

A STUDY ON CHALLENGES OF START-UP COMPANIES IN SALEM DISTRICT, TAMIL NADU

M. MANICKAM¹ & B. KIRAN²

¹Associate Professor, Department of Management and Business Administration

Vinayaka Mission, Kirupananda Variyar Engineering College, Salem

²MBA Student Department of Management and Business Administration

Vinayaka Mission, Kirupananda Variyar Engineering College, Salem

ABSTRACT

The article entitled “A Study on challenges of start-up companies in Salem, Tamilnadu is to study the various problems and issues faced by the newly started companies. The study focuses on the challenges faced by the start-up companies in Salem. The main aim is to identify the challenges and opportunities of the start-up companies and helpful for the future reference. This study will help to find out the main threats and challenges of start-up companies in Salem district, Tamilnadu, which helps in future for a better performance of the companies. The main objectives are to study the challenges and threats faced by the start-up companies in Salem district; to identify the opportunities and scope of start-up companies in future world; to find out the modern technologies used in start-up companies today; to identify socio-economic and environmental impact of start-up companies; to find out some solutions and suggestions for the start-up companies to overcome their challenges; to study the impact of start-up companies in the Indian society; and to study the role of start-up companies in economic development of India. The analysis is based on the primary and secondary data. The sample size will be 117 start-up companies. The data can be represented in the form of various tables, tables, tables etc. Percentage analysis is used as the tool for the study. From this paper, start-ups are suggested to be the important way to improve the development of Salem district by encouraging the people entrepreneurship and solving employment pressure in Indian society.

KEYWORDS: Employee Training, Entrepreneurship, Modern Technologies, Socio-Economic, Start-ups.

INTRODUCTION

A startup company could be defined as a new business that is in the initial stage of operations, beginning to grow and it is typically financed by an individual or a small group of individuals. Here the founder s develops a product or service for which they foresee demand through market research. Startups are nothing but an idea that manifest into a commercial undertaking. A startup is a new company founded by one or more entrepreneurs to introduce or develop a new idea of product or service into the market. So, it is an initial stage of every business. It is started by an entrepreneur to effectively develop a business model. While developing a business every founder face lots of challenges. To overcome these challenges is the key success of a business. To start up a business is highly risking process. It faces high uncertainty and has a high rate of failure. But still many of them are come frond into this field of business and become a great successful and influential. The term “start-up” refers to an organization in the main phase of its activities. New businesses are established by at least one business visionaries who need to build up an item or administration for which they accept thereis an interest.

A couple of regular HR challenges in startup include:

- Employee Morale
- Getting Management Buy-In
- Establishing Company Policies and Processes
- Establishing Company Culture
- Hiring Employees
- Training Employees
- Providing Feedback to Employees
- Documenting Performance
- Employee Retention
- Firing Employees

REVIEW OF LITERATURE

The review of literature covers the all areas of start-up companies. Mainly it deals with challenges faced by the start-up companies. This literature also defines the research gap associated the start-up companies and the large-scale industries along with their customer satisfaction. The review of work involvement of start-up companies and large-scale industries are different. And, the challenges and problems are different based on the time, place, and management to management. Several studies have been conducted in India, on the various aspects of start-up companies which show the challenges and problems faced by the start-up companies.

Paul Graham

Although the prompt reason for death in a start-up will in general be coming up short on cash, the basic reason is typically absence of core interest. Either the organization is controlled by dumb people or the individuals are keen however got unsettled. Beginning a start-up is a gigantic good weight. Get this and put forth a cognizant attempt not to be ground somewhere near it, similarly as you would be mindful to twist at the knees when getting a substantial box.

Sourav Majumdar

In start-up industry the Covid-19 pandemic has taken on the economy is up 'til now something experts and monetary pros cannot totally gauge. As the drawn-out lockdown makes a way for Open 1.0, it is ending up being sure that couple of parts will continue fighting as the economy tries to step by step crawl back to some similitude to normality.

Ziad K. Abdelnour, Startup Saboteurs

Nobody wants a sales pitch. So instead of trying a hard sell, focus on telling a story that captivates your audience by painting a vivid picture of your vision. When you get good at storytelling, people want to be part of that story, and they will want to help others become part of that story too. It is time for a wealth creation revolution. And it starts with you. Starting a business without a well-thought-out, realistic, highly detailed business plan that factors in all aspects of rollout is a recipe

for disaster

Amit Kalantri, Wealth of Words

Entrepreneurship is an experiment, it is not a theory. Every kind of business was first a courageous decision to begin and then a constant determination of a person to continue in that business. Consistent and limitless learning is the minimum requirement for being a money-making entrepreneur. An entrepreneur's job or duty is to find a problem that needs a solution and to find out a solution. As you move from job seeker to job creator, you move from wages to wealth.

NEED FOR THE STUDY

The main aim is to identify the challenges and opportunities of the start-up companies and helpful for the future reference. This study will help to find out the main threats and challenges of start-up companies in Salem district, Tamilnadu, which helps in future for a better performance of the companies. By understanding the challenges and threats of start-up companies, I can find some solutions or suggestions to overcome these issues in start-up companies. So, it helps to improve their business in the future.

OBJECTIVES OF THE STUDY

- To study the challenges and threats faced by the start-up companies in Wayanad district.
- To identify the opportunities and scope of start-up companies in future world.
- To find out the modern technologies used in start-up companies today.
- Identifying socio-economic and environmental impact of start-up companies.
- To find out some solutions and suggestions for the start-up companies to overcome their challenges.
- To study the impact of start-up companies in the Indian society.
- To study the role of start-up companies in economic development of India.

SCOPE OF THE STUDY

The scope of the study explains the extent to which the research area will be explored in the study. So, in this study the research area is the start-up companies. The study on HR challenges of start-up companies in Salem district, Tamilnadu focused to find out the threats and problems of small entrepreneurs when they start and run their business. The scope of the study is related to the satisfaction of start-up entrepreneurs in the level of profit making and being success in the business. There are many challenges are facing by the entrepreneurs in their business. So, through this study I will find out those challenges and find some solutions to overcome their challenges in start-up. It helps for a better satisfaction in the future. This study focuses on the future scenario of the start-up companies. Salem is a developed district. So, starting a business in Salem is highly challenging now.

LIMITATIONS

- The study is confined to a finite period.
- The results fully depend on the information given by the respondent which may be wrong.
- The study is an opinion survey.

- Only limited questions will be asked to the respondent.
- This research is done because of limited area.

RESEARCH METHODOLOGY

Sample Size

The sample size preferred for this study is around 117 respondents who would take part in our research.

Test size assurance is the demonstration of picking the quantity of perceptions or repeats to remember for a factual example. The example size is a significant component of any exact investigation wherein the objective is to make surmising about a populace from an example. By and by, the example size utilized in an examination is typically decided dependent on the cost, time, or comfort of gathering the information, and the requirement for it to offer adequate measurable force. Area of Operation

The research is conducted in Salem district, Tamilnadu.

Tools of Data Collection

Both the primary and secondary data of information are taken into the account for data collection.

Data Analysis

Data analysis has various aspects and approaches, including assorted procedures under an assortment of names, and is utilized in various business, science, and sociology spaces. Percentage analysis is the tool used for this study.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: Gender Group of the Respondents

Particulars	No. of respondents	Percentage
Male	37	31.6
Female	79	67.5
Other	1	0.9
Total	117	100

The above data shows that 67.5% of respondents are females. And 31.6% of respondents are male. Only rest of 0.9% of respondents comes under another category.

TABLE 2: AGE Group of the Respondents

Particulars	No. of respondents	Percentage
Below 25	42	35.9
25-40	53	45.3
41-55	17	14.5
Above 55	5	4.3
Total	117	100

The above table shows that 35.9% of respondents are belong to the age group of below 25 years. 45.3% of the respondents are belongs to the age group of 25- 40 years and 14.5% of respondents belongs to the age group of 41- 55. Only 4.3% respondents are having the age above 55 years.

TABLE 3: Educational Qualification of the Respondents

Particulars	No. of respondents	Percentage
Primary	9	7.7
Secondary	22	18.8
Graduate	59	50.4
Postgraduate	26	22.2
Other	1	0.9
Total	117	100

From the above table we can assume that many respondents are graduate. It is showing 50.4%. And 22.2% of respondents are post graduate. 18.8% of respondents are secondary educated respondents. And 7.7% of respondents have only primary level of education.

TABLE 4: Geotableical Area of the Respondents

Particulars	No. of respondents	Percentage
Rural	27	23.1
Urban	67	57.3
Semi urban	23	19.7
Total	117	100

The above table shows that the majority 57.3 of respondents are run their start-up business in urban areas. And 23.1% of respondent's business is in the rural area. Only 19.7% is having their organization in the semi urban areas. This is all about the geographical area of the business.

TABLE 5: How Old the Business of the Respondents

Particulars	No. of respondents	Percentage
Up to 5 years	35	29.9
5-10 years	54	46.2
Above 10 years	28	23.9
Total	117	100

The above table shows the percentage of how old the respondent is running their business. 23.9% of respondents are running their business above 10 years. And 46.2% of respondents are being under the category of 5 to 10 years. Only 29.9% respondents are coming under the category of up to 5 years.

TABLE 6: Type of Ownership of the Respondent's Business

Particulars	No. of respondents	Percentage
Sole proprietorship	18	15.4
Partnership	20	17.1
Private limited	61	52.1
Public limited	18	15.4
Total	117	100

The above table represents the type of ownership of business. In this 15.4% of respondents are doing public limited business in Salem. 17.1% of respondents are coming under the category of partnership business. 15.4% of respondents are doing sole proprietorship and only 52.1% of respondents come under the ownership of private limited business.

TABLE 7: Type of Business of the Respondents

Particulars	No. of respondents	Percentage
Manufacturing	22	18.8
Agricultural and horticulture	29	24.8
Textile	39	33.3
Services	20	17.1
Trading	7	6.0
Total	117	100

The above data represents the type of business the Salem start-ups are using. The majority 33.3 of start-ups in Salem is comes under the category of textile business. 24.8% of start-ups are doing agricultural and horticultural businesses

Rests of the start-ups are manufacturing, service, trading etc. Only 6.0% of the respondents are following the tradingbusiness in Salem.

TABLE 8: Number of Employees in the Business

Particulars	No. of respondents	Percentage
Up to 15	46	39.3
15-30	38	32.5
31-50	21	17.9
Above 50	12	10.3
Total	117	100

Through this table it is easy to understand that how many employees are there in the start-up companies. 39.3% of companies having less than 15 employees in their start-up companies. And only 10.3% of respondents have above 50 employees. Rest of the respondents having the employees 15 to 50 in their organization.

TABLE 9: Importance of Employee Training in Respondent's Business

Particulars	No. of respondents	Percentage
Yes	90	76.9
No	27	23.1
Total	117	100

The above tables represent the information on whether the employee training is important or not in their start-ups. 76.9% of the respondents are saying that the employee training is very much important in the start-up organizations and rest of 23.1% of respondents have the opinion that the employees training is not that much important in start-up companies. So, training is essential.

TABLE 10: Whether the Start-Up Having an HR Manager

Particulars	No of respondents	Percentage
Yes	78	66.7
No	39	33.3
Total	117	100

The above table is a representation of how many start-ups have HR manager in Salem district. And entrepreneurs are saying that 66.7% of start-ups have HR manager in their organization. And the rest of 33.3% of respondents saying they do not have HR manager in their organization.

TABLE 11: Type Employee Training Method Used In Startups

Particulars	No. of respondents	Percentage
Coaching	29	24.8
Job rotation	34	29.1
Role play	26	22.2
Conference	18	15.4
Internship training	10	8.5
Total	117	100

In the previous data it is revealed that majority of the start-ups are giving important to employee training. So, here the above table shows the mainly using employee training method in start-ups. Here, mainly the start-ups are using 3 methods for the employee training. Those are coaching, job rotation and role play. Only 8.5% of start-ups are using internship training.

TABLE 12: Major Hr Challenge in the Startups

Particulars	No. of respondents	Percentage
Establish policies	22	18.8
Hiring employees	52	44.4
Training employees	33	28.2
Firing employees	10	8.5
Total	117	100

It shows that the major challenge faced by the start-ups is in hiring of employees. And the HR challenge is training the employees with 28.2% of responds. Only 8.5% start-ups are facing challenge in firing the employees.

TABLE 13: Role of HR in the Start-Ups

Particulars	No. of respondents	Percentage
Legal protection	32	27.4
Record keeping	41	35.0
Policy creation	31	26.5
Employee training	13	11.1
Total	117	100

The above data represents the role plays by the HR in a start-up company. 35.0% of the entrepreneurs are saying that the major role of HR is in record keeping. And 26.5% saying that it is policy creation. Only 11.1% of respondents having the opinion that employee training are major role of HR in start-up companies

TABLE 14: Major Challenge of Startups

Particulars	No. of respondents	Percentage
Financial management	31	26.5
Natural calamities	52	44.4
Cyber security	23	19.7
HR challenges	11	9.4
Total	117	100

This above table helps to identify the common start-up challenge in Salem. So, 44.4% of entrepreneurs are saying that natural calamities are the one of the major challenges of start-ups. Finance management comes in the second major challenge with 26.5% of responds. In Salem the HR challenges are very less comparing to other challenges. It is only 9.4% based on this data.

TABLE 15: Ability of Skilled And Trained Personnel in Startups

Particulars	No. of respondents	Percentage
Very high	31	26.5
High	52	44.4
Moderate	30	25.6
Low	4	3.5
Total	117	100

The above table shows the availability of skilled and trained personnel in the start-ups. 44.4% of entrepreneurs are saying

that they have a high availability of skilled and trained employees to their start-up business. 26.5% are saying that it is very high and, 25.6% are no opinion on this statement. Only 3.5% of respondents have the opinion that the availability is low.

TABLE 16: Availability of Raw Materials

Particulars	No. of respondents	Percentage
Very high	27	23.1
High	61	52.1
Moderate	26	22.2
Low	3	2.6
Very low	0	0
Total	117	100

The above table represents the availability of raw materials in Salem companies. 52.1% of entrepreneurs are saying that the availability of raw materials is high in Salem. 22.2% is moderate to this opinion. Overall, it shows that there is a good availability of raw materials in Salem start-ups.

TABLE 17: Satisfaction Level of Support Given By The Government To Startups

Particulars	No. of respondents	Percentage
Highly satisfied	29	24.8
Satisfied	55	47.0
Neutral	25	21.4
Dissatisfied	6	5.1
Highly dissatisfied	2	1.7
Total	117	100

The table is showing that the start-ups are satisfied with the government support to start a business in Salem. Only 1.7% of respondents are highly dissatisfied with the government support. 21.4% are neutral to this opinion.

TABLE 18: How Large-Scale Organizations Affect the Startup Business

Particulars	No. of respondents	Percentage
Very high	23	19.7
High	57	48.7
Moderate	30	25.6
Low	7	6.0
Total	117	100

From the above table is clear that the large-scale organizations are highly affecting the start-ups in Salem. 19.7% of respondents saying that it is very highly affecting. Only 6.0% of respondents are saying that it is low. 25.6% are moderate to this opinion.

TABLE 19: Level of Government Policies Affect Your Business

Particulars	No. of respondents	Percentage
Very high	24	20.5
High	45	38.5
Moderate	42	35.9
Low	6	5.1
Total	117	100

The above table shows the how the government policies affect the start-up companies. From the respondents I understood that government policies are not that much affects the organization. 35.9% of respondent's opinion is moderate to the government policies.

TABLE 20: Technology Adopt in the Startup Companies

Particulars	No. of respondents	Percentage
Latest	23	19.7
Partially updated	61	52.1
Adequate one	22	18.8
Not updated	8	6.8
Traditional	3	2.6
Total	117	100

The above table help to understand the level of technology adopted in start-up companies in the Salem. Only few companies are using latest technologies in their organization. 52.1% of start-ups are only partially updated their technologies. 2.6% are still using the traditional methods of technologies.

TABLE 21: Level of Satisfaction Towards the Profit

Particulars	No. of respondents	Percentage
Highly satisfied	26	22.4
Satisfied	49	42.2
Neutral	27	23.3
Dissatisfied	10	8.6
Highly dissatisfied	4	3.4
Total	117	100

The above table shows the satisfaction level of start-up entrepreneurs towards the profit which they are earning. Almost many respondents 42.2 are satisfied in their profit. And 22.4% of the population is highly dissatisfied in their profit. Rest of the population is somewhat dissatisfied and neutral and highly satisfied.

TABLE 22: Time Period of Conducting the Recruitment in Startups

Particulars	No. of respondents	Percentage
Every month	29	24.8
Once in 6 months	54	46.2
Once in a year	32	27.4
Other	2	1.7
Total	117	100

The above table shows the recruitment time period of the start-up companies in Salem. 46.2% of the respondents are saying that they used to conduct the recruitment in their organization once in every 6 months. 27.4% are conducting recruitment only once in a year. And only 24.8 % start-ups are conducting recruitment every month.

FINDINGS OF THE STUDY

- The survey suggested that there were most of female respondents than the male respondents.
- It was known that most majority who are into the business were the youth. So, this is a finding that today young people are taking more initiative to start a business
- Most of the start-up entrepreneurs are graduates. But the education is not that much important to start a business.

- In Salem district, majority of start-ups were situated in urban area than the rural and semi urban areas.
- Most of the companies in Salem were running from more than 5 years and less than 10 years.
- In Salem majority of start-ups are coming under the category of private limited companies.
- Textile start-up companies are more in Salem district, than the other industries like, agriculture, manufacturing etc.
- Majority of start-ups in Salem is having the employee strength of below 15. It shows the capacity of a start-up company.
- Almost all the start-up companies in Salem are giving more importance to employee training in their organization.
- In Wayanad start-ups are giving importance to HR manager in their organization.

SUGGESTIONS

- To overcome the HR challenges in start-up companies, there should be a HR manager in every start-up companies.
- Appoint skilled and trained personnel in the organization
- Take the measures to overcome the challenges in the organization.
- Government should introduce more development programs to motivate the start-up entrepreneurs.
- Government should provide more financial support to the start-up companies.
- Provide more employment opportunities in the newly developing organizations.
- Government should give more concentration on rural start-up companies.
- Conducting start-up development programs to entrepreneurs to make them more aware about the government policies and rules and regulations.

CONCLUSIONS

Start-ups are suggested to be the important way to improve the development of Salem district by encouraging the people entrepreneurship and solving employment pressure in Indian society. Furthermore, start-ups have more significant impact on the development of scientific research and innovation of the companies in Salem. But also, the start-ups in Salem are facing many challenges. The major challenges are financial and HR challenges. To improve the environment of start-ups in Salem, government introduced many development programs. Start-up India is the one of excellent example for that. It creates more employment opportunities and it led to economic growth of the country.

Through this research on HR challenges faced by the Salem district in Tamilnadu, I am concluding that the major HR challenge faced by the start-ups in Salem is difficulty in hiring employees. It means that recruiting an individual to the right job in right job is very difficult task to almost all start-ups in Salem. But the availability of skilled employees is high. And there are many other HR challenges like difficulty in establishing policies, training employees, firing employees and many more. There are many non- HR challenges also facing by the start-up companies in Salem. Among that the major issues are natural calamities. Every year there will be huge floods occur all over the Salem. So, it affects the start-ups very badly. This study is held on the 117 start-up entrepreneurs in Salem district. So, the data is given by them about their start-

up companies.

Start-ups are a different generation of business organization and hence their HR challenges differ from other established organizations. Understanding the HR challenges faced by a start-up and taking some measures to resolve them is little critical and can go a long way in helping the start-up to improve it. A modern well-designed Performance Management System can provide the necessary tools which needed to address most of these issues.

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