ups. Lack of awareness about these schemes makes the women entrepreneur’s start-up difficult to start and to run business smoothly. Basic technological illiteracy adds to the problems faced by women to mobilize funds. Corruption: Corruption and bureaucratic inefficiencies, especially with regard to angel tax.</td>
</tr>
<tr>
<td>- Bank loan</td>
<td></td>
</tr>
<tr>
<td>- Unaware about Govt. initiatives</td>
<td></td>
</tr>
<tr>
<td>- Corruption</td>
<td></td>
</tr>
</tbody>
</table>
2. Resource Mobilization
   - Lack of skilled human resources
   - Technical illiteracy
   - Unavailability of support network

**Lack of skilled human resources:** Finding the right skill is one of the major challenges faced by women start-ups. Many find it difficult to find the right hire which makes it impossible for the start-ups to focus on strategizing the future.

**Technical illiteracy:** Even though all participants were educated, technical, financial, and digital illiteracy forces them to depend on other providers. This leads to diversification of funds, resources, and time.

**Unavailability of support network:** Masculine corporate culture is one of the major issues raised by the participants who own service based and consultancy start-ups. They normally find themselves uncomfortable during business meets and other networking events.

3. Social Challenges:
   - Gender bias
   - Social expectations
   - Business and family life management

**Gender bias:** All respondents raised concerns about gender bias in all areas of work. Starting from idea generation to funding, family support, daily activities and in all areas, they feel male domination.

**Social expectations:** Participants believe that society thinks women entrepreneurs are less competitive and aggressive than their male counterparts. This brings down women’s morale and their desire to start-up their own business.

**Business and family life management:** Participants believe family support is the core success factor for successful business. Aside from one participant, all others face problems in balancing family and business.

4. Marketing Challenges:
   - Huge expense for small firms
   - Lack of awareness about social media and other marketing options

**Huge expense for small firms:** Print and media advertisement are costlier for small business firms.

**Lack of awareness about marketing options:** Even though all participants use social media for advertisement, most of them were not able to utilize all features of social media and different channels of media due to lack of awareness.
Graph – 4 Improving Operational Efficiency of Start-ups by Women- Themes and Sub Themes

Source: Primary Data collected by interview

The following table elaborates themes emerged by the narratives of the respondents.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Understanding the business and its functions</td>
<td><strong>Product/Service</strong>: As most of the participants have started business 2 years back, they tend to diversify their product and lack focus. <strong>Vision, mission, and objective</strong>: Clarity in vision, mission, and objectives of the business is one of the essential factors for success. Most of the participants are unaware of this and its importance.</td>
</tr>
<tr>
<td>- Product/Service</td>
<td></td>
</tr>
<tr>
<td>- Vision, mission, and objective</td>
<td></td>
</tr>
<tr>
<td>2. General Management</td>
<td><strong>Expenditure management</strong>: Participants were unaware of accounting software, and they depend on outsourcing. <strong>Tax management</strong>: Understanding different tax systems, and filing is one of the major operational problems for women start-ups. <strong>License and permits</strong>: Due to restrictions on certain aspects, many small start-ups have to take special permits from the govt. to operate at a large scale. This hinders their</td>
</tr>
<tr>
<td>- Expenditure management</td>
<td></td>
</tr>
<tr>
<td>- Tax management</td>
<td></td>
</tr>
<tr>
<td>- License and permits</td>
<td></td>
</tr>
<tr>
<td>- Repairs and maintenance</td>
<td></td>
</tr>
</tbody>
</table>
development.

**Repairs and maintenance:** This is one of the areas where respondents face difficulty in managing and operating efficiently. These unforeseen expenses and engagements take up time, energy, and money which leads to difficulty in operations.

### 3. Mobilizing Core Resources
- **Managing daily activity**

Managing daily activity: Participants opined that planning, prioritizing, and dividing work is the only solution for managing daily activities of start-ups. Multi-tasking abilities of the women makes it possible for them to manage daily activities at its best.

### 4. Scaling up and growth of the business
- **Future goal setting**

Future goal setting: Goal setting will help the start-ups to survive in the market and be successful in the future. Participants are aware of the importance of goal setting, and most of them are trying to achieve it using multiple channels. E.g.: One participant started writing blogs about her area of business in magazines like Vogue.

### 5. Self-realization

Self-realization is the mantra for success in the business. Most of the participants agreed fear of failure leads to underestimation of self-power.

*Source: Primary Data collected by interview*

**Findings**

Following are the major findings of the in-depth interview and observation done by the researchers.

- Societal expectation and gender biasedness are the most difficult challenges faced by the women start-ups.
- Knowledge and awareness about government initiatives gives women more confidence in setting up their start-ups and leads to better performance.
- Safety in workplaces and family support fastens the growth of women start-ups.
- Technical, financial, digital, and media literacy reduces the challenges faced by women in setting up and continuing start-ups.
• Self-realization about their capabilities and leadership abilities help the women start-ups to function more efficiently.
• Well identified goals, vision, mission, and objectives for business create successful start-ups.
• Awareness about taxes, licensing, and permits creates less problems for start-ups, and women can avoid depending on outsourcing.
• Even though participants are using social media for advertisement and marketing, they are not fully utilizing the possibilities due to their lack of knowledge.
• Brand building is an important function of start-ups in the initial years, and women start-ups have to focus on the opportunities available.
• Today’s changed educational focus and opportunities in the market creates space for women start-ups, especially in cities like Bengaluru.
• Covid-19 and the lockdown have created operational problems and financial instabilities for some of the customer-based start-ups.
• Some of the start-ups have received profits and greater reach due to online and social media influence during the Covid-19 lockdown.

Conclusion and Recommendations

Inclusive non-discriminatory utilization of women’s full potential is the only way to promote innovative start-ups in India. Reserve Bank of India’s pilot survey on the Indian start-ups between November 2018 and April 2019 shows only 5.9% start-ups are run by women founders in India (Pilot Survey Report on Indian Start-up sector by RBI, Dec 2019). This clearly indicates that there is a gender gap in women start-ups and that this needs to be tackled from the root. This is possible only through governmental initiatives and programs.

The research suggests following recommendations which can help women grab opportunities and march towards success:

• Word of mouth advertisement and social media influencers can be better utilized by the women start-ups.
• Networking with other women business owners can help to improve the reach of their business.
• Being decisive is important to challenge societal expectations.
• Identifying and understanding customers is important.
• The government should arrange awareness program about initiatives extended by them to promote start-ups by women.
• Behavioral theories explain imposter syndrome, which can affect their achievement due to over perfectionism.
• Including compulsory entrepreneurial courses in the education system, especially higher education level, is a motivational factor for setting up start-ups.
• Women start-ups need better access to finance and networking.
• NITI Aayog’s women entrepreneurial program can be widened to provide women centric dedicated support for start-ups.
• Removing gender bias, providing equal access to education for women, and encouraging them to use their skills and expertise in business will promote start-ups by women.
References