



POST PANDEMIC ANALYSIS ON ENTREPRENEURIAL RISKS AND CULTURE AMONG START UP COMPANIES

Geetha B.P and Tejasshri K.R

Co-Author Dr . Nethravathi

ABSTRACT:

India was one of the countries which has bounced back successfully after Covid pandemic. Though we also faced lot of problems during the pandemic but still we were better than many of the developed countries. This opened up lot of new avenues for entrepreneurship. Youth of India ventured into different start-ups ideas. Lot of new start-ups has emerged from pandemic times with greater focus on technology. So, this pandemic gave an opportunity to leverage technology in a more efficient way. India emerges as a global hub of tech start-ups. The Silicon Valley of India, Bangalore backs first position in the new start-ups due to various diversified culture, religion and other set of people who live in it. It is also known for its amazing tech brains with different mind mapping ideas which can be pitched into action practically. India provides perfect atmosphere and ecosystem for entrepreneurship to raise their seed capital or angel investments through various sources like bank loan, loan from unorganised sector etc., It helps to enhance the skills of an individual entrepreneur through various training given by the organised sectors like Market Development Assistance Scheme for MSMEs. Mini Tools Room and Training Centre Scheme etc.,

This paper discusses on start-up culture in India, start-ups during Pandemic and government initiatives making India start-up capital. It also focuses on other risk factors like financial risk, political risk and other risk involved in the working pattern of employees and management during pandemic and post pandemic situations. This has made the different strategies to make India global start-up power.

Key words: MSME-Ministry of Micro, small & Medium Enterprises, Market Development Assistance Scheme, Mini Tools Room and Training Centre Scheme, Angel investors, seed funding, leverage technology.

INTRODUCTION:

The entrepreneur is defined *as* someone who has the ability and desire to establish, administer and succeed in a start-up venture along with risk entitled to it.

According to Professor Howard Stevenson, the godfather of entrepreneurship studies at HBS. ENTREPRENEURSHIP is the pursuit of opportunity beyond resources controlled.

According to Jean – Baptist, a French economists who first coined the word Entrepreneur in about 1800, said that “ the entrepreneur is the one who procure the resources at lower cost and utilizes those resources in an efficient manner to get higher productivity and greater yield.”

The concept was introduced by **Paul Dimaggio** in 1982. He defines this practice as 'the creation of an organisational form that members of the elite could control and govern' (Dimaggio, 1982, p. 35) and analyses the processes of forming institutions of high culture in the 19th century Boston.

Entrepreneurship culture means initiation taken by individual to motivate certain set of people, change the attitudes of the people and helps to enhance the skills of those set of people to meet the needs of the society.

An entrepreneur is a s great visionary who creates bridge between his vision and mission and tries to accomplish his goals by making use of resources which is available to him.

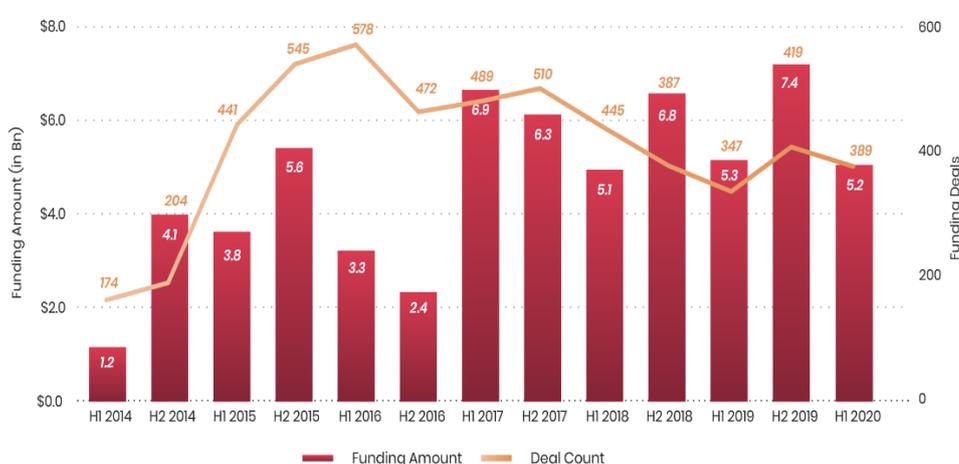
START - UP

Start-ups are those which are in the initial stage of operations. Most of the start-up might not be sustainable in long run without additional funding. . It will give the flexibility to work on something they intend to work. India with the start-up friendly policies are encouraging start-ups even in small towns.

On 16 January 2016 Government of India launched Action Plan its ambitious programme of Stand-Up & Start-Up India. Start-up India is an initiative of the Government of India. The campaign was first announced by Indian Prime Minister, Narendra Modi during his speech on 15 August 2015. The action plan of this initiative is focussing on three areas: Simplification and Handholding. Funding Support and Incentives.

The State Of Indian Startup Funding

Between 2014 to H1 2020, Indian startup ecosystem recorded \$63 Bn in funding



Source: Datalabs by Inc42+
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Source: Datalabs by Inc42+ @2020

The chart shown in the figure tells us the details about the start-up funding in India. In first stage of 2014 start-up funding was very less but in the later stages it has increased, due to the various start up programmes taken by PM Narendra Modi in the year 2015 there was a drastic increase in the second phase of the year but it has decreased in the year 2020 due to pandemic situation and the prediction and analysis of the chart tells us that there may be gradual increase in the start-up ventures in the year 2021.

Need For Entrepreneurship culture:

Entrepreneurship culture helps to identify various problems that exist in the society and tries to find solutions to such societal problems, as you all know few common problems that exist in the developing countries are unemployment, poverty level, more dependency on primary sector, technological threats. According to the development history, growth in the industrial sector is considered to be one of the parameters to measure the country's development. Specially in developing country like India, we can find more regional imbalance with regard to concentration of industrial sectors, metropolitan cities have been concentrated more by IT sector, entrepreneurial investment etc.,

The current five-year plan aimed at higher growth rates to improve the standard of living of the people of India along with economic stability. Entrepreneurship plays important role in increasing the standard of living of the people by not only providing employment opportunities, but also by providing new products to the market and creating the necessity for the product through the innovative ideas which instils the people to buy the product there by helps in increasing the GDP and standard of living of the people.

Entrepreneurial innovative ideas have also increased exports in India from the survey and study. Entrepreneur also tries to motivate their employees and give them necessary training and skill development programmes to enhance their knowledge which instils the employees to use those methods on the floors effectively and efficiently to meet up the standards of the organisation and achieve their pre – determined goals.

REVIEW OF LITREATURE:

According to Rizwon Qaiser Danish, Javeria Asghar Zeeshan Ahmad and Hafiz Fawad Ali, published on 9/9/2019: Title; Factor affecting “ Entrepreneurial cultural the mediating role of creativity” The paper mainly focused on the attitudes , values beliefs, skills and power of individual in an organisation .It has also focused on openness in the mind-set of an entrepreneur and their self efficiency on entrepreneurship culture. This study was conducted on provenience of Punjab.

According to Dr. Klaus-Hainer Rohl “ Entrepreneurial culture and start up .A new culture encouraging entrepreneurship could trigger more, innovative start ups. This paper highlights more on how to strengthen the entrepreneurial culture from school level . The study also tries to make an attempt to encourage unemployed youth to venture into entrepreneurship and focuses on lime courses to teach entrepreneurship in order to create a bridge between the theory learning and its practical application.

According to Kottesswaram .M- published 2018 Title: ‘Entrepreneurial productivity among engineering college students for business start ups. This study took place in Coimbatore karur and “Namakkal districts’. The study mainly focused on youth, who is a partner for development of knowledge, the youth are more innovative and talented who can promote employment opportunities in various sectors and helps in the economic development process of the country.

RESEARCH GAP:

The study focuses on various problems faced by the companies in the post pandemic situation, initially during the pandemic the company’s saved money on the fluctuating cost and other cost, but this strategy worked out for short –term, later periods they suffered financial crisis due to lag in the completion of project nor loiter in getting new projects.

STATEMENT OF PROBLEM:

The study emphasis on factors like financial risk, work culture to both employees and management also the risks faced by the start-up companies. It also helps us to know entrepreneurial culture with regard to many factors like openness, adaptability, results and rewards, ethnicity, family background and entrepreneurship behaviour.

Finance becomes the life blood of every business. It is very difficult for an entrepreneur to procure the finance. For most of the entrepreneurial projects people tend to do personal finance, for which other entrepreneurs are not affordable.

In this study we can also know the changing attitudes of employees and management towards organisation during pandemic and post pandemic., During initial stages of pandemic not all the business suffered loss because they had ample of projects with them to work but later stages it became very difficult for the entrepreneurs to find new projects due to competition from people who had been laid off from big companies which instilled the minds of few retrenched employees to take up entrepreneurship as their career path and become their own boss.

Some of the online platform made profit during pandemic due to technological mist which they could cope up with., example: Zoom conference meeting developed by China could understand the need of people, and they also stood apart from Microsoft, cisco due to the subscription model. Zoom gave first 45 minutes free which indirectly gave viral marketing without spending money but this type of strategy was not possible for every start up to adopt, there by many starts ups failed to adapt the changes transmuted in the technological fields.

OBJECTIVES:

- 1.To understand the causes of financial risk due to pandemic situation.
- 2.To analyse the other risks faced by the start-up companies.
- 3.To emphasis the impact on work culture in an enterprise after the pandemic

RESEARCH METHODOLOGY:

The research article is based on conceptual method by using secondary data, sourced from various reports, journals, magazines, articles and the websites. Available secondary data was extensively used for the study of entrepreneur culture in start ups from year 2014 to year 2022.

LIMITATION OF THE STUDY:

The study mainly focused only on limited variables like political, technological, economical, societal and work culture of an employees and management during pandemic and post pandemic. Apart from these variables there are other different variables like employee perception, incentives, GDP, Standard of living etc which were not focused in the study. The scholar who is interested in the particular topic can further concentrate and extend their study upon the unexplored variables in the article.

CONCEPTUAL TEXT OF THE STUDY

1. Financial Risk due to pandemic situation

Due to challenges in vaccine rollouts and newer covid-19 virus variants business are facing a lot of uncertainties due to economic down turn and health crisis of employees and public in general has resulted in a lot of changes in way the work is done remote working has become a norm in lot of the companies and also the supply chain has been restructured and there has been a lot of bankruptcies and consolidations. The companies have to work on their risk mitigation strategies and make changes to handle any future risk. Though they are lot of companies which have innovated in the uncertain conditions but many were not able to adopt and has to face huge loss.

Global risk landscape can be broadly divided into 5 categories

- 1.Economic
- 2.Environmental
- 3.Geopolitical
- 4.Societal
- 5.Technological

Global Risks Landscape 2021



Top Global Risks by Likelihood



Top Global Risks by Impact



■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological

Source: World Economic Forum Global Risks Report 2021

Global risk landscape can be broadly categorized based on risk likelihood and risk impact. Though many of the factors remains the same for both the categorization the ranking of these factors many vary based on the risk categorization considered.

There might be some additional factors which are unique to each of these category

Few of the illustrations are as.

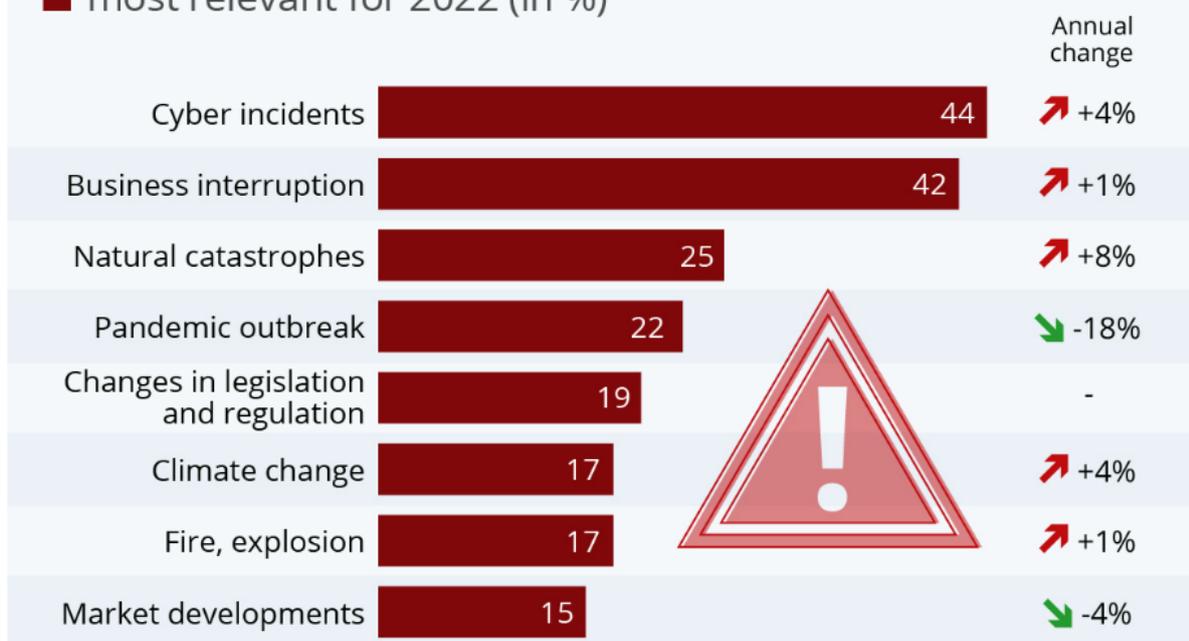
Both these categories are further classified under various variables like economic, environmental, geopolitical, societal, technological.

Common Variables	Unique Variables-Likelihood	Unique Variables-Impact	Risk Likelihood Ranking	Risk Impact Ranking
Extreme weather			1	8
Climate Action Failure			2	2
Human Environmental damage			3	6
Infectious disease			4	1
Biodiversity Loss			5	4
	Digital Power Concentration		6	
	Digital Inequality		7	
	Interstate Relations fracture		8	
	Cybersecurity failure		9	
	Livelihood Crises		10	7
		Weapons of mass destruction		3
		Debt Crisis		9
		IT infrastructure breakdown		10
		Natural Resource crisis		5

As we can see from above there might be factors like extreme weather which are ranked one in risk likelihood whereas same variable might be ranked eight in risk impact. This has to be interpreted in following likelihood of a extreme weather might be higher whereas impact might be lower for the same. All the variables are to be considered holistically to get an overall understanding of the risk Landscape

The Biggest Business Risks in 2022

Share of respondents deeming the following risks most relevant for 2022 (in %)



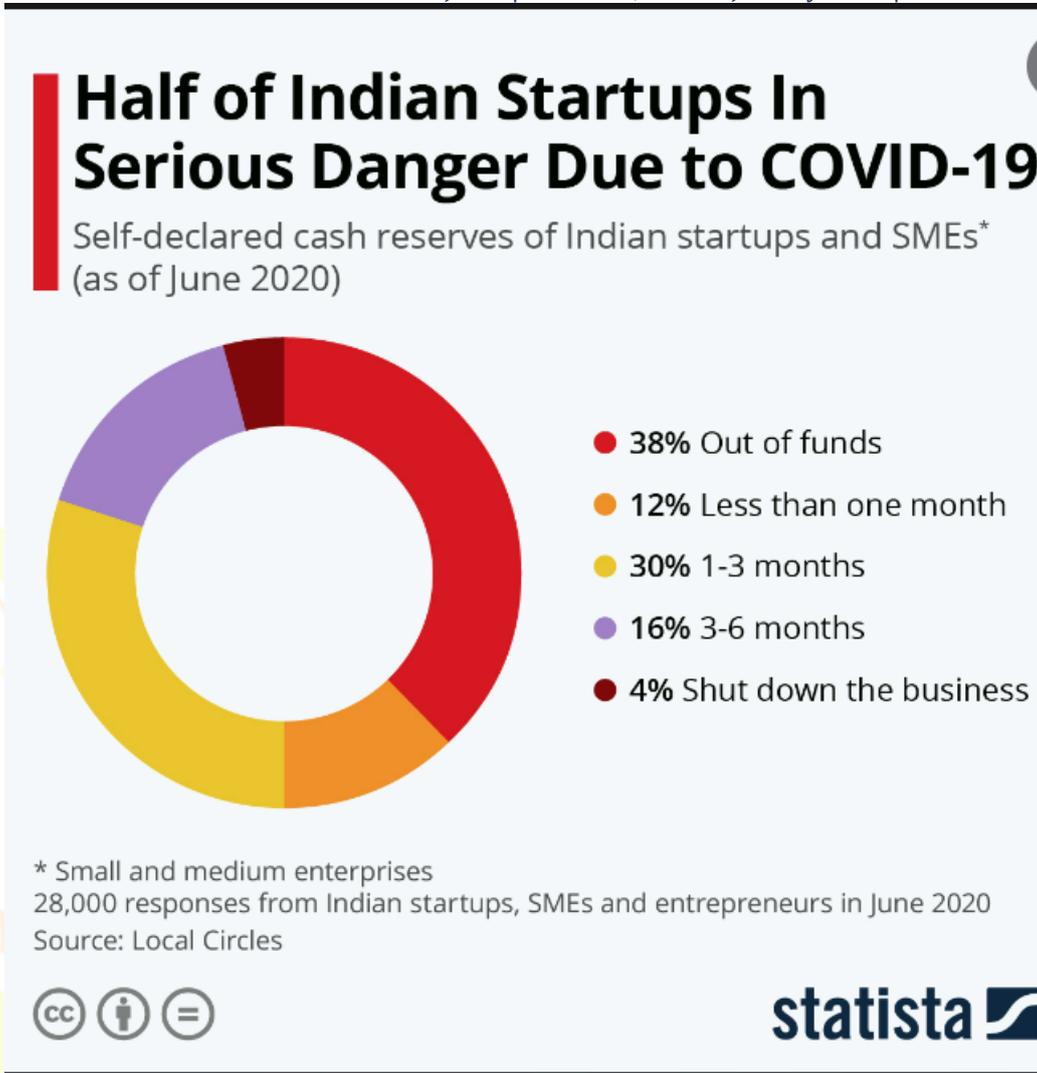
Based on a survey of 2,650 risk management experts in 89 countries; Oct-Nov 2021
Source: Allianz Global Corporate & Specialty



statista

Source : Allianz Global corporate and speciality

The business risk of 2022 gives complete outlay of major risk in the field of startup. As we can understand based on the survey results above, Cyber incidents to be on the rise .Business interruptions has also contributed significantly from the risk perspective and also natural catastrophes are on the rise.As expected Pandemic outbreak is of the top 5 risk which had significant impact on the business.As we know lot of protectionist policies are adopted by the governments ,so as anticipated change in legislation and regulation completes the Top 5 list.



Source : Local circles from small and medium Enterprises

The above diagram gives us the understanding about the start up companies from the funding perspective, around 50% of the companies have less than one month in running the cash reserves, around 46% of the companies have reserves for running their business for next six months and around 4% of the start ups have shut down due to the lack of cash reserves.

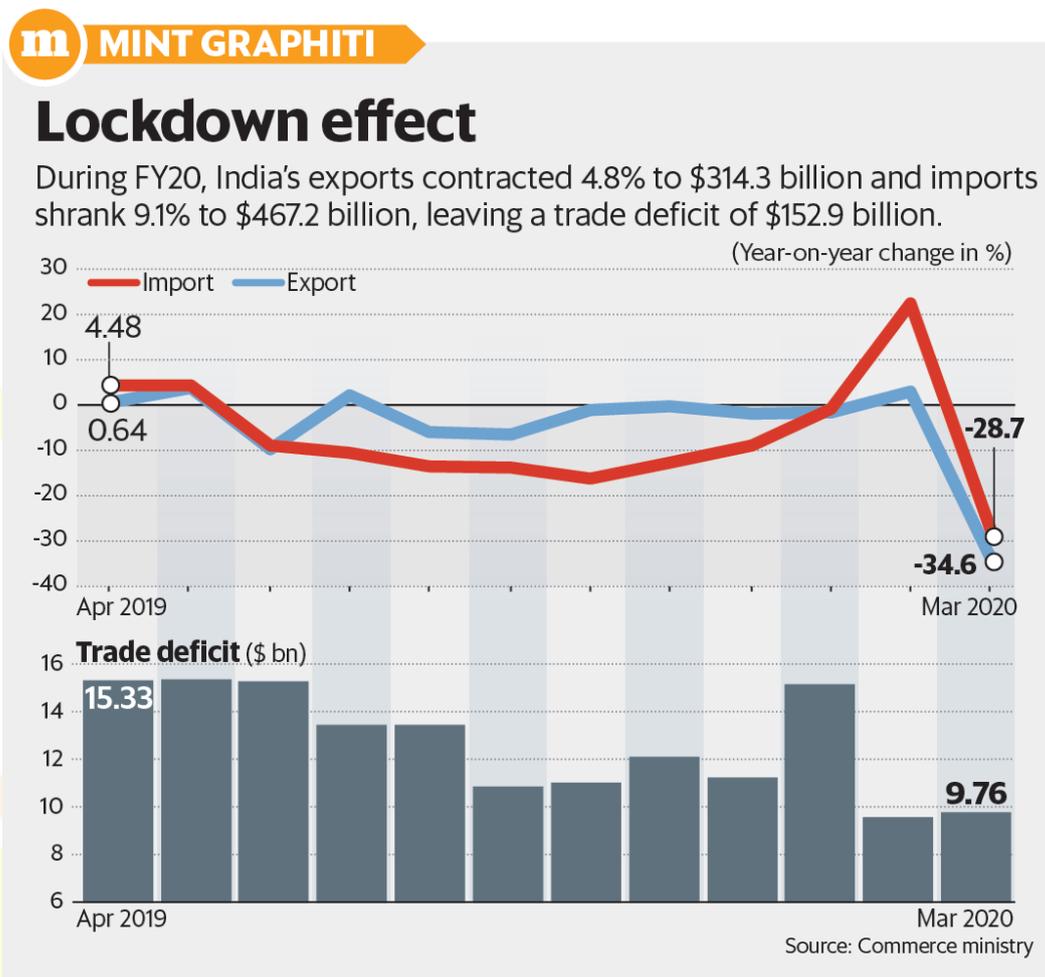
2. Other risk faced by start-up companies



Primarily three main risks any start-up will face in a country i.e Political, technological and societal risks.

- Political risks – start up should be aware of the different policies set by the government. In US alone 43% of micro, small and medium enterprises closed between January and April.

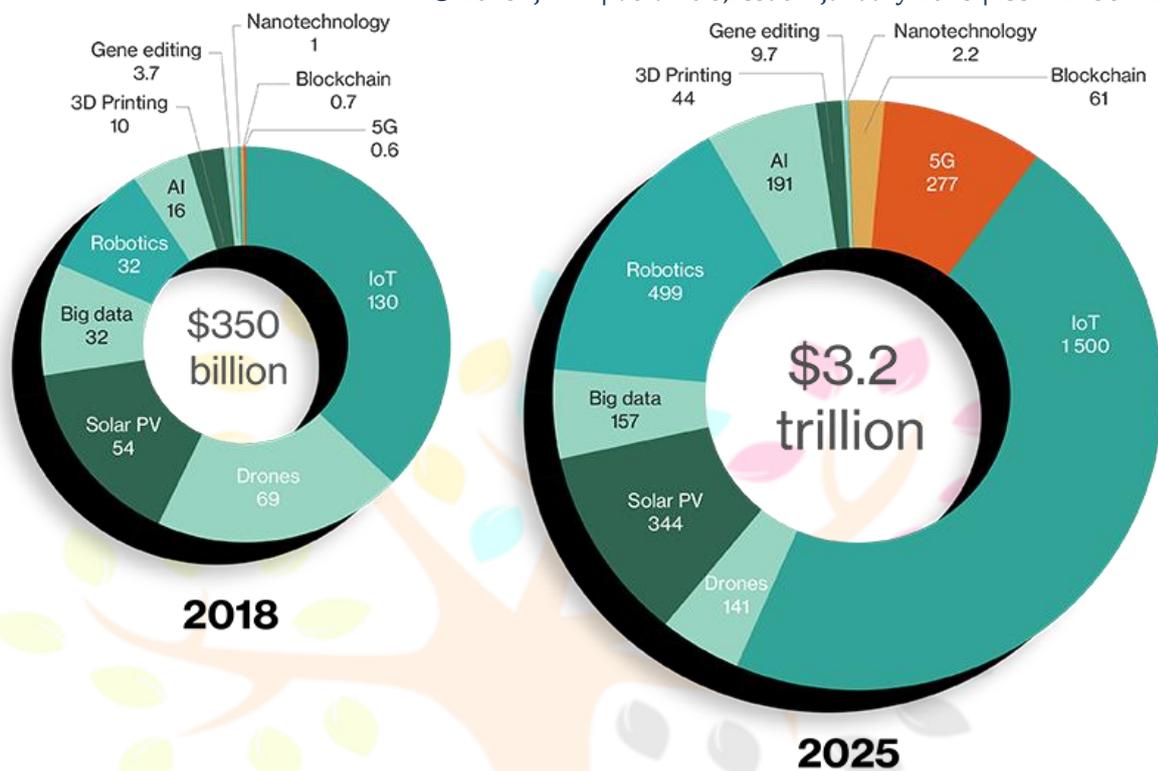
Government are adopting protectionists policies to avoid businesses being shut downs and creating a self-sustaining economy, trying to reduce the imports and increasing the import duty to discourage imports and trying to come out with export supportive policies.



Source : Commerce and Ministry

According to the above diagram there is major changes in imports and exports of the country , increase in imports level and decrease in exports level has led to the deficit balance of trade, from the picture we can get to know that there is decrease in deficit in the trade it has decreased from 15.33 to 9.76 which is good progress.

- Technology risks – Technology is one more key factor for big and small businesses. A lot of Indian start ups like Bijus and other Edu-tech apps have made education completely digital. Due to increasing digitalisation many conferencing apps like Zoom, teams and other gaming and streaming platforms have seen phenomenal growth. So as per the study world internet usage grew by 30% and E-Commerce grew by 20%. But these rapid digitalisation have resulted in increased cyber risk, this has also opened up newer opportunities for start ups in cyber



- risk and other areas related to this
- Source: Technology and innovation report 2021 by UNCTAD

The current picture depicts about the technological frontier which reshape the industry and communication through robotics, solar pv etc all these technologies provide readymade solutions to the current global problems. From the picture we can find out the world technological progress from 350 billion to 3.2 trillion. According to prediction there would be drastic changes in the field of Robotics, solar energy and Information and technology.

- Societal Risks – Societal factors are also playing a key role in relation to ESG (Environmental, social and Governance) aspects of business performance and climate changes. Pandemics long term health and social impact made companies to be more cautious in advertising on social media plat forms.

3. Impact in work culture of an enterprise after the pandemic

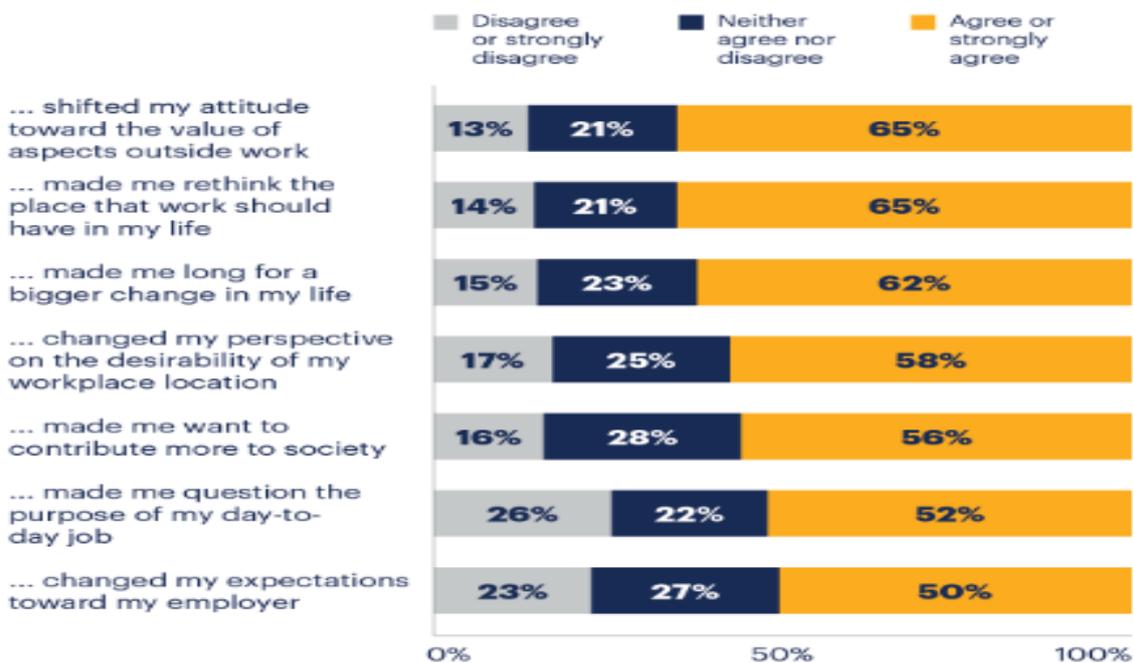
When the pandemic arouse there was a drastic change in the work culture with people moving away from their daily routine of commuting to work place during their work and leading to teams and making the team work regular meeting with a face to face interactions which was helping in building trust, support and rapport.

During the pandemic companies were forced to work from home which changed the dynamics of working in a company.

Through initially working from home helped their employees in reducing time taken for commute for increasing productivity but in the long run employees were stressed out due to long working hours and other issues like internet connectivity, no face to face interaction, companies were facing bigger challenge of employees not being aware of the culture of the companies.

What Employees Say About How the Pandemic Has Changed Their Feelings About Work and Life

The pandemic has ...



gartner.com

n = 3,515
Source: Gartner 2021 Hybrid and Return to Work Survey
Note: Percentages may not add up to 100% because of rounding.
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Gartner

Source : Gartner. Com

The above chart clearly states that the employees strongly agree with the change in the working pattern has influenced the change in their work life styles and also in their attitudes and feelings towards the organisations during post pandemic.

FINDINGS AND CONCLUSIONS:

Addressing work culture issues of Digital tools which encouraged new conferencing , screen sharing digital white boards are freely available , which can help in addressing the face to face interaction issues.

By adopting a hybrid work culture companies take advantage of the digital tools, for work from home and having employees in office for few days in a week will help to embive the company culture

Addressing financial risks,

Supporting short financial needs of existing start ups, loan guarantees, direct lending, subsidies , upskilling the employees to take up any challenging task.

Awareness should be created about the existing government initiatives taken during covid, In India refer to start up India website to find more details on initiatives by the government of India.

Encouraging start up to come out with products to tackle the health crisis and upcoming risk in the future.

Addressing other risk

Reducing the barriers of starting a company by simplifying the required procedures and providing options for additional funding through public private platforms. Encouraging startups in environmental friendly sectors, by policies and additional government support.

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SOURCE : Alliance Global corporate and speciality

STARTUPINDIA.GOV.IN

THESE ARE THE TOP RISKS FOR BUSINESS IN THE POST-COVID WORLD ECONOMIC FORUM (WEFORUM.ORG)

World economic forum