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A STUDY ON ATTITUDE OF YOUTH TOWARDS STARTUPS IN TIER II & TIER III CITIES.

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Abstract
A startup is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner.The small business entrepreneurs need skill to achieve majestic performance in different areas of the business. Entrepreneurs need to be groomed and also groom their organizational workers in order to be effective business leaders. The flip side of startup firing is that, sometimes it's the employee who finds it tough to cope with the chaos and pace; particularly those who have parachuted in from the corporate world where systems and processes have been institutionalized over decades. The inability to align with the founders' vision and drive is unavoidable in such situations as is what follows: a parting of ways, at the behest of the founder.

The objective of the study is to find out the attitude of Youth towards Startups in Tier II &III cities and also to find out the challenges and opportunities before the youth for startups in Tier II and III Cities. Findings of the study reveal that that innovativeness and industriousness were the entrepreneurial personality traits that scored very high. The study suggests that the integration of some factors, such as infrastructure and finance during information processing forming the beliefs of the youth have inhibited their skill development, should be enhanced so that they have favorable attitude towards Startups.

The study concluded that entrepreneurial capacity factors, such as personality traits, learning, experiences, social factors and culture; and entrepreneurial enhancing factors, such as information technology development and education system have influenced the favorable attitude of the youth towards startups.

Keywords: Startup, Entrepreneur, Attitude, Youth, Tier II & III Cities.

Introduction

A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed, says Neil Blumenthal, cofounder and co-CEO of Warby Parker.A startup is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner. In the early stages, startup companies' expenses tend to exceed their revenues as they work on developing, testing and marketing their idea. As such, they often require financing. Startups may be funded by traditional small business loans from banks or credit unions, by government-sponsored Small Business Administration loans from local banks, or by grants from nonprofits organizations and state governments. Incubators can provide startups with both capital and advice, while friends and family may also provide loans or gifts. A start-up that can prove its potential may be able to attract venture capital financing in exchange for giving up some control and a percentage of company ownership. Because startups don't have much history and may have yet to turn a profit, investing in them is considered high risk. Startup can be defined as Early stage in the life cycle of an enterprise where the entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business, and initiating operations or trading.

Every small business is valued and makes a strategic impact in the economy. Small businesses thrive with strategic information. Today's economy is not driven by luck but by competence, proficiency, resilience and dexterity. The small business is an investment infrastructure, which can basically be achieved when the business drivers have knowledgeable capacity and dependable consistent training. This provides a platform for growth and development for the small business.
Small businesses require a development strategy; this is the business moral technique for corporate development. Countless sermons have been preached and printed on the ethics of business or the ethics of business people. Most have nothing to do with business and little to do with ethics. The main aim of business is honesty. People in business are told solemnly, should not cheat, steal, lie, bribe or take bribes, but, nor should anyone else. Men and women do not acquire exemption from ordinary rules of personal behaviour because of their work or job.

One vast restructuring solution is the importance of viewing the relationships between the design logic and development principles, this will help identify the principal tasks of change, the principles on structure with analytical solutions, with a result of organisation development, human development and this design should simultaneously structure and integrate result.

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The small business entrepreneur should produce innovation because it creates the society tomorrow. Small businesses that heed to our business council will find their way to the top. Our top-range strategy directs, gives vision and sets the course for the business of both today and tomorrow.

Working with startups today is considered umbercool and infinitely sexier than doing the grind at, say, a metals manufacturer or a soaps marketer. But what happens when these start ups begin to fire with almost the same energy with which they had begun to hire. As investors tighten the purse strings, nudging entrepreneurs to veer off the path of 'burn and earn', sackings are becoming an inevitable part of life in a start up where fire fast is often a more pragmatic option to failing fast. When downsizing hits the headlines particularly in sectors that are still young and hunting for paths to profitability, it's tempting and perhaps inevitable for the Cassandras to pronounce doomsday as the numbers of those fired keep rising. The common refrain: the going was good as long as the funds were pouring in; when those funds stop, pretty much everything else does too; what begins is the firing.

The prophets of doom may be only partially right. A fair part of the firing has its origins in funds either running out or as in the case of Oddity------ not coming in at all. The truth is that layoffs are inevitable in start ups, almost as much as they are inevitable in the rest of the industry. The only difference would be that the startups are young and their founders raw, with little experience in, amongst other things in hiring. The business models are fluid and as they keep changing so do the skill sets.—whilst new ones are needed, some of the existing ones may be rendered redundant. And ironically, often it is when operations stabilize that start ups suddenly realize they have too many people on board. The reason for that: the phase of stabilization is preceded by the growth phase the period during which hiring peaks. Whatever the reason for layoffs, what is common is the pain, for both employer and employee. Neha Singh cofounder of Tracxn, a Bangalore based data analytics firm that provides financial information on startups says. While sacking is traumatic for the employees, it is equally painful for the employers too.

Most entrepreneurs pin their chances of success on venture capital funding. As online retailing grows at a rapid pace, startups in the logistics space will play a key role. This year is expected to be a significant one for digital media as more users in smaller towns across India acquire Smartphone's. What make the startup –which is said to have caught Flip kart cofounder Binny Bansal's eye first--- stand apart in the list of investors backing it."Byond" is one of the many startups that are beginning to disrupt the travel industry, which has for long been dominated by the likes of Thomas Cook and Cox & Kings, and a host of smaller domestic travel agencies that are focused on standardized offerings to popular destinations. According to data compiled by Tracxn, a Bangalore based data analytics firm that provides financial information on startups well over a 100 startups has emerged in the travel space in the past few years. And the disruption is happening at different levels.

Some startups use technology to allow travelers to carve out customized trips based on their online discoveries and recommendations by others on the platform. They offer full details on every venue and location and travelers can book both the venue and a hotel around it, avoiding the need to go through a travel agent. Others aggregate travel agents and local operators often a curates set who the platforms feel can offer the best experiences for a particular destination; determining for instance, that a local agent in Srinagar might be able to offer a much better Kashmir experience that a bigger player headquartered in Delhi. These online platforms allow travelers to connect with such local players.

The new opportunities are emerging because the nature of the Indian traveler is changing. They are younger, tech savvy, aware and evolved and have higher disposable incomes .Mohan Kumar, partner in VC firm Norwest Venture Partners says Family tours have become one-off events. Consumers want to explore places and connect with likeminded travelers from different part of the world. The space is ripe for disruption. The emerging challenge from startups and the newer opportunities have encouraged older online travel agencies like MakeMyTrip, Cleartrip and Yatra to extend them into this space. While their core offerings remain flight bookings, they have expanded into hotel bookings and more recently into holiday packages and weekend gateways.Are the startups serious competition yet to traditional players? Norwest's Mohan Kumar thinks the traditional players have failed leverage technology for discovery, social and curation, indicating that the startups have an early mover advantage. But MakeMyTrip India cofounder Rajesh Magow says the travel startups are very early in their journeys to impact his business Karthik Reddy, Managing director of Blume Ventures, which has invested in We Are Holidays, agrees that funds are an issue. Probably most of their Venture Capitals are already investors in the bigger OTAs (Online Travel Agencies) like Cleartrip and want to protect their investments. However Reddy thinks the market is big enough, though it might take a couple of years or more for the newer ventures to scale. "Probably these players need investment rounds of 30 to 40 million $ to grow and challenge the incumbents. There are also differences of opinion on the size of the market that the startups are addressing.

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An overwhelming majority of Indian entrepreneurs, if given a choice, would move to their home town for venturing into a startup. The organisations are also more than happy to comply. Most of the young professionals' pine to be back to their home towns, despite the charm and glamour of a metropolitan city. The trend of moving to smaller towns is increasing at an alarming rate. The primary drivers are: it is their hometowns, it is close to their family, cost of living is relatively lower and support systems are stronger. Plus with the proliferation of malls and entertainment options in Tier II and III cities, individuals can have the best of both worlds. The organisation has had employees move to Indore, Raipur and Bhubaneswar from bigger cities like Bangalore and Pune.As organisations find that business opportunities are getting saturated in the urban areas, they realise that the logical move is to explore the potential of smaller towns.

A number of Tier II and III cities like **Jaipur, Nagpur, Bhopal, Chandigarh, Coimbatore, Ludhiana, Mangalore, Indore and Kochi**, have come into reckoning as the growth drivers of the future. They are attracting large investments as they possess a significant cost advantage - in terms of land prices and manpower. As tier I markets have reached saturation, companies across sectors from hotels to automobiles to luxury goods, are now looking at these markets for future growth. Companies moving to markets in smaller cities in India need to develop new strategies and formulas for these markets as they have some inherently different characteristics. One cannot treat the Tier II and Tier III markets, simply as an extension of their tier I markets. A sales and marketing strategy devised for metro cities may not necessarily work for other cities. With low penetration, internet in India still remains a tool accessible largely by metro and tier I city consumers. Therefore, these consumers come well researched prior to the purchase of any product, technology or service. Compare this to consumers in tier II / III cities who are largely accessing the internet through their mobile phones, and rely on personal opinion rather than an 'internet opinion'. A company's sales force should be ready to handle such 'unprepared' customers and educate them about their product portfolio. A successful implementation of this small virtue would ultimately get them life-long customers. Consumers in tier II / III markets generally rely much more on recommendations of relatives, neighbours, friends, compared to the tier I consumers. The changing influencing patterns imply that companies need to rely less on social media, focus more on advertising in local language and conduct various customer related activities.

Further, innovative business models go a long way to help companies penetrate the market. A recent example is Micromax which has been successfully able to tap the tier II and rural markets of India by offering features like water resistant, dual SIM cards and long battery life for their phones. This has enabled them rise to the second position in smart phones in India after Samsung. Essentially, companies that are looking to penetrate tier II and III markets need to develop appropriate products and sales & marketing strategies and business models, suited to the market. The tier II / III markets are the definite growth drivers for the future and a good local market intelligence framework would help in the successful ascension in this market.

Review of Literature

Sriram, R., Editor, The Economic Times, believes the Startup world must watch out for in 2016. The group is eclectic, building businesses which are special in one way or another. Some are operating in market segments which are growing rapidly and others are building technology which could transform entire industries in addition to their own fortunes list, is by no means a comprehensive collection but it is indicative of the sectors which are likely to see the most action this year.

Shilpa Phadnis, Shalina Pillai and Anand .J, The Times of India, emphasizes on Today's travelers are young, have high disposable incomes and want new experiences rather than standardized itineraries. Several startups have emerged to cater to their personalized needs and are beginning to challenge the traditional travel operators and agencies.

Vikram Ahuja, IT Professionals turned entrepreneur who recently founded Byond, agrees that Cookie-cutter travel itineraries don't excite many and have a bucket list of things to do. Experiential travel offers personalized itineraries.

Sunit Mehra, Managing Partner of Hunt Partners (executive search firm) India says that It's a huge trend. Everybody wants to be associated with a startup at this point, especially those that are changing the rules. Leading Indian startups such as Flipkart, Paytm, Snapdeal and Urban Ladder attract big names from the corporate sector to advise and mentor them, as they scale at a dizzying pace and raise billions of dollars in funding.

Abraham Alapatt, Chief Innovation Officer and Head of Marketing at Thomas Cook, says growth in fixed packages/group travel remains significant. He also says the value proposition they bring through their integrated stack is much better than if a traveler were to book different services individually through travel startups. He says Thomas Cook too is investing heavily in the click business to cater to personalized itineraries.

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Objective of the Study

1. To study about the attitude of youths towards Start-ups in Tier II and Tier III cities.
2. To learn about the Challenges and opportunities available for Youth in Tier II and Tier III cities to venture into start-ups.

Research Methodology

The present research uses the descriptive quantitative analysis method, using data and information which are published in the newspaper. The researcher used both secondary and primary data for detailing the research work. In order to understand the attitude of Youth towards startups in Tier II and Tier III cities, a group of 241 youths were surveyed on proportionate random sampling method. The sample chosen for the study covers youths of Tier II and Tier III cities.

Data Analysis and Interpretation

The research surveyed 241 Youths from Tier II and Tier III cities on ascertaining their attitude towards venturing on Startups. The study was carried out to investigate the attitude of youth towards Startups. It was aimed at identifying the capacity factors of potential youth entrepreneurs and the critical external factors influencing their attitude towards Startups. It was also aimed at determining the level of influence of these factors and identifying the perceived enhancing factors and inhibitions on the youth entrepreneurial skill development. The data of the study was collected from 241Youths from Tier II and Tier III cities The respondents were selected using the stratified random sampling method. Entrepreneurship program attitude was measured using the Likert scale, while the independent variables were measured by nominal and interval scaling techniques. Data were collected through pre-tested questionnaires. Descriptive analysis was used to describe and highlight the variables, while inferential statistical tools were applied in the analysis of the relationships existing between variables of interest.

The results show that innovativeness and industriousness were the entrepreneurial personality traits that scored very high. Infrastructure, finance, and technical factors were revealed to have been inhibiting their potentials, while the education system and the rate of information technology development were perceived to have positively impacted their attitude. A linear dependence between entrepreneurial personality traits, learning, and experience, and the general attitude was revealed. Social factors were among those revealed to have averagely influenced the attitude of the youth towards entrepreneurship programs. The study concluded that entrepreneurial capacity factors, such as personality traits, learning, experiences, social factors and culture; and entrepreneurial enhancing factors, such as information technology development and education system have influenced the favorable attitude of the youth towards entrepreneurship programs.

With the growing awareness and initiatives of the government of Kerala encouraging start-ups, Cities likeKochi has intellectual Youth who are emphasizing on insightful views about Start-ups. From a blind Android developer to a marketplace builder of local services and repairs, Youth of Kochi has innovative ideas about Start-ups. While the start-ups in Kochi seem to be enthusiastic and fast-growing, as Mukund Krishna, Founder of Suyati Technologies, said, it's important that the start-ups' work in synergy and collaboration with one another. He said that instead of sending two teams to Silicon Valley, the government should send 50 start-ups' to Bengaluru to receive more exposure.

While there was an unmatched enthusiasm among Youth for pitching in startups in Tier II and Tier III cities. Lucknow or Kanpur finds a spot in the top startup hubs of India, but there are efforts to build an ecosystem which can make it happen sooner. So far Kolkata hasn't made an improvement as far as technology startups are concerned, however, it appears things are changing gradually. Some of the technology startups in Kolkatta included Fashionove, Propertyhubs, TradeDesk, DesiCourier, and EsyTest, followed by an animated quick display of art by Pikscape. From the survey it was concluded that Jaipur has lots of engineering and artistic talent, low cost of living, less traffic/pollution etc are the key factors why Youths are attracted towards venturing into Startups.Its most famous startup is CarDekho, and the company is now rolling out a car services spinoff called Car Buddy. Dhruv Saxena of CarDekho explains that they have acquired other companies to stay ahead and take customer feedback very seriously.Mahavir Pratap Sharma, Director and Co-founder of Rajasthan Angel Investor Network (RAIN) Says There are huge opportunities if Indian startups go beyond the low-hanging fruit and over-crowded categories and Success factors for entrepreneurs are tenacity, traction, and team. Prof. GS Dangayach, MNIT"Money, energy, and talent are not evenly distributed, only time has to be managed well. Pitching startups of Jaipur are Seva Services, Gurupdate, AlphaFront, FaidaOnline, LinkYou, and Wooden Street. A wide-ranging Startups covered market research techniques, customer acquisition strategies and idea management processes. Investors and academics also contributed valuable insights to Youths to venture into Startups.

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According to the survey there was poor performance from the Lucknow startup eco system. Lack of collaboration and co-working; Lack of proximity to the concerned industries and industry professionals; Lack of investment in innovations; Lack of support ecosystem are the key factors towards failure in Lucknow region.

Goan tech entrepreneurs are lucky that they are in an environment where your cost of living is low, leverage that, spend more time bootstrapped and drive up that evaluation. It is important to create an ecosystem in Goa that encourages talent from across the globe to come and start up in Goa.Luke Sequeira, Founder, DCCPER.com says that in Goa Youth has not to run after funding. Puranjaya Singh, an Angel investor, said there is need of a culture of inclusion that attracts the very best for start-ups for youth in Goa. Goa needs to leverage its brand recall as a beach and booze junction to catapult itself into the world of innovations and entrepreneurship.

The most enterprising cities in India, is Coimbatore. Youth of this city demonstrated that 'extra' is needed to become an innovation and talent hub. About 50% of Youth in Coimbatore are ready to venture into Startup. The most popular startup turned out to be RainbowAgri, which is creating an Internet for farmers – giving them tools to increase their productivity and income. Asked what he would advise to the many aspiring entrepreneurs, Rainbow Agri's Co-founder said, "Pick one big thing and then make it your life", it nevertheless is able to inspire many because of its stress on quality. Anil of My promo video sshares says that When youth are doing quality work, place doesn't matter, that's how they build startups in Coimbatore. Entrepreneurs are admired and respected in this city.

Ahmadabad moved a step closer to becoming a TechSpark. Gridle is a cloud-based visual collaboration tool while PlexusMD is a platform for doctors in India are the major startup of Youth in Ahmadabad. From the survey conducted Ahmadabad makes a good place for startup because of its vast Talent potential, Cost effective since the place has great value for money, and it has a healthy support system as there is lots of idea exchange happening in Ahmadabad.

Pune is another city where there is highest turnout of start-ups. Abinash Tripathy, Founder of CRM startup, HelpShift, says that their CRM software reaches almost three billion devices across the globe, proving that a Pune-grown company could build tech for a billion. Pune has an eclectic mix of both B2B and B2C startups started by almost all age groups of Youth. While the startup community in Pune is very cohesive and vibrant, their events and meet ups are lost among their community and doesn't reach the eye of the general public. There also seems to be limited attention and focus by investors in the region.The Youth of Pune emphasises about the challenges in the Indian startup ecosystem and the mistakes that entrepreneurs must not make. After this, five companies — a mix of real estate, food tech, carpooling and other interesting new ideas –pitched by the Youth of Pune.

Over the past few years, Chandigarh is fast catching up to be one of the startup hubs of the country. The Youths' of Chandigarh has great enthusiasm for startup and has sheer passion and positivity towards venturing in Startups.

Findings of the Study

1. About 62% of the youth says that more of exposure is required before venturing into Startup in tier II and III cities. It is essential to Travel to see what's happening in the world outside of your ecosystem.
2. About 55% of the youth understands that when startups fail to take off then they learn fast.
3. About 68% of the participants emphasized that startups should always start with a co-founder and join a startup to learn more, before starting up of their own individually.
4. About 32% of Youth believe that manpower are the biggest roadblocks for startups in Tier II & III cities.
5. About 42% of the participants believe that there are problems in accessing talent among Youth in Tier II & III cities.
6. About 73% Youth believe that Startups have less access to capital, therefore they have problem in Profitability in the region.
7. About 53% Youth believe that where there is existence of good universities in Tier II & III cities, there talent and human resource can be easily managed and Startupswork very promptly and effectively.
8. About 69% Youth believes that in many Tier II & III cities there are great options available, like Low cost office spaces at premier location of the cities, better and fast internet connectivity, which makes the Youth cost effective for their startup.
9. About 65% Youth believe that there is a healthy support system that is evolving in the state as well. They conduct regular events and meetings for the entrepreneurial community and a lot of idea exchange seems to be happening in Tier II & III cities.

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10. About 37% of Youth in Tier II & III cities emphasize that they don't share ideas easily as they fear that their ideas would get stolen.

Suggestions of the study

1. Youth of Tier II & III cities must get more exposure and training from metros cities to learn about the skills to venture into startups.
2. More collaboration should be available for startups to grow in Tier II & III cities.
3. Startups in this region need to survive on their own and fend for themselves
4. Youth in Tier II & III cities should share ideas and views so as to collaborate with bigger cities so as to survive in startups business.
5. Tier II & III cities should have better support system and infrastructure so as to attract more investors for investing in Startups.

Conclusion

The amount of risk capital that has poured into Indian Startups in the year 2015 is estimated at between $5 and $10 billion. The Tier II and Tier III cities also show great potential with a market size that's over 742 million. According to PWC, [Price Waterhouse Coopers] the number of rural Internet users are growing at 58 per cent annually. The one big takeaway for us after having covered 11 cities in a day is that the Indian startup ecosystem is much more diverse than we believe it to be. While the bigger metros like Bengaluru, Mumbai, and Delhi-NCR are close to reaching the brim, Tier II and Tier III cities are fast picking up as startup hubs. With the increasing penetration of Internet and Smartphone in these regions, the game is fast changing. According to IAMAI, [Internet and Mobile Association of India] close to 210 million people will use the Internet in Tier II and Tier III cities by 2018.

Thousands of starry eyes entrepreneurs have built seemingly bullet proof business plans to try and attract seed and angel funding. Only a fraction of those have gone on to earn the faith of deep pocketed venture capitalists. Despite these impressive sounding numbers there are no guarantees of success in the fickle world of start-ups. As a Startup valued at a billion dollars, ventures are no longer unstructured, wild ideas from a bright founder or a team of founders. Founders are acutely aware of these challenges with some trying to play down the halo associated with this tag. The tag does however confer a certain pedigree on the business. A billion – dollar valuation gives founders access to some of the biggest investors, an opportunity to build multi-billion businesses and at the end of the day bragging rights to have survived bruising initial few years of starting up.

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