

Dissertation Report

On

The challenges and issues faced by the start-up companies in the national capital region with respect to their financial and human resource management techniques

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January -May 2013

Declaration

I Bhavneesh Juneja, 2K11/MBA/12, student of Delhi School of Management hereby declare that I have pursued a research study on the topic **“Understanding the challenges and issues faced by the start-up companies in the national capital region with respect to their financial and human resource management techniques”** under the guidance of Dr. Shikha. N. Khera, Assistant Professor, Delhi School Of Management. I also declare that this work has not been submitted in part or full to this or any other organization/ institute as part of any project work by me.

Acknowledgement

It is indeed a matter of great pleasure to present this project report on the topic “**Understanding the challenges and issues faced by the start-up companies in the national capital region with respect to their financial and human resource management techniques**” to The Head, Delhi School Of Management. I gratefully acknowledge my profound indebtedness towards my guide **Dr. Shikha. N. Khera, Assistant Professor, Delhi School Of Management** for her invaluable guidance, supervision and constant encouragement during the entire project work. I also take the opportunity to thank **Prof. P.K.Suri, Head, Delhi School Of Management** for being a constant support in deciding the framework of the research study.

Last but not the least; I would like to express my heartfelt gratitude towards my parents for their constant encouragement & support.

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Executive Summary

With the rising trend of start-up companies being launched in the market at an exponential rate, an entirely new format and concept of financial management and human resource management techniques has emerged. These start-up companies are not operating as an entirely professional venture, but work through an association of a bunch of enthusiastic entrepreneurs who aim to develop and propagate some innovative products and services, as full time entrepreneurs with a full fledged consideration of the financial, social and environmental viability and sustainability of their produce. A great majority of such start-ups operate through loose organizational structures during their initial years and consequently develop their own operational styles that are far more flexible and innovation-driven than their conventional counterparts. They find major stiffness in capital generation and employee management during their preliminary years of operation. The main reason for the success or failure of any start-up depends on the nature and duration of funding as well as the support these start-ups get from their employees. Therefore, the project aims at highlighting the various sources of funding that are profoundly explored by such start-ups during their seed stage as well as the operational stage along with a sneak into their human resource management techniques during initial years of operation. The project targets to present the scenario with different categories of start-ups based on the nature of work and years of operation with deliberate focus on their schemata of financial and human resource management techniques. The research will include surveying the start-up companies operating in Delhi/NCR using questionnaires and some in depth interviews with certain relevant start-ups to completely analyze the ongoing notion. It can be confirmed that an entirely unconventional scheme of management can be explored in the research with start-up companies and a major transformation can be expected in the coming years.

In the current study, the researcher aims to find out the challenges and issues faced by the start-ups with respect to their financial and Human Resource management perspectives.

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CHAPTER-1

INTRODUCTION

1.1 General profile of the start-ups in india

There is no precise or widely accepted definition of “Start Up Companies”. However, start-ups are usually those enterprises which are promoted by first timer entrepreneurs and are relatively recent in origin. The entrepreneur or a team of entrepreneurs/professionals having expertise/experience, knowledge or know-how etc. are usually the driving force behind such ventures involving a high degree of entrepreneurial skills and risk taking capacity. Such start-ups need support and encouragement from various perspectives during the initial phase and subsequently the growth phase till establishment on firm-footing. The hand-holding and support is more critical for technology based startups. There are several examples in advanced countries and also in India where successful start-ups have grown into large companies and even large trans-national corporations.

The new generation has proven that they have the gumption to start their own businesses. India has come a long way since 1991, the year it opened its economy to foreign direct investment, and today has several first generations of entrepreneurs such as the dignified personalities of Narayan Murthy, Sunil Bharti Mittal, Amit Bansal and Kunal Bahl to name a few, who have shown how multinationals can be built from the ground up.

With a proof that garage start-ups can work in India, thousands of professional are taking the entrepreneurial plunge to pursue their own dreams. However, half of the start-ups go out of business within five years. The reasons for failure are:

- 1) Market problem
- 2) Business model failure/ operations and management
- 3) Poor management team/ human resource failure
- 4) Running out of cash/ finance problem
- 5) Product / service failure.

Several policy measures and mechanisms have been evolved over the years to promote and support the start-ups in various phases, more so in advanced countries where large number of new technologies are available in the publicly supported R&D and academic institutions for commercialisation and transfer to industry. The supporting mechanisms include technology business incubators and science & technology parks, innovation centres, venture capital, concessional financing and grants, fiscal incentives, etc. In India, various types of these mechanisms have been evolved and further being evolved to promote and support technology based start-ups.

1.2 Profile of the surveyed start-ups

The surveyed start-ups were selected on the sole criteria of the number of years they have been into operation, within three categories:

- Category A: 0-2 years
- Category B: 2-5 years
- Category A: >5 years

The start-ups operating only in Delhi/NCR were taken into consideration because Delhi-NCR is the new start-up destination as per reports. At present, it boasts of having incubated several successful online firms such as Yatra.com, Snapdeal, Jabong, Yebhi, Cleartrip, Alacurity, 'Fashion and you' and Meritnation, among others.

While a few industry experts attribute cheaper rentals and better infrastructure for making Delhi-NCR the new start-up hub, others feel there is more ease of doing business here compared to most other metropolis. According to research firm Ernst and Young, while about 929 start-ups have come up in Bangalore in the last one decade, in Delhi the number has jumped to an impressive 810. Of the total 3,402 start-ups, about half are present in Delhi-NCR.

About 60-70 per cent of raw material is sourced from the manufacturing units present in the region. Besides, all the major distributors are present in the region. Gurgaon has lots of space, thus making it good for warehousing purpose. Besides, most online retailers need good air connectivity for delivery of goods, which is there is Delhi.

The development of IT parks and SEZs to boost infrastructure and other facilities for these firms is contributing hugely to the start-up ecosystem. Experts also feel that this is just the starting point for start-up boom and it is far from getting saturated guaranteeing growth potential in this segment going forward.

According to the founder of midnight delivery service FlyByKnight, Neha Jain, Gurgaon is a preferred option for start-ups given the relatively lower cost of operations as compared to Mumbai and even Delhi. Owing to the IT boom, Gurgaon offers a ready target group of young professionals staying away from their families and in need of services that are supplied by start-ups. Moreover, the operational cost including rentals and salaries is higher by 40 per cent in Mumbai, which is a huge cost for a small start up that needs to minimise its cost and maximise revenue.

Objectives of the study

➤ **PRIMARY OBJECTIVES**

- To explore the various financial management and human resource management techniques employed by start-up organizations operating in Delhi/NCR.
- To understand and analyze the emerging patterns and trends in the abovementioned domains.

➤ **SECONDARY OBJECTIVES**

- To promote the initiatives undertaken by the Government Of India under the National e-Governance Plan (NeGP).
- To understand and analyze the effects of the knowledge of the NeGP initiatives on arranging the finances.

CHAPTER-2
LITERATURE REVIEW

Overview of the financial management in startups

Entrepreneurship can be defined as “the process of creating value by bringing together a unique package of resources to exploit an opportunity” (Stevenson et al. , 1989). The process itself consists of the set of activities necessary to identify an opportunity, develop a business concept, assess and acquire the necessary resources, implement the concept and then manage and harvest the venture (Morris and Jones, 1993). Entrepreneurship is defined via three related components: **innovativeness, risk taking and pro-activeness** (Covin and Slevin, 1989; Zahra, 1993). Innovativeness is the seeking of creative, unusual or novel solutions to problems and needs. These solutions may be novel technologies and processes, as well as new products and services. Risk taking is the willingness to commit significant resources to opportunities that have a reasonable chance of costly failure. These risks are typically manageable and calculated. Pro-activeness is concerned with implementation, with doing whatever is necessary to bring an entrepreneurial concept to fruition. These three concepts result in the creation of new firms.

Startups can be financed in different ways. These include self-financing using the founder’s own money, loans from banks or other sources, government support through grants and entrepreneurial programs, **venture capital (VC) investors**, and angel investors.

Although VC money may become available in the early stages of a company's lifetime, it usually comes into play when a company is growing and ready to expand its operations. Moreover, VC investment is used more frequently to finance product manufacturing and commercialization or is used to reach an initial public offering (IPO) in which shares can be sold to the public ([Lefton, 1998](#)).

On one hand, venture capitalists provide strong support to startups. Aside from providing financial backing, executives of such firms have extensive experience of building businesses and usually provide the right level of guidance to put companies on track. On the other hand, VC firms invest in startups in order to get significant returns. Their clients are pension funds, hedge funds, and wealthy individuals who expect high returns. In order to achieve those returns, they want to reach the IPO or buyout stage as quickly as possible ([Galbooni and Rouziès, 2010](#)).

In most cases, venture capitalists negotiate aggressive contracts and may specify liquidation terms in which they receive two or three times their original investment along with other preferential terms ([Ante, 2009](#)).

For entrepreneurs, the VC value proposition is equally weak. Venture capitalists try to attract promising companies by improving their financing offers, but in the end many startup technologies need guidance and mentorship rather than large investments to get their businesses going (Galbooni and Rouziès, 2010).

Angels, however tend to require less information about the company and it takes them less time to make an investment decision ([Champion, 2000](#)). According to a survey conducted by the Ottawa Economic Development (OED) in 1998, it usually takes an angel six weeks to close a deal (Liu, 2000). As for the investment expectations, they usually require a 30-40% return on investment, which is much less than what a VC firm expects.

In order to secure funding, entrepreneurs must have the ability to understand the market in which they are competing and be able to overcome the obstacles of creating a successful venture. Being able to create compelling business plans with a strong focus on cash flow management and time to revenue are essential elements to investors assessing an investment opportunity ([Wehrum, 2009](#)).

To ease the process of startup funding, some companies offer a combination of mentorship and seed funding, which allows entrepreneurs to nurture and refine their ideas before presenting them to potential investors such as angels and venture capitals. This model is based on a lean approach to product development, which is more agile in nature and features shorter development cycles and frequent releases. These investment companies are called "seed accelerators.

Crowd funding embraces the same concept and puts out a call to the public to invest in ideas in the form of intellectual or monetary support. There are numerous points of improvement that need to be considered. One of them is to define the limit of crowd sourcing in investment decisions and the other is to decide what extent crowd involvement is constructive without negatively impacting the startup's mission. Delegating investment decisions to a trusted body that works closely with the startup and keeps information confidential is a more realistic approach and promotes an environment of trust.

The involvement of the crowd can bring in important knowledge that can inform a company's strategic decisions. The idea is that the investors can become active in the venture and provide knowledge to build the business. However, it is important to be realistic; even the simplest project can turn into chaos as the number of stakeholders increase. A board of experts, for this investment process to be viable there is a need for a board of experts who have sovereign status and diverse skill sets. This board is assigned the role of selecting startups for investment and mentoring. Members of the board should represent a diversity of backgrounds.

Accessing VC or angel funding is an increasingly difficult task, especially for an initial round of funding. Alternative funding models such as **seed accelerators, crowd funding**, and collectives can be more effective in supporting early-stage companies and preparing entrepreneurs for subsequent rounds of funding.

With no contracts, receivables or assets for collateral, bank debt is seldom an option for first-time entrepreneurs of high technology startups. Formal venture capital markets are comprised of venture capital companies, corporations or partnerships which operate as investment groups. Informal venture capital markets are made up of individual private investors or "angels" who are willing to invest in new businesses.

Angels are more likely than formal venture capitalists to provide early stage financing (seed and startup) to technology based new ventures especially if amounts are less than \$500,000; yet formal venture capitalists invest more dollars at all stages than private investors. Venture capitalists fund only one or two of every 100 requests.

Formal venture capital markets are small and regional, often located in large cities. The investors in early stage ventures were more interested in unique and proprietary products, high growth markets and higher potential returns than later stage investors. **Informal venture capital** markets depend on wealthy individuals who invest in new ventures for a variety of reasons, both economic and non-economic (3) (46). Most of these individual investors make investments close to home; yet informal venture capital markets are inefficient markets as investment information is difficult to locate

The risk of investing seed capital is high. **Major risks at the earliest or seed stage of development include**

- Working prototype cannot be produced
- Potential market is not large enough,
- Development is delayed and funds run out,
- The product cannot be manufactured at a competitive price,
- The founder cannot manage the technology development,
- Next stage financing cannot be found,
- Technology change or market shifts makes the product concept obsolete

To compensate for these additional risks, investors often expect very high rates of return.

Researchers have found that investors at the earliest stages expect their investment will be returned ten times within five to ten years. Both private investors and venture capitalists place reporting and operating controls on the firm and, on average, expect performance reports every one to three months (15). Thus, the search for capital by entrepreneurs can be further complicated if they desire to retain operating control. Controls and frequent reports are often problematic for technically driven engineers and scientists during startup when completing initial technology development is paramount.

The **bridge business** allows the entrepreneur to retain ownership control of the venture while supporting the technical development of the product idea. A purposefully temporary business started to support the early technological development of a high tech product. The temporary business is unrelated in products and/or markets to the high tech product and its potential markets. The high tech product is at the heart of the business the entrepreneur really wanted to be in. The sole purpose of the temporary business is to generate funds to support the business until revenues and profits are generated from the high tech product.

The bridge business functions as a 'cash cow' milked to support the high potential venture. As such, a good bridge business should require very little startup funding and must generate funds in excess of those required to support its own operation. The bridge business must be managed as a cash machine with an emphasis on a very short cash cycle. Managers must encourage cash sales,

advanced payments, short account receivable collection periods and tight cost control. The bridge business can help establish a track record for the business as a whole by initiating relationships with banks and suppliers. It contributes to early business name recognition. It can provide business experience for a technical entrepreneur or team.

Overview of the human resource management techniques in startups

While innovation may be the product of one brilliant mind, the process of design, production and distribution depends on effectively managing the work, effort and commitment of people (Keating and Olivares, 2007). Current research literature on HRM in entrepreneurial firms, though, “appears to be rich in prescriptions, limited in sound descriptive surveys, and sparse in analytical research” (Heneman et al., 2000, p. 20).

Human capital is the knowledge, skills, and abilities of employees (Hayton, 2005), while human resource management (HRM) includes all activities related to the management of employment relationships in the firm (Lin et al. , 2008). The firm’s ability to develop HRM practices aligned with business strategy is a source of sustainable competitive advantage (Dyer and Reeves, 1995; Huselid et al. , 1997; Barrett and Mayson, 2007; Andonova and Zuleta, 2007).

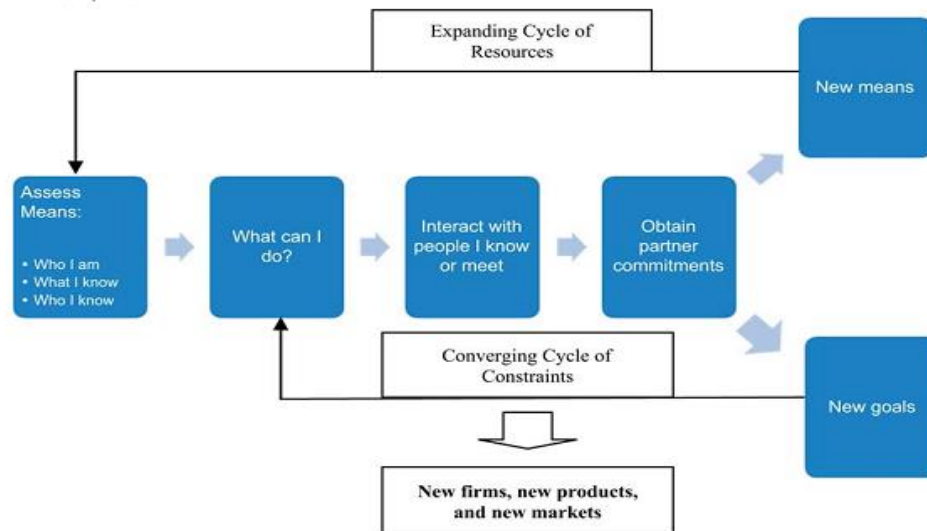
The current trend towards knowledge-intensive industries means that competitiveness increasingly depends on the management of the relational bases of members of organisations. Culture, attitudes, values and commitment to employees, then, are more important to the success of firms – big and small – than ever before (Snell et al. , 2002) As small and medium-sized enterprises (SMEs), in particular start-ups, do not have HRM departments, this presents a dilemma for researchers trained in using traditional HRM paradigms. Despite this, though, several studies on HRM in start-ups have appeared in recent years (e.g. Quader, 2007)

Millennial entrepreneurs are distinctive from earlier generations along six dimensions:

- Blending social and commercial purposes
- Aligning private, public, and NGO resources
- Leveraging communities and collaboration
- Adapting to millennial environments
- Embracing knowledge globalization
- Solving systemic problems while meeting market needs (Salkowitz, 2010).

Many of these entrepreneurs may market to the “bottom of the pyramid,” where optimal marketing strategies remain under development (Pitta et al., 2008; Sridharan and Viswanathan,2008).

Figure 1 The effectual process



Sources: Based on Sarasvathy and Dew (2005); Read *et al.* (2009)

There are four ways of connecting Human Resource Management with the business strategy defined by Paauwe in his book “ HRM and performance,“ and they are:

- a) **Administrative connection**, when there is a very weak connection between strategic orientation of the company and human resource management policy and practice
- b) **One-way connection**, which corresponds to personal management in which case it does not take part in the process of strategy formulation,
- c) **Two-way connection**, which establishes reciprocal connection and balance between human resources management and strategy in which human resources management contributes a lot by formulating the strategy,
- d) **Integrative connection**, which corresponds to strong connections in which human resources management and strategy equally influence each other, in formal and informal ways. Managers and employees answer their obligations within one system of responsibility.

New objectives of human resource management are expressed in the following areas:

- Developing and strengthening of the process of connection of individual aims with the aims of teams, teams with business aims and company results,
- Maximizing and developing advantage (strengths) of human resources into performances of competitive advantage of the company,
- Integration of intellectual abilities, knowledge, motivation and loyalty into a prospective development performance, strengthening participation of executive (line) managers.
- Incorporation of the company mission and vision into the mental map of human resources managers.

The basic newly established goals have to be in accordance with the strategic vision and aims of the company, which are as such established in an equivalent involvement of all functional units of the company, that is, the human resources function is no longer the receiver of orders, but an equal participant in making strategic decisions.

Farndal makes difference among the following types of human resources management:

a) **HR leaders** in innovations create a competitive advantage by creating, applying and establishing successful human resource management practice. This advantage is gained by a pioneer role in bringing in new practices into human resource managing. An example: McKinsey company has introduced knowledge management, General Electric has introduced competence management, while Unilever has introduced human resource management competence,

b) **Fast followers** achieve an advantage in relation to competition by a faster imitation of the leader and by application of his/her practice. It is the natural way of advantage achievement – lower costs of research and development,

c) **Slow followers** are late and they slowly implement the innovations in the area of human resources. They do not take any risk because they take over and imitate the human resource management practice that once came out successful. The support or often the remark on the need to decide on applying successful practice is made by governments, unions and other interest groups. Such fittings do not ensure competitive advantage.

CHAPTER-3
RESEARCH
METHODOLOGY

Research Methodology

A well structured research process is vital in order to get the best out of the field work. Sampling and questionnaire preparation are two significant aspects of a successful project work. The use of quantitative research methodology is more helpful while doing the EXPLORATORY RESEARCH of this type.

Although at certain instances, qualitative methods of interviews were also used in order to understand the challenges and issues faced by start-ups in a better way.

- ❖ **THE UNIVERSE:** As per the reports, out of a total of 3400 odd start-ups operating in India, roughly 850 start-up organizations are setup in Delhi/NCR which formed the universe of the research study.

- ❖ **SAMPLING PROCESS:** A mix of Convenience sampling and snowball sampling was used to survey the respondents since many of the start-up contacts generated from the respondents themselves.

- ❖ **DATA COLLECTION:** The biggest task of collecting the data for the project was accomplished by getting the questionnaire filled from the start-up owners/ managers and interviewing them for the challenges and issues they were facing and had faced during the seed stage.

- ❖ **DATA ANALYSIS & INTERPRETATION:** The data collected after surveying a total of 48 start-up companies was interpreted to understand the financial management and human resource management techniques exercised by the start-ups. The detailed interpretation is explained later in the report.

CHAPTER-4
CASE STUDY

Introduction to the case

The current research study was taken up in order to fulfil the project dissertation as required by the university curriculum. The study took almost 4 months in total beginning with the finalization of the objectives and the scope. The literature review took almost three weeks while the questionnaire preparation took almost 10 days and the data collection took almost 3 weeks.

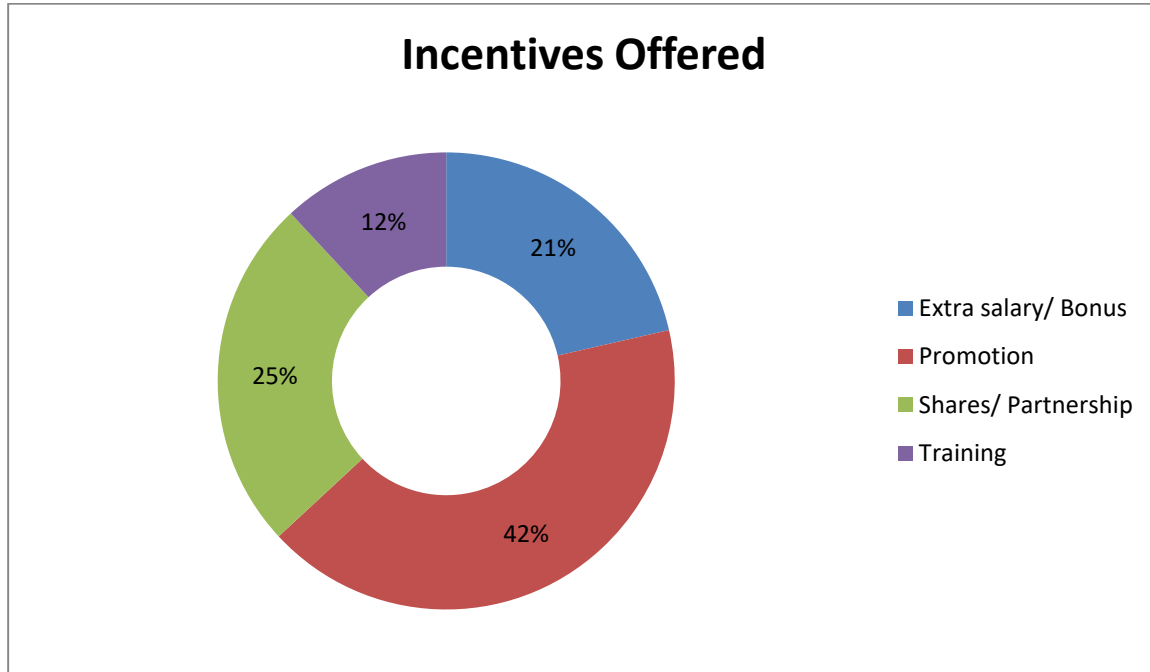
The findings of the study gave new insights into the way modern day entrepreneurs function and the way they approach business. Also, the flexibility in structures is becoming more prominent and advisable leading to increased accountability and freedom. On the initiatives taken up by the Government of India, the awareness levels were also assessed and found to be satisfactory but the speed of setting up a business in India still needs to be improved.

Data collection techniques

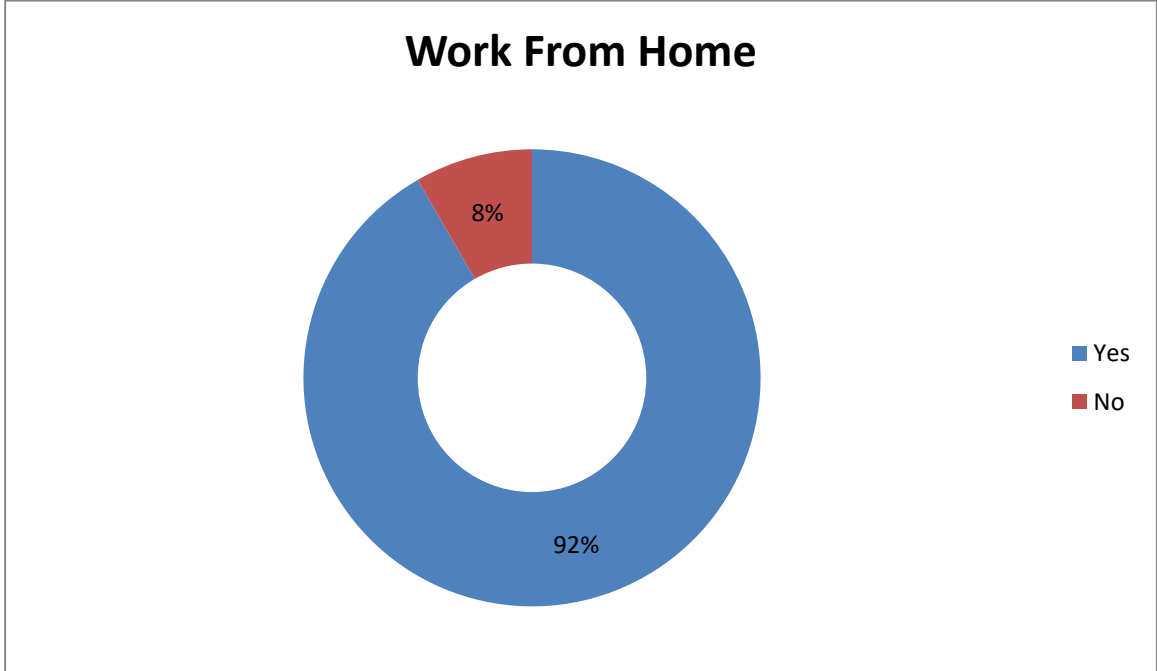
As far as the data collection techniques are concerned, a mix of quantitative and qualitative techniques were made use of. A mix of convenience and snowball sampling was used. The preparation of the questionnaire in itself proved to be a cumbersome task because of the variety of aspects that had to be included in final study.

Apart from the questionnaire, certain verbatim were also recorded while the informal talks with the respondents that proved to be very insightful and helped in understanding the scenario with a closer look.

Data Analysis

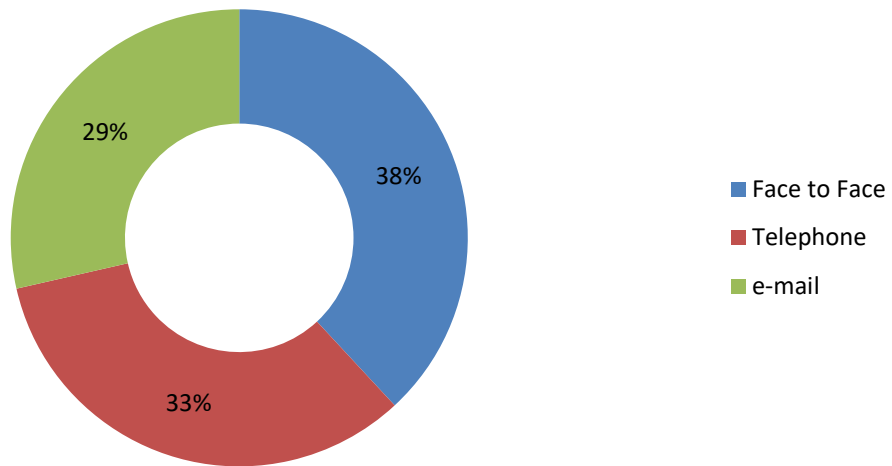


Interpretation: Surprisingly, it is not the training that motivates the employees to keep moving ahead, rather it is the promotion and the passion for owning a business drives the employees to stay with the start-up. This finding also gives a clear picture into the mindset of the Gen-Y employees who aim to be entrepreneurs and not just an employee for some other boss throughout their lives.

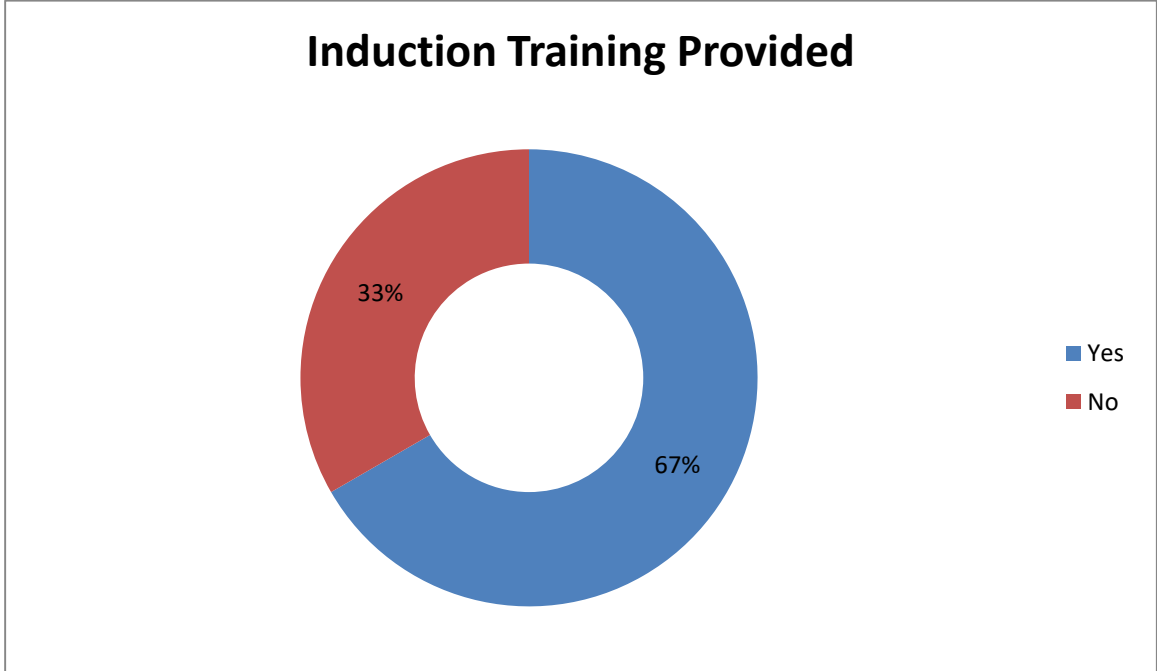


Interpretation: This finding is on expected lines because even the bigger organizations, with hefty bottom lines, give the opportunity of working from home to their employees since this works as an added incentive and a breather from daily travel and increased satisfaction level of the employees.

Mode of commn.

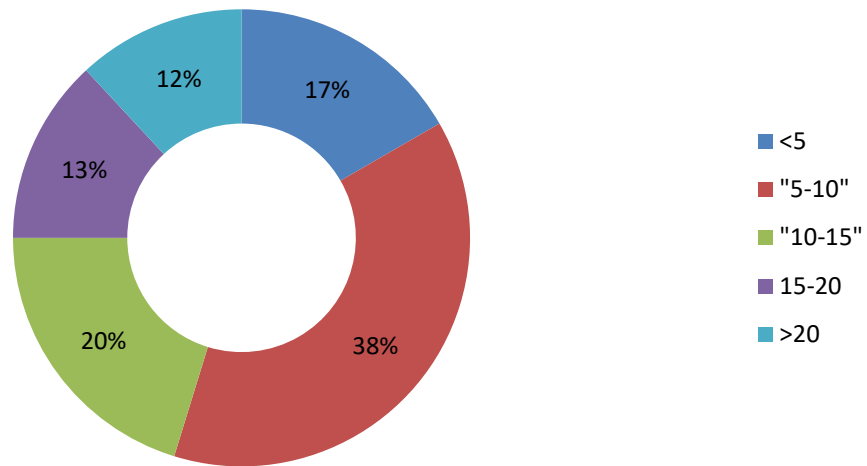


Interpretation: Even today, with the vast advancement in technology and the communication being made almost mobile, start-up companies are inclined towards having face to face interaction with their employees so as to transmit their message in the right spirit and right sense.



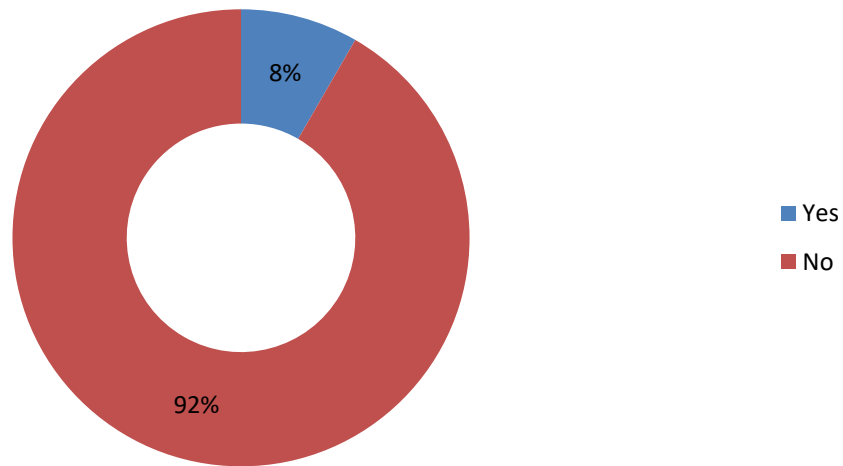
Interpretation: This comes as a surprise to the research team because the kind of seed money they have received and the absence of a dedicated HR professional in the company, managing to arrange for an induction training program is commendable and shows the will and the acumen of the entrepreneurs to match their offerings to any mid to large size organization.

No. of employees presently working

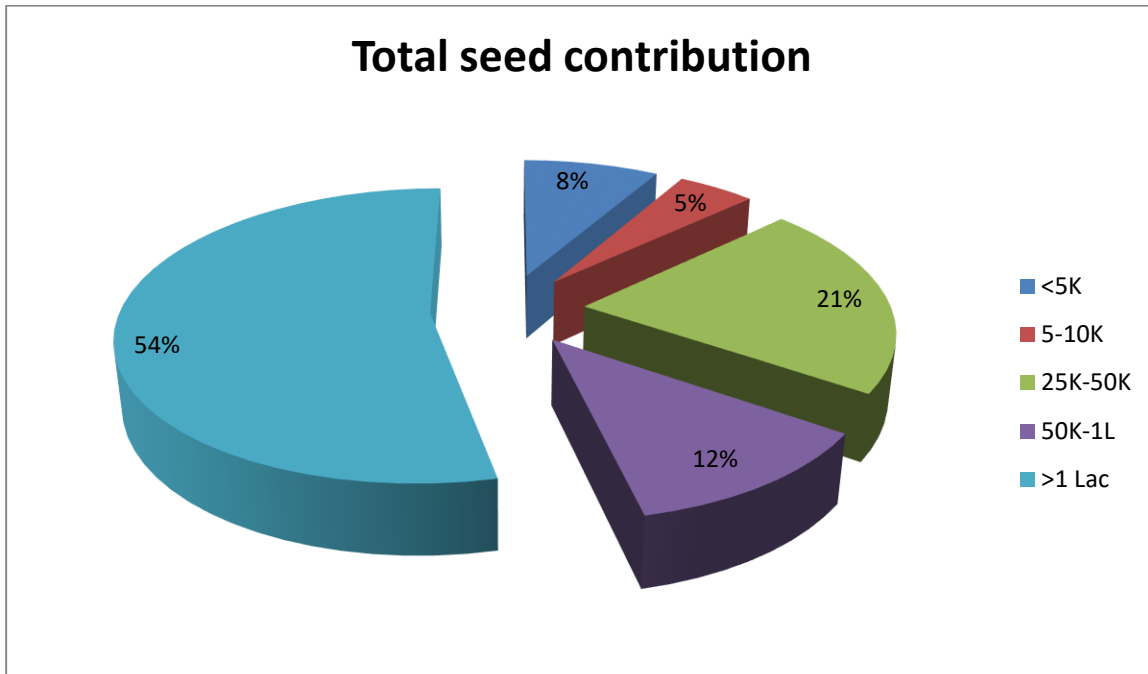


Interpretation: The number of employees in the startup companies remains small because of the paucity of margins they are operating in and the scale of operations being also limited by the funds available.

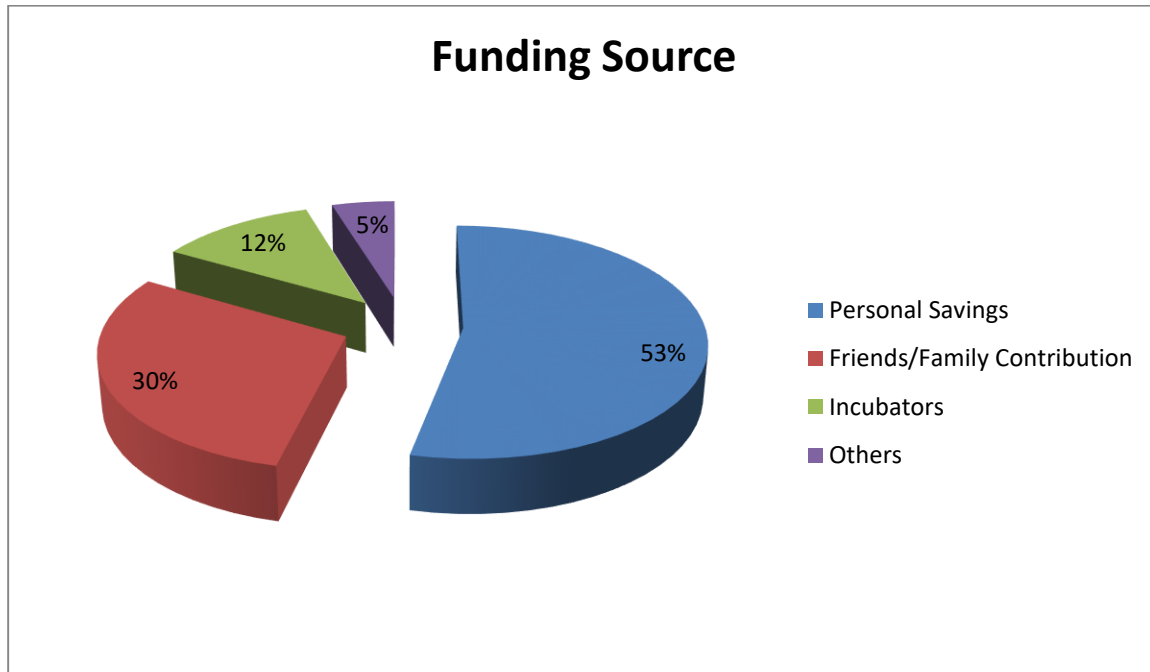
Presence of a dedicated HR professional



Interpretation: A whopping 92% of the surveyed start-up organizations do not have a dedicated HR professional which is a trend inline with the paucity of funds and also the limited number of employees that need to be handled.

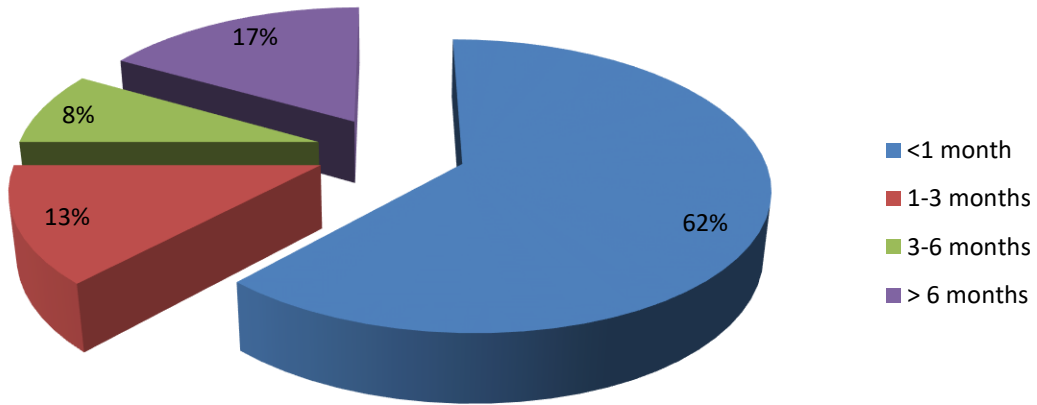


Interpretation: More than half of the surveyed start-up organizations initiated with a seed money of more than 1 lac rupees while a quarter of them had a seed money ranging from 25,000 to 50,000. The variation in the seed money is due to the difference in the domains in which these companies are operating.

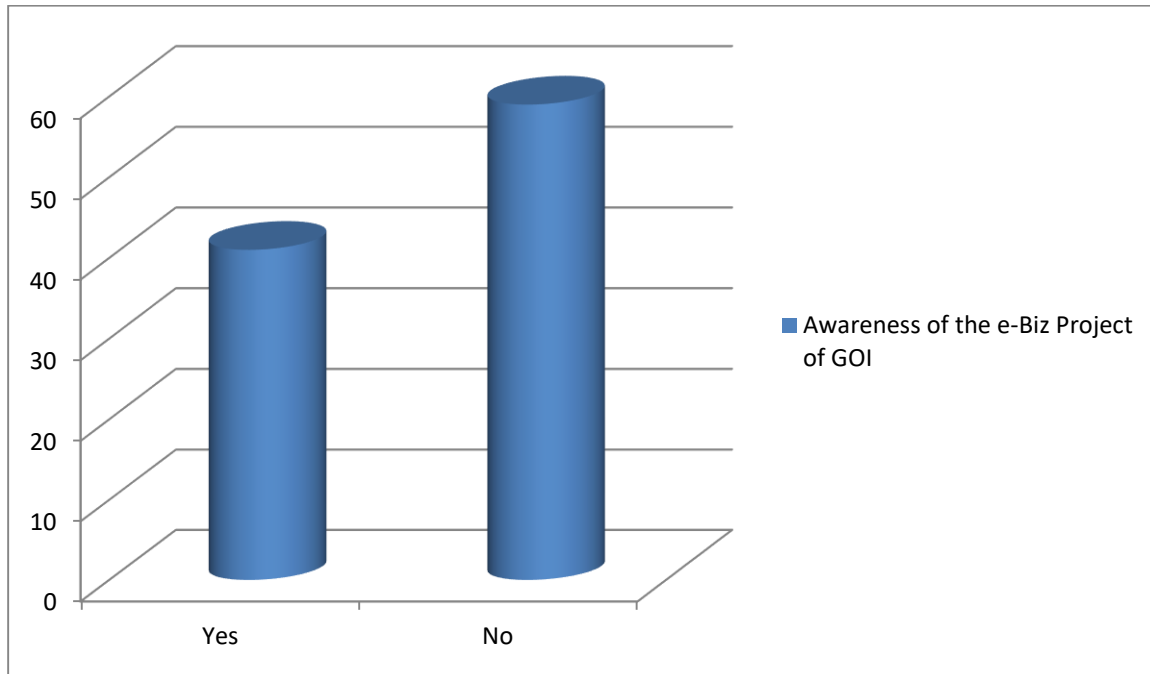


Interpretation: The chart clearly depicts that people still rely on personal savings and contribution from their family and friends while arranging the seed money to kickstart their businesses. This observation also leads to a very vital insight that the funding from financial institutions is still either not affordable or not accessible. Thus, there is a huge potential for the banks and the NBFCs to show some confidence in these new enterprises and help them raise money for their operations.

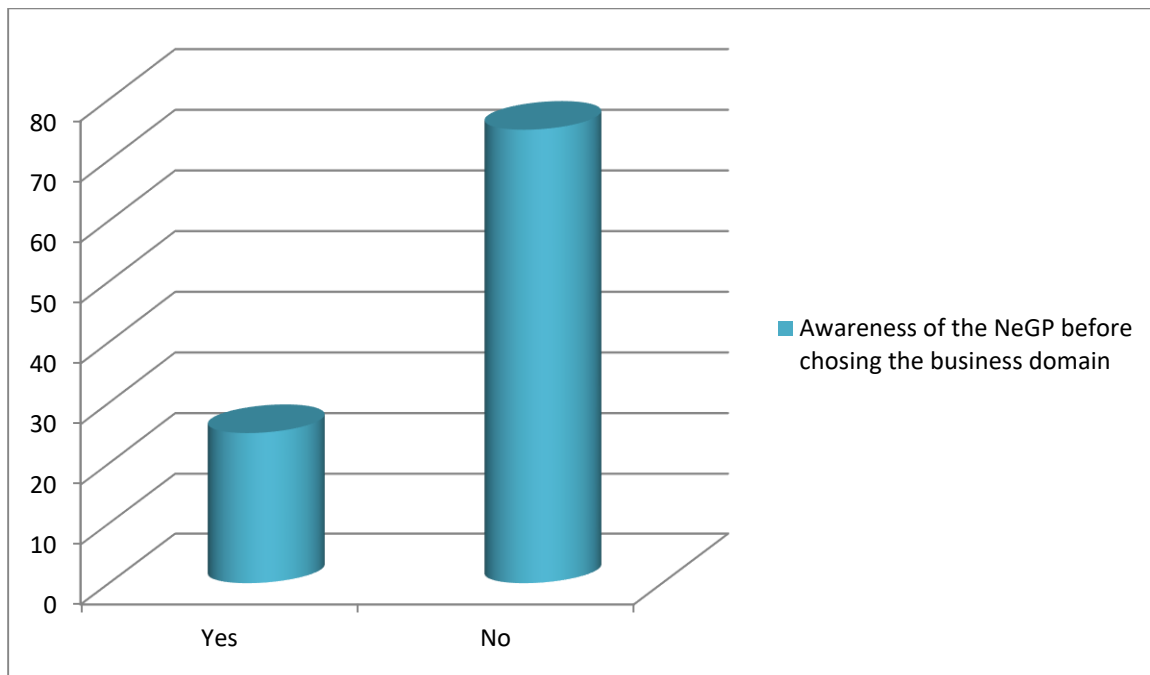
Time Taken to arrange the funds

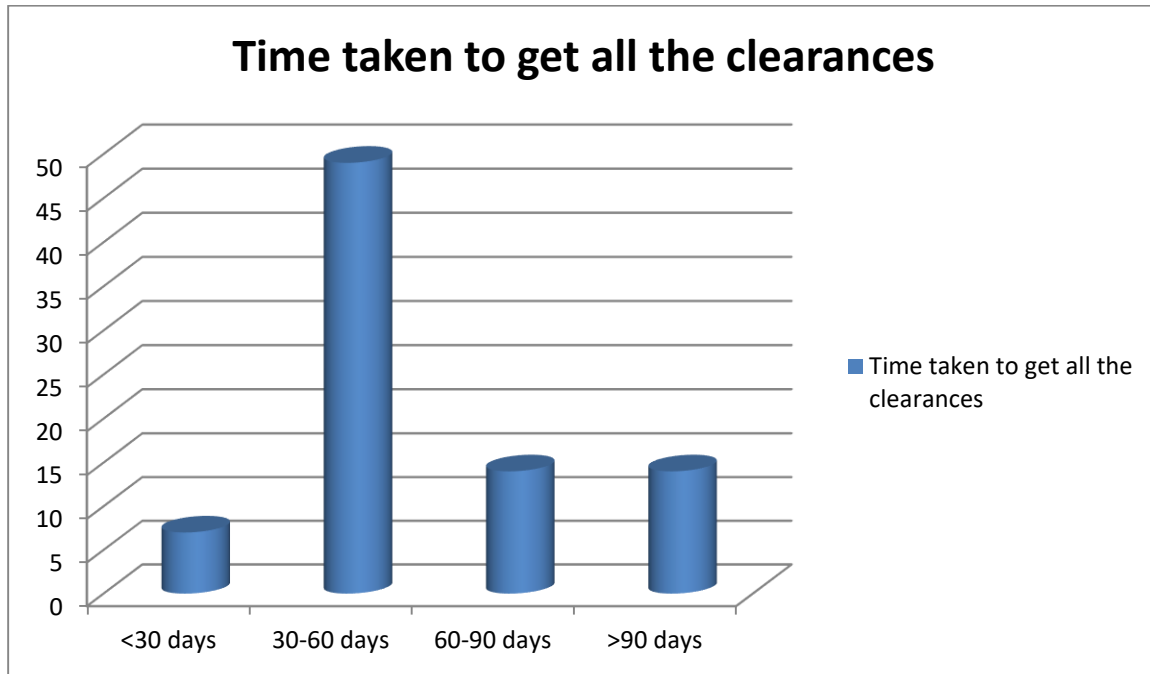


Interpretation: Since majority of the entrepreneurs have raised the money through their personal savings or through family/ friends, time taken up is usually less. Though, another point of view can also be explored that since it takes less time to arrange funds through self means, entrepreneurs do not go to financial institutions to raise the money.



Interpretation: The inclusion of this dimension to this study was purely secondary and the major motive was to access the reach of the Government initiatives and the responses were encouraging that as many as 41% of the surveyed population was aware of the one window clearance solution project of the Government of India.





Interpretation: This bar graph is not very encouraging for an economy striving for 8-9% growth YoY since the time taken to get all the clearances is comparatively higher than any other developed or a developing economy. The study clearly indicates that there is an alarming need to reduce this time period in order to boost the entrepreneurial ventures.

Verbatims

- ❖ “Convincing these VCs is such a tedious task, they want to suck all the blood in you”
- ❖ “These angels are not so serene”
- ❖ “The clearance process should be further streamlined so that the budding entrepreneurs are encouraged and not hindered”
- ❖ “I can bet, handling people is the crux of the entrepreneurial story”
- ❖ “People skills are more than just handling human resource”
- ❖ “We try and give our employees a sense of ownership which not only helps their confidence but makes our task rather easy”
- ❖ “At Tuesdays Research, we treat our interns and employees as partners”
- ❖ “Elitify strives to make luxury affordable to those who aspire to use the top notch brands but are unable to realize their dream”
- ❖ “I have realized how challenging it is to build a BRAND”
- ❖ “The competition is huge out there, you got to be on your toes each time”
- ❖ “My company is like my little kid, one day it will be a support stick for its ailing dad”
- ❖ “The funding for this venture has literally taken the last penny out of me”

Conclusion

Learning: There are a lot of unconventional findings in the research work carried out, which shows the potential for research on start-ups and the need to understand and interpret the learning from the entrepreneurial ventures so that the best HR and financial management practices can be spread across. It is clear from the data analysis that the employees working with the start-ups are inclined towards ownership and promotion and not merely towards money which nullifies the common notion that the newer generation professionals only strive for higher pay packages. The flexibility in working hours, lean reporting structures, casual modes of communication is what they are looking for. Even without the presence of a dedicated HR professional, the entrepreneurs are able to carry people along and get the best out of them with limited resources and expertise. It is the trust and the intelligent management of emotional needs that drives the cause of the entrepreneurs. Thus, an entrepreneur is not only required of being an analytical, intellectual & risk taker but also someone who is emotionally intelligent. On the financial management front, the common funding sources explored by the entrepreneurs include, the VCs, the angel investors and personal savings, but surprisingly people are reluctant to go to the formal financial institutions and the NBFCs to raise funding for their venture.

Suggested Actions: Based on learning from the current study and the plethora of literature that has been reviewed, it can be suggested that the HR managers and the business owners need to be emotionally more intelligent in their approaches. The systems, processes and the structures need to be made flexible and capable of adapting to change. The HR managers should also focus on treating their employees as partners and imbibe a spirit of accountability driven motivation in the organization so that there are optimal performance levels. As the research suggests, even though we have technological capabilities of communicating amongst us, yet the best means is to interact face to face so as to deliver the message in its right sense and spirit. But, the presence of a dedicated HR professional is advisable in order to make the entrepreneurs focus on his/ her core competence because handling the human resource by self is not scalable as the firm grows in size and operations. On handling the finances and arranging for them in first place, it can be highly recommended that the entrepreneurs should explore the formal financial institutions so as to lower their cost of capital and also to maintain a higher degree of control on their businesses.

There is also an alarming need for fiscal reforms in the start-up culture so that the innovative and enthusiastic entrepreneurs are done justice. Special interest rates and collateral discounts for the start-up firms with less than 2 year of operation is recommended.

Performance: The inherent meaning of the term here is the expected outcome of the suggested actions. It is believed that the actions recommended herein have the potential of making, not just the start-ups but also larger organizations, more satisfactory places to work for and achieving consistent growth rates, especially in times of economic distress around the globe. Also, in a developing economy like India, where growth is getting sluggish, there is a dire need for encouraging the young entrepreneurs who can generate employment and help the society at large. The cohesiveness that every organization strives for can be built by following the suggested actions.

Limitations Of The Study

- Not an encouraging response from the respondents.
- Busy time schedules of the entrepreneurs forced them to fill the questionnaire in a hurry at times.
- Less than 20 entrepreneurs could be personally met.
- The understanding of the NeGP initiatives was very naive.
- The reluctance and insecurity in eliciting out the true picture was a huge bottleneck.
- Understanding of a few terms was very naive.

CHAPTER-5

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CHAPTER-6

APPENDIX