

Study of Identification of Key Performance Parameters in Sustainability and Growth of Start-Ups

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Abstract

Startups are crucial to a nation for many reasons. Innovation, economic growth, and job creation are their goals. Startups lead technology advances and innovative commercial ideas, making a country more competitive globally. They could disrupt existing sectors and boost productivity. Startups also draw investment, boosting the economy and fostering entrepreneurship. Startups shape a nation's destiny and ensure its long-term development and global competitiveness by creating jobs and encouraging creativity and risk-taking. The role that start-up businesses play in Mumbai's ability to generate innovation, economic growth, and employment prospects is critical. Mumbai, which serves as the financial and commercial heart of India, offers a vibrant climate for entrepreneurial endeavours. As a result, the city attracts talent and investments from all over India and the world. The research is based on primary data. Information is collected from 130 startup in Mumbai and collected information related key parameters in sustainability and growth. Primary data is collected using questionnaire method. For processing of data SPSS software is used. In the process of analysis of data descriptive and inferential statistics are obtained.

Keywords: Startups, Sustainability, Growth, and Key Parameters

Introduction:

Introduction to Start-ups

Newly founded companies are commonly referred to as "start-ups," and they are distinguished by their innovative and entrepreneurial attitude. They frequently centre their efforts on developing one-of-a-kind goods, services, or technologies to satisfy particular customer requirements or shake up established industries. In order to achieve sustained growth and long-term success in a competitive business landscape, start-ups often operate with limited resources, great growth potential, and a strong emphasis on agility, adaptability, and rapid scaling. This is done with the goal of achieving sustained growth.

Growth of start-ups in Mumbai:

Over the course of the last decade, the number of new businesses that have been established in Mumbai, which is known as the financial hub of India, has increased dramatically. The city's prominence as a startup hub can be attributed, in part, to its robust entrepreneurial ecosystem, well-established network of investors, and access to a varied talent pool. Companies like Ola, Paytm, and Zomato have emerged as significant success stories in Mumbai's startup industry, which encompasses a variety of industries, including technology, finance, healthcare, and e-commerce. In addition,

government efforts and incubators such as 'Mumbai Fintech Hub' have further supported the rise of startups, making Mumbai an environment that is both vibrant and competitive for ambitious business owners.

Because of the city's multicultural culture and advantageous location, new businesses have access to a variety of one-of-a-kind options for networking and working together. The perseverance and innovative spirit of Mumbai's entrepreneurs continue to fuel the rise of startups, attracting both local and international attention to this developing ecosystem. Despite the hurdles given by a high cost of living and strong competition, Mumbai's entrepreneurs continue to drive the emergence of new businesses.

Key Performance Parameters for Startups:

- **Infrastructural Facilities:** Infrastructure facilities encompass the physical and organisational structures, as well as systems and services, that support and enable various aspects of modern society, including transportation, communication, energy production, and public services. These facilities play a crucial role in ensuring the smooth functioning and development of economies and communities, as they provide the essential backbone for daily activities and long-term growth. Effective infrastructure facilitates the movement of people and goods, enables access to information and resources, and contributes to economic productivity

and quality of life. In both urban and rural areas, well-planned and maintained infrastructure facilities are essential for fostering sustainable development and ensuring the well-being of society.

- **Guidance and support:** Guidance and support refer to the provision of assistance, advice, and encouragement to individuals, groups, or organisations in order to help them achieve their goals, overcome challenges, or make informed decisions. It involves offering knowledge, expertise, and emotional assistance to facilitate growth, development, or problem-solving. Whether in personal, educational, or professional contexts, guidance and support play a crucial role in empowering individuals to navigate their journeys, gain confidence, and reach their full potential.

- **Mentor support:** The availability of mentorship programmes in new businesses is crucial to the development of innovative leadership. To help early-stage creators overcome obstacles, make educated judgements, and hone their approaches, these centres often staff their staff with seasoned industry experts or successful entrepreneurs. Mentors often contribute their invaluable networks, knowledge, and experience, affording businesses a competitive edge and raising their likelihood of success. The startup ecosystem benefits from this system of mentorship because it fosters a thriving entrepreneurial community, increases access to resources, and shortens the learning curve for new enterprises.

- **Social and Support:** The support of a broad network that includes a variety of contacts and resources is frequently beneficial to new businesses. Mentors, advisors, investors, colleagues in the sector, and accelerators are some of the potential sources of this help. They can provide useful insights, chances for finance, and advice. An extensive network makes it easier to gain access to financing and strategic alliances, and it also helps to establish a supportive environment that makes it easier to navigate problems, validate ideas, and accelerate growth. Because of these benefits, an extensive network is an essential component of the success of a business.

- **Financial management support:** It is common practice for startups to acquire finance at various points in their development and expansion. Bootstrapping refers to the practice of a startup's founders financing the company's early stages using their own money or the money of close friends and family. To prove the viability of their idea and create an MVP, startups often go to angel investors or early-stage VCs for seed money. In order to scale their operations and expand into new areas, startups that have undergone successful validation might pursue Series A, B, and C funding rounds, each of which involves greater contributions from venture capitalists, corporate investors, or private equity firms. One way that companies might return money to investors and keep growing is through an "exit

strategy" like an acquisition or an initial public offering (IPO). Startups must exercise extreme caution when deciding how and when to raise capital because doing so can have far-reaching consequences for the company's ownership, control, and longevity. To attract investors and acquire the funding needed to realise their vision, entrepreneurs should also work on showing their value proposition, reaching important milestones, and building a good business strategy.

- **Engaging activity:** An engaging activity refers to any task, event, or experience that captures one's attention, interest, and enthusiasm, making it enjoyable and compelling to participate in. Such activities often involve stimulating elements that promote active involvement, creativity, and a sense of fulfilment, leading to a higher level of satisfaction and a greater likelihood of sustained participation. Whether it's a hobby, a game, a learning opportunity, or a social event, engaging activities are those that people find absorbing and satisfying, contributing to a sense of happiness and well-being.

- **Government Help:** It is essential for the government to provide support for new businesses in order to encourage innovation, economic growth, and the creation of new jobs. One of the most important types of support is financial aid, which may take the form of grants, loans, or subsidies and is intended to assist new businesses in overcoming the first financial challenges they face. By putting these funds towards activities such as product development, marketing, and talent acquisition, businesses will be able to get their ideas to the market in a more expedient manner. In addition, in order to foster entrepreneurial endeavours, governments may provide financial incentives or lessen the burdens imposed by regulations. In addition to providing financial assistance, governments can also make key resources and networks available to new businesses. Mentoring, shared office space, and introductions to prospective investors and clients are some of the services that are provided by incubators and accelerators, which frequently get funding from government programmes. In addition, the adoption of public policies that encourage research and development, safeguard intellectual property, and lower barriers to international trade can make the environment more conducive to the success of new businesses. Governments play an essential role in fostering the development of new businesses and fostering economic innovation by providing a combination of financial support and an ecosystem that encourages new ventures.

Review of Literature

1. **Waghmare, M. S. (1975),** In the research titled "A Study of Government Policies and Schemes for Startups in India," Based on the discussion, India offers numerous attractions and prospects for

business networking. Do not let this prevent you from seizing fresh possibilities. Opportunities for earning money abound in the current circumstances. In India, where businesspeople are loud and knowledgeable, startups can have a greater success rate. People in India are not hesitant to attempt new things. Startup names are constraining. Some of the top Indian startups are straightforward. To develop a lucrative business in India, creative thinking is essential. Startups should have innovative concepts that attract clients and generate profit. Startups have a high failure rate, so investors prioritise personnel and experience.

2. Rao C. and Singh K. (2020), In the research titled "Venture Capital, Technology, and Innovative Startups in India," Promoting innovation for new products and services is hazardous and may lead to failure. Traditional debt financing institutions, such as banks, cannot finance them due to knowledge asymmetries, insufficient assets, and unproven ideas. Venture capital effectively shares risk and mentors innovators into successful entrepreneurs, as shown in the USA, Israel, Taiwan, the UK, and other countries. Research indicates that they promote company growth, employment, and innovation, even after correcting for selectivity effects. Recent years have seen successful efforts to transfer this institution to developing countries like India, driven by the rise of risk-taking entrepreneurs and supply-side factors such as regulatory backing and VC money.

3. Heba F., et al. (2023), In the research titled "A Study On The Impact Of Startups With Special Reference To Kochi City," As a growing nation with a mixed economy, India must expand its economy to grow. Agriculture supports half of Indian workers. The government is launching several start-up plans since India needs to be self-sustainable in every field, including medical, education, and technology. The government has implemented various policies to help startups. Studies show India needs more than 100 million jobs a year, and start-ups, however modest, play a vital role in providing them. More employment equals more income, which boosts the economy. When people spend money, it circulates in the Indian market, increasing government revenue. A good entrepreneurship culture is developing in India that values quality and timely delivery to attract clients. India has many talented professionals. They all want to develop their ideas and potential, but they lack funding.

4. Chillakuri B. (2018) In the research titled "Startups in India: Need for a Sustainable Ecosystem," developing nations like India offer abundant chances for entrepreneurship and innovation. Combining entrepreneurship with innovation can lead to success by addressing risk and ambiguity, which startups need to stay grounded in. The literature on Indian entrepreneurs'

risk-taking abilities highlights shyness and fear of failure (Dana, 2000). Despite these challenges, Indian startups have disrupted prominent enterprises with innovative and market-driven solutions. Startups have not only created new businesses and jobs but also have significant potential for society. Entrepreneurship is unique in that successful entrepreneurs often invest in businesses with growth potential as venture capitalists.

5. Jain S. (2019), In the research titled "Challenges and issues of market orientation for startups," Thousands of students who want to lead and build groups choose management education. MBA programmes typically focus on cognitive skills. The CAT exam, which tests math and science skills, is required for admission to most top business schools. E-commerce and internet companies have just recently been interested in B-college campus placements. Two years ago, they focused on technical expertise. With these new participants, business schools must build leaders who can troubleshoot for new-age teams. This challenging industry requires people with linguistic and management skills, critical thinking, integrity, adaptability, and problem-solving skills. Another selling point for B-colleges is their alumni community.

6. Rault, Y. M., & Mathew, S. (2019), In the research titled "An imbalanced ecosystem start-ups in India," IT startups create jobs, prompting questions about their impact on societal well-being. With only 21% of Indian mobile phone users utilising smartphones with internet connectivity, start-ups' products and services mostly benefit the urban middle class. Several economists, notably Piketty (2014), have debunked the Kuznetsian assumption that growth always leads to a decline in inequality. Piketty (2014) found a historical increase in capital wealth and income inequality in most nations since the 18th century. The government should prioritise encouraging start-ups with economic development potential above expansion, whose social benefits are uncertain. A more equitable and accessible start-up environment is necessary to benefit all population groups.

7. Gupta A. (2020), In the research titled "Emerging Role of Cloud Computing Services in Startups," in conclusion, we can state that the use of cloud computing services will unquestionably be of assistance in improving the level of service provided to both the business and its clients at a reduced level of financial risk and investment. These elements will undoubtedly produce an atmosphere that is conducive to the growth of start-ups, and they will contribute to the accomplishment of the objective set by the GOI by making employment possibilities available to others as well.

3. Research Methodology:

4. Data Analysis:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Infrastructural Facility	130	54.29	97.14	78.46	6.71384
Guidance and Support	130	43.33	96.67	79.71	9.68082
Mentor support	130	65.0	92.5	80.500	6.6429
Social and Support	130	45.00	100.00	79.3462	13.38732
Financial management support	130	46.67	93.33	68.2564	16.36795
Engaging Activity	130	20.00	93.33	60.5128	20.81236
Government Help	130	40.00	95.00	70.1923	13.41646
Valid N (listwise)	130				

The provided data represents the ratings or scores for various aspects of an infrastructure or support system, with mean values ranging from 60.51 to 80.5. These values suggest the overall quality and effectiveness of different components, with mentor support being rated the highest at 80.5 and engaging activity the lowest at 60.51. These scores can serve as a useful reference point for assessing the strengths and weaknesses of the system, helping stakeholders make informed decisions for improvements or resource allocation in order to enhance the overall experience and support provided.

Objective-1: To identify Key performance parameters for sustainability and growth for startups.

Null Hypothesis H_{01} : There is no significant difference in Key performance parameters for sustainability and growth for startups.

Alternate Hypothesis H_{011} : There is a significant difference in Key performance parameters for sustainability and growth for startups.

To test above null hypothesis Friedman test is applied results are as follows:

Test Statistics ^a	
N	130
Chi-Square	128.540
df	6
p-value	.000
a. Friedman Test	

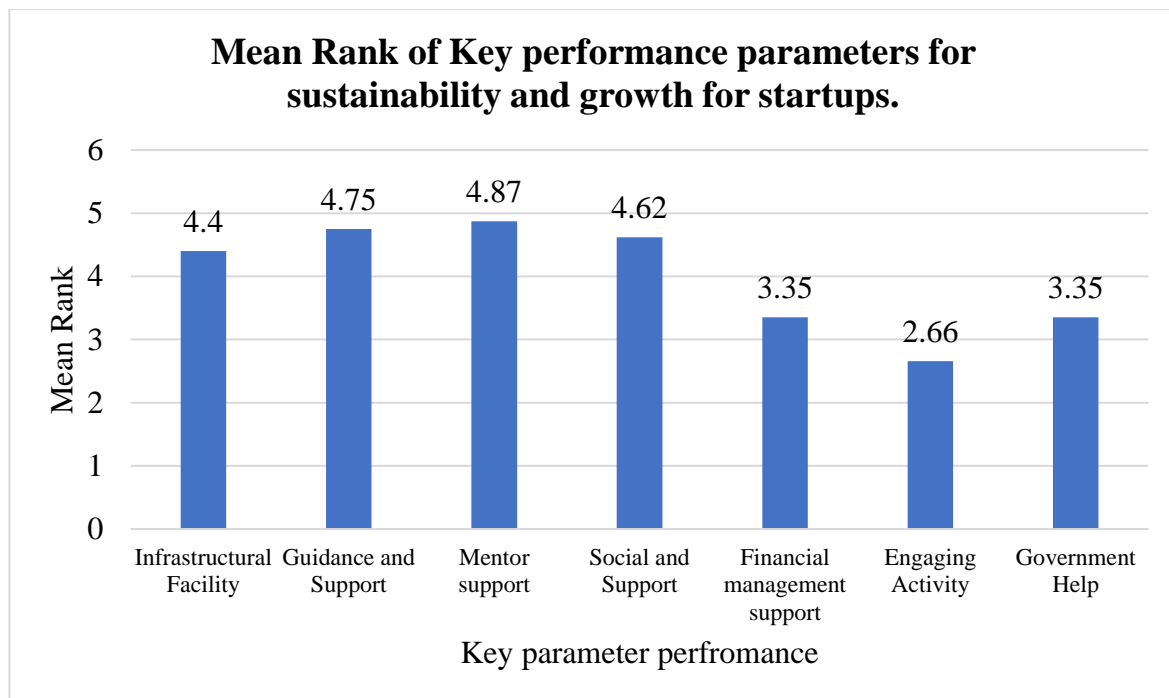
Interpretation: Above results indicate that the p-value is 0.000. it is less than 0.05. Therefore Friedman test is rejected. Hence null hypothesis is rejected and the alternate hypothesis is accepted.

Conclusion: There is a significant difference in Key performance parameters for sustainability and growth for startups.

Findings: to understand the findings of the hypothesis rank table is obtained and presented as follows:

Ranks	
	Mean Rank
Infrastructural Facility	4.40
Guidance and Support	4.75
Mentor support	4.87
Social and Support	4.62
Financial management support	3.35
Engaging Activity	2.66
Government Help	3.35

The mean rank scores indicate the relative importance or effectiveness of various factors in a specific context, with "Mentor support" receiving the highest rank (4.87), suggesting that it plays a significant role, followed closely by "Infrastructural Facility" (4.40) and "Social and Support" (4.62). Conversely, "Engaging Activity" (2.66) ranks the lowest, implying it may require improvement or is less critical in the given scenario. "Financial management support" (3.35) and "Government Help" (3.35) share the same ranking, indicating a similar level of importance in the context but falling behind the top-ranking factors in terms of perceived significance. These mean rank scores can help prioritize and focus efforts on the most influential factors for further enhancement or development. The following information is shown below in bar diagram.



Objective-2: To study the impact of key performance parameters on the financial performance of startups.

Null Hypothesis H₀₂: There is no impact of key performance parameters on the financial performance of startups.

Alternate Hypothesis H₀₁₂: There is an impact of key performance parameters on the financial performance of startups.

To test the above null hypothesis, Correlation is obtained and presented as follows:

Correlations			
		Overall performance	9. What is the Net profit of your start-up in the last financial year? (In Rs)
Overall performance	Pearson Correlation	1	.206*
	Sig. (2-tailed)		.018
	N	130	130
9. What is the Net profit of your start-up in the last financial year? (In Rs)	Pearson Correlation	-.206*	1
	Sig. (2-tailed)	.018	
	N	130	130

*. Correlation is significant at the 0.05 level (2-tailed).

Interpretation: The above results indicate that the p-value is 0.018. it is less than 0.05. Therefore Friedman test is rejected. Hence null hypothesis is rejected and the alternate hypothesis is accepted.

Conclusion: There is an impact of key performance parameters on the financial performance of startups.

Findings: Since Pearson correlation value is 0.206, this indicates there is a significant positive relation between key performance parameters and profitability of startups.

Null Hypothesis H₀₃: There is no significant difference in Key performance score according to level of profit of startups.

Alternate Hypothesis H₀₁₃: There is a significant difference in Key performance score according to level of profit of startups.

To test the above null hypothesis, ANOVA and F-test are applied and presented as follows:

ANOVA					
Overall performance					
	Sum of Squares	df	Mean Square	F	p-value
Between Groups	194.109	3	64.703	2.464	.045
Within Groups	3308.476	126	26.258		
Total	3502.585	129			

Interpretation: The above results indicate that the p-value is 0.045. it is less than 0.05. Therefore, F-test is rejected. Hence null hypothesis is rejected and the alternate hypothesis is accepted.

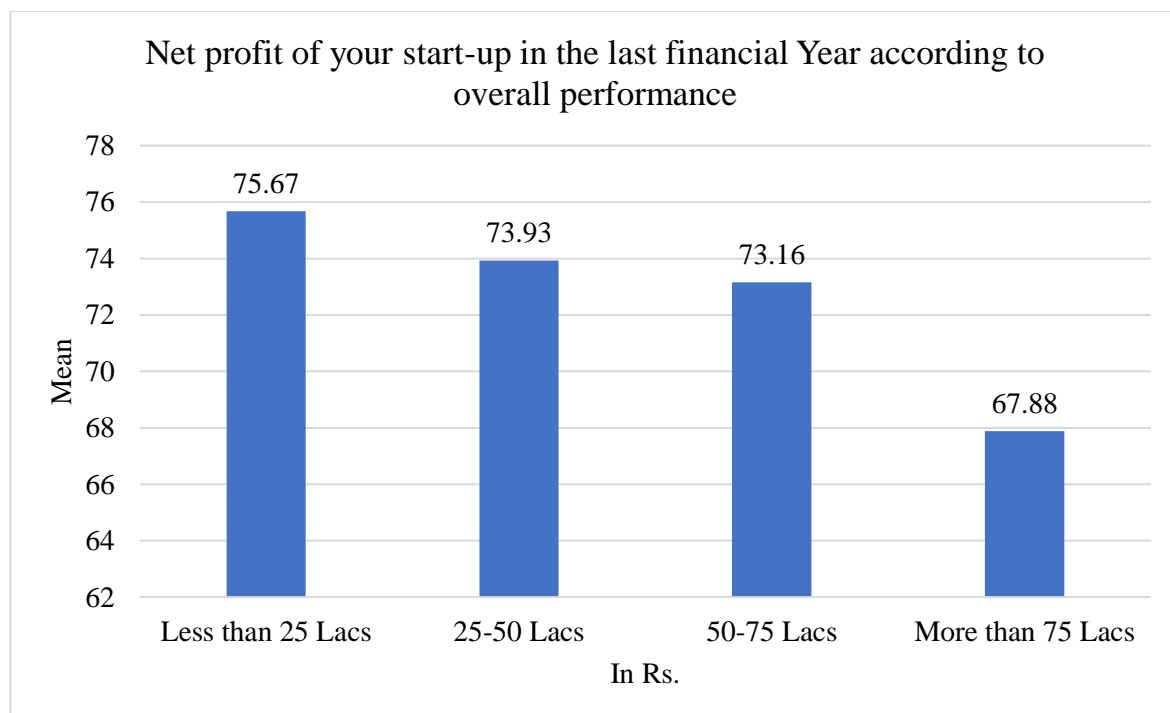
Conclusion: There is significant difference in Key performance score according to level of profit of startups.

Findings: to understand the findings of the hypothesis mean score is obtained and presented as follows:

Report			
Overall performance			
9. What is the Net profit of your start-up in the last financial year? (In Rs)	Mean	N	Std. Deviation
Less than 25 Lacs	67.88	21	4.456
25-50 Lacs	73.93	69	5.393
50-75 Lacs	73.16	37	5.026
More than 75 Lacs	75.67	3	3.511
Total	73.86	130	5.211

The net profit of the startup in the last financial year varies based on the level of profitability. Startups that reported a net profit of less than 25 Lacs (Indian Rupees) had a mean net profit of 67.88, indicating relatively higher profitability. On the other hand,

startups in the 25-50 Lacs, 50-75 Lacs, and more than 75 Lacs net profit categories had mean net profits of 73.93, 73.16, and 75.67, respectively. The following information is shown below in bar diagram.



Findings and Conclusion: Startup success depends on key parameter which provides a fostering atmosphere, resources, and expertise. Startups struggle with funding, mentorship, and business model refinement in the early stages. Incubators provide office space, pooled resources, and networking opportunities for entrepreneurs to collaborate and share information. Starting and developing a business is complicated, but this supporting ecosystem lets businesses focus on innovation and product development with coaching from experienced mentors. In addition to

infrastructure, incubation support provides access to industry professionals, investors, and possible partners. This helps make essential connections for finance, strategic alliances, and market access. A startup's prospects of success can be greatly improved by the incubator ecosystem's experienced entrepreneurs and industry experts' views, feedback, and growth roadmap. Incubation support promotes startup development and builds a vibrant entrepreneurial ecosystem, boosting innovation and economic growth.

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