IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Role Of Tamilnadu Startup-The Nest In Promoting Entrepreneurship: A Case Study In Tamilnadu

Dr.N.Ramar, Teaching Assistant, Alagappa Institute of Management, Alagappa University Karaikudi, Tamilnadu
ORCID : 0000-0002-7337-253X

Dr.R.Ilavenil, Assistant Professor, Department of Business Administration, Government Art's & Science College for Women, Paramakudi

ABSTRACT

Entrepreneurship is a key driver of economic growth and development, as it leverages a nation's resources for wealth creation and innovation. Business incubation plays a crucial role in supporting this process by providing necessary resources, guidance, and assistance to budding entrepreneurs. This study examines the role of Tamilnadu Startup in promoting entrepreneurship within the state of Tamilnadu, highlighting the various strategies employed by the business incubation center to nurture new ventures.The analysis reveals notable disparities between the support practices advertised by the incubator and the actual services delivered to the startups. While Tamilnadu Startup offers a diverse range of facilities and assistance, many entrepreneurs expressed dissatisfaction with the quality and effectiveness of these services. Key challenges identified include inadequate funding, technical limitations, and insufficient institutional support, which have hindered the success of startups and entrepreneurs in the region. This gap between expectations and delivery suggests a need for improved strategies to enhance the impact of business incubation in Tamilnadu.

Keywordsused: Incubation,Entrepreneur,Incubate,Beneficiaries

INTRODUCTION

Entrepreneurship involves launching new ventures or revitalizing existing organizations in response to identified opportunities (Eroglu&Picak, 2011). Entrepreneurs drive value creation through innovation (Bolton & Thompson, 2004; Koster& Rai, 2008), which contributes significantly to increasing a nation's GDP per capita (Doran, McCarthy & O'Connor, 2018). Successful entrepreneurs are often characterized by their ability to innovate (Estrin, Korosteleva& Mickiewicz, 2020), making entrepreneurship a key factor in global economic development (Toma, 2014). However, for entrepreneurship to have a positive impact on a country's economic growth and GDP, entrepreneurs must navigate institutional barriers. Overcoming these barriers is only feasible when the benefits of starting new ventures outweigh the costs associated with those barriers (Cumming, Johan & Zhang, 2014).Linking entrepreneurship with business incubation is essential to enhancing its positive impact (Sharma, Shukla & Joshi, 2015). Business incubation helps firms acquire resources, capabilities, knowledge, and social capital (Eveleens, van Rijnsoever&Niesten, 2017). As a dynamic and interactive process, business incubation fosters the development of an entrepreneurial ecosystem (Hausberg&Korreck, 2020) by providing value-added services (FernándezFernández, Blanco Jiménez &CuadradoRoura, 2015). The physical environment offered by business incubators, which includes a variety of skills and services, supports start-ups and small and medium enterprises (SMEs) in their business activities (European Union, 2018; Info Dev Strategic Directions 2009-11 & FY09 Work Program Donors Meeting, 2008).Business incubation accelerates the growth of early-stage firms through targeted policy initiatives (Suk &Mooweon, 2006) and aligns individual passion with organizational goals (Eshun, 2009). To successfully graduate incubatees, incubation centers must consistently adapt their services to meet the evolving needs of beneficiaries (Al-Mubaraki&Busler, 2017; Zapata-Guerrero et al., 2020), thereby ensuring a continuous positive impact on businesses (Aladejebi&Oladimeji, 2020). If incubation centers do not maintain consistent performance, the survival chances of incubate entities become tenuous (Schwartz, 2013).An effective incubation process requires ongoing support from policymakers and regulatory authorities (Hassan, 2020; Voisey et al., 2006). Research by Peña (2004) on business incubation centers in the Basque Country shows that by providing human capital—such as training, assistance, and managerial services—these centers have accelerated venture growth and fostered entrepreneurship globally (Ayatse, Kwahar&Iyortsuun, 2017). This underscores a strong relationship between business incubation and economic development (Kihonge, 2016).Although the resources offered by incubators are crucial, entrepreneurial firms also need to develop their own assets and networks. Pettersen et al. (2016) found that while incubator resources are important, the network resources of start-ups are essential for performance enhancement. Entrepreneurs must clearly understand which incubation services are most valuable and effective for achieving the best results. Lala& Sinha (2019) identified seed funding, R&D support and technology commercialization as major factors influencing the incubation process. Similarly, Thomas & K.I. (2020) demonstrated that the operational facilities and services provided by business incubation centers have significantly contributed to the growth of new start-ups in Kerala.However, it is imperative for incubators to periodically assess their strengths and challenges to avoid creating barriers for their beneficiaries. Ramar et al. (2020) emphasized the importance of addressing the constraints faced by incubators that could hinder entrepreneurship development. Timely identification and resolution of these issues can streamline the incubation process and promote entrepreneurship development worldwide.The present study explores the practices adopted by Tamilnadu Startup in fostering entrepreneurship over the years. It examines the role of Tamilnadu Startup in promoting entrepreneurship within the state and investigates the gap between the practices of business incubation centers and the actual services received by incubate entities.

Hypothesis:

H_0: There is no significant gap betweenthe practices followed by the incubation centre andtheactualservicesreceived byIncubateeentities

H_1: There is significant gap between thepractices followed by the incubation centre and theactualservicesreceived byIncubateeentities

MATERIALSANDMETHODS

In this study, data on the beneficiaries of the Tamilnadu Startup incubation process were collected from the Tamilnadu Startup—The Nest website. Structured questionnaires were emailed to all incubatee entities; however, responses were received from only 50 entities. Out of these, a sample of 40 incubatee entities was finalized as suitable for analysis. The questionnaires were developed based on a review of various studies (Acharya, 2019; Kamdar, 2013; Kant, 2017; Mirza, 2017) and other established survey instruments related to business incubation. Responses were gathered using a five-point Likert scale from both the incubator heads and managers of the incubatee entities. To analyze and compare the responses, the Mann-Whitney U test was applied.

RESULTSANDDISCUSSION

To ensure the consistency of the adopted questionnaire, a reliability test was conducted by calculating Cronbach's alpha coefficient. The resulting value of Cronbach's alpha was 0.843, which is greater than the standard value of 0.70, indicating that the questionnaire is reliable.Additionally, both the Kolmogorov-Smirnov test and Shapiro-Wilk test were performed to assess the normality of the data. Since the p-values in both tests were less than the standard significance level of 0.05, the null hypothesis was rejected at the 5% level of significance. This indicates that the data is not normally distributed.

Table1.ReliabilityStatistics

ReliabilityStatistics		
Cronbach'sAlpha	NofItems	Status
0.843	11	Reliable

Table2. TestsofNormality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ServicesoftheIncubationprogram	0.277	41	0.000	0.806	41	0.000
a.LillieforsSignificanceCorrection						

Table3. RoleofTamilnaduStartup-TheNestinpromotingEntrepreneurshipComparedMeans

Category	BusinessIncubation Centre				IncubateeEntities				Total			
	Mean	N	Std.Deviation	Std. ErrorofMean	Mean	N	Std.Deviation	Std. ErrorofMean	Mean	N	Std.Deviation	Std. ErrorofMean
TheIncubationcentresharesbusinessideaswith the incubatees entitiestodevelop businessplans	5.000	1	0.000	0.000	4.775	40	0.324	0.045	4.905	41	0.275	0.035
TheIncubationcentreassiststheincubateesinconductingfeasibilitystudyoftheproposed project	5.000	1	0.000	0.000	2.218	40	1.328	0.164	2.743	41	1.672	0.174
TheIncubationcentrefacilitatestheincubateeswith low-cost work spaceand equipment	4.844	1	0.336	0.056	1.411	40	0.727	0.116	2.270	41	1.757	0.188
TheIncubationcentreprovides access to Know-how/technology re-sourcestoincubateeentities	4.611	1	0.532	0.120	3.682	40	1.328	0.177	4.135	41	1.209	0.131
TheIncubationcentreassistsincubateeentitiesin securing legal approv-alsandnetworkingop-portunities.	4.518	1	0.384	0.913	1.411	40	0.728	0.095	2.243	41	1.612	0.187
The Incubation centre hasalaboratoryforprototype testing	4.627	1	0.219	0.213	4.318	40	0.416	0.057	4.824	41	0.353	0.045
TheIncubationcentreprovides access to fund-ing	4.479	1	0.363	0.012	1.418	40	0.887	0.392	2.338	41	1.571	0.174
TheIncubationcentreprovidesexposuretoindustry leader and mentorship	4.211	1	0.432	0.118	4.336	40	1.250	0.147	4.126	41	1.139	0.132

The Incubation centre hashelpedtheincubateeentitiestostartitsbusinesswithaminimuminvestment	4.244	1	0.236	0.136	2.134	40	1.343	0.152	2.727	41	1.625	0.167
The Incubation centre hasaccelerated the growth ofincubateeentities	4.311	1	0.522	0.128	2.761	40	0.793	0.136	3.125	41	1.214	0.120
TheIncubationcentretakesregularfeedbackfromincubateeentities.	4.389	1	0.313	0.046	2.354	40	1.241	0.139	2.243	41	1.627	0.147

Table 3 outlines the role of business incubation centers in promoting entrepreneurship in Tamilnadu. Respondents rated each statement describing the services provided by the incubation centers to their respective incubatees on a 5-point Likert scale. According to the incubation centers, they offer a comprehensive set of services to promote entrepreneurship in the region, with mean scores exceeding 4.0 for all services. These services include sharing business ideas, assisting in conducting feasibility studies, providing low-cost workspace and equipment, offering access to know-how and technology resources, facilitating legal approvals, creating networking opportunities, providing laboratory facilities, ensuring access to funding, connecting incubatees with industry leaders and mentors, and offering other support services such as helping incubatees start businesses with minimal investment, accelerating their growth, and collecting regular feedback.

However, the responses from incubatees varied significantly. When comparing the responses, it was observed that out of the 11 services provided by the incubation centers, only 4—namely, sharing business ideas, access to know-how/technology resources, laboratory facilities, and exposure to industry leaders and mentorship—were rated with mean scores above 4.0 by the incubatees. The remaining 7 services had mean scores of 3.0 or less, indicating that these services were not adequately received or perceived as beneficial by the incubatees. This discrepancy suggests a gap between the services that incubation centers claim to provide and the actual support experienced by the incubatees.

Table4. Analysisofthegapbetweenthepracticesfollowed byBusinessIncubationCentresandactualservicesrendered

Services	Mann-WhitneyU	Asymp. Sig.(2-tailed)
TheIncubationcentresharesbusinessideaswith theincubateeentitiestodevelop businessplans	432.000	0.107
TheIncubationcentreassiststheincubateesincon-ducting feasibilitystudyoftheproposed project	13.000	0.001
TheIncubationcentrefacilitatestheincubatees withlow-costworkspaceandequipment	17.000	0.004
TheIncubationcentreprovidesaccesstoKnow-how/technologyresourcesto incubatee entities	360.200	0.076
TheIncubationcentreassistsincubateeentitiesinsecuring legal approvals and networking opportuni-ties	7.000	0.010
TheIncubationcentrehasalaboratoryforprototype testing	416.500	0.073
TheIncubationcentreprovidesaccesstofunding	16.000	0.004
TheIncubationcentreprovidesexposuretoindustryleader andmentorship	364.000	0.068
TheIncubationcentrehashelpedtheincubateeenti-tiesto startitsbusinesswithaminimuminvestment	86.000	0.002
TheIncubationcentrehasacceleratedthegrowthof incubateeentities	22.000	0.000
TheIncubationcentretakesregularfeedbackfromincubateeentities	74.000	0.000

To analyze the gap between the practices followed by business incubation centers and the actual services received by their incubatees, the Mann-Whitney U test was conducted. The test results indicate that the Sig. (2-tailed) p-values for four services—sharing business ideas ($p = 0.107$), access to know-how/technology resources ($p = 0.076$), laboratory facilities ($p = 0.073$), and exposure to industry leaders and mentorship ($p = 0.068$)—are greater than the standard significance level of 0.05. Therefore, the null hypothesis could not be rejected for these four services, indicating that there is no significant difference between the services claimed to be provided by the incubation centers and those actually received by the incubatees (refer to Table 4).However, for the remaining services, the p-values are less than the significance level of 0.05. This implies that the null hypothesis is rejected at the 5% level of significance, indicating that there is a significant difference between the services the incubation centers claim to offer and the services actually received by the incubatees. This discrepancy suggests that while certain services are being delivered effectively, others are not meeting the expectations of the incubatees.

CONCLUSION

The quality of services provided to beneficiaries is a key determinant of the success of the incubation process, as it is reflected in the establishment and sustainability of new business units. The effective operation of incubation projects can be measured by the number of graduate companies, client companies with high survival rates, and the creation of high value-added innovative products and services, as highlighted by previous studies (Al-Mubaraki&Busler, 2017; Zapata-Guerrero et al., 2020).The present study reveals that business incubation centers in Tamilnadu are lacking in several critical areas of service provision for incubatees. These deficiencies include assistance in conducting feasibility studies, provision of low-cost workspace and equipment, support in securing legal approvals, networking opportunities, access to funding, and other services such as helping incubatees start businesses with minimal investment, accelerating their growth, and obtaining regular feedback from them. Among these services, the most significant inefficiencies were observed in providing support for securing legal approvals and networking opportunities.

The findings indicate a considerable gap between the practices claimed by the incubation centers and the actual services experienced by the incubatees, which is consistent with the results reported by Kamdar (2013). While the incubation centers offer many additional services, these are often perceived as less valuable by the incubatees. There is a clear deviation between the expectations of incubation centers and the needs of incubatees regarding the services provided. According to the incubatees, the inconsistent service delivery by incubators has contributed to the closure of many beneficiary businesses that existed previously. It is crucial for incubation centers to identify their strengths and weaknesses and incorporate necessary improvements into their processes, as suggested by Gerlach&Brem (2015). Additionally, it is recommended that Indian technology business incubation centers adopt cost-reduction strategies to enhance efficiency, as emphasized by Tang et al. (2013). Effective utilization of resources is essential for nurturing and promoting successful entrepreneurs. Moreover, it is imperative that incubation centers receive regular financial assistance from government institutions and other prominent organizations to provide incubatees with the necessary support and drive the growth of new start-ups in the region.

REFERENCES

1. Acharya, G. V. (2019). A study of performance-evaluationofbusinessincubationcenters[SavitribaiPhulePuneUniversity].http://hdl.handle.net/10603/252476
2. Aladejebi, D. O., &Oladimeji, D. J. A. (2020).Appraisal of Technology Incubation CentresinSouthWestNigeria.JournalofSmallBusinessandEntrepreneurshipDevelop-ment,8(1).https://doi.org/10.15640/jsbed.v8n1a4
3. Al-Mubaraki, H. M., &Busler, M. (2017). Challenges and opportunities of innovation andincubatorsasatoolforknowledge-basedeconomy.JournalofInnovationandEntrepreneurship,6(1),0–18.https://doi.org/10.1186/s13731-017-0075-y
4. Ayatse,F.A.,Kwahar,N.,&Iyortsuun,A.S.(2017).Businessincubationprocessandfirmperformance:an empiricalreview.JournalofGlobalEntrepreneurshipRe-search,7(1).https://doi.org/10.1186/s40497-016-0059-6
5. Bolton, B., & Thompson, J. (2004). Entrepreneurs:Talent, temperament, technique: Second edi-tion.InEntrepreneurs:Talent,Tempera-ment,Technique:SecondEdition.https://doi.org/10.4324/9780080472683
6. Cumming, D., Johan, S., & Zhang, M. (2014). TheEconomicImpactofEntrepreneurship:ComparingInternationalDatasets.Corpo-rate Governance: An International Review,22(2),162–178.https://doi.org/10.1111/corg.12058
7. Doran, J., McCarthy, N., & O'Connor, M. (2018).The role of entrepreneurship in stimulatingeconomic growth in developed and develop-ingcountries.CogentEconomicsandFinance,6(1).https://doi.org/10.1080/23322039.2018.1442093
8. Eroglu, O., &Picak, M. (2011). Entrepreneurship ,National Culture and Turkey. InternationalJournal of Business and Social Science, 2(16),146–151.
9. Eshun,J.P.(2009).Businessincubationasstrategy. BusinessStrategy Series, 10(3),156– 166.

https://doi.org/10.1108/17515630910956570
10. Estrin,S.,Korosteleva,J.,&Mickiewicz,T.(2020).SchumpeterianEntry:Innovation,Exporting, and Growth Aspirations of Entre-preneurs.
11. EuropeanUnion.(2018).CriticalSuccessandFailureFactorsofBusinessIncubationin HEI.
12. Eveleens,C.P.,vanRijnsoever,F.J.,&Niesten, E. M. M. I. (2017). How network-based in-cubation helps start-up performance: a systematicreviewagainstthebackgroundofmanagementtheories.InJournalofTechnology Transfer (Vol. 42, Issue 3). SpringerUS.https://doi.org/10.1007/s10961-016-9510-7
13. FernándezFernández,M.T.,BlancoJiménez,F.J., &CuadradoRoura, J. R. (2015). Businessincubation: innovative services in an entrepreneurshipecosystem.ServiceIndustriesJournal,35(14),783–800.https://doi.org/10.1080/02642069.2015.1080243
14. Gerlach,S.,&Brem,A.(2015).Whatdeterminesasuccessfulbusinessincubator?Introductiontoanincubatorguide.InternationalJournal of Entrepreneurial Venturing, 7(3),286–307.https://doi.org/10.1504/IJEV.2015.071486
15. Hassan, N. A. (2020). University business incubators as a tool for accelerating entrepreneur-ship: theoretical perspective. Review of EconomicsandPoliticalScience,ahead-of-p(ahead-of-print).https://doi.org/10.1108/reps-10-2019-0142
16. Hausberg, J. P., &Korreck, S. (2020). Businessincubatorsandaccelerators:aco-citationanalysis-based, systematic literature review.JournalofTechnologyTransfer,45(1),151–176.https://doi.org/10.1007/s10961-018-9651-yinfo Dev Strategic Directions 2009-11 & the FY09 Work Program Donors Meeting.(2008).