

ODISHA AND START-UP ENTREPRENEURS: AN OVERVIEW OF BUSINESS ENVIRONMENT AND GROWTH OPPORTUNITY

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Abstract

This paper aims to examine the culture friendly environment for start-up entrepreneurship as well as the employment opportunities for low skilled youth in Odisha. In addition to this, attempt has been made to identify the intent and dimensions of venture capitalists and angel investors to create business hub in the growing cities of Odisha. The objective of the article is to understand the culture and intent of the governance procedures to set up a better conducive business platform for the sustainability of entrepreneurship ably supported by evolved government policies mechanisms. It is purely a review article. It tries to explore the essential ingredients required to setup business environment through analysing secondary review of the studies and content analysis of policy initiatives at the government level. The economy system of the state like Odisha has been well natured focusing on the areas like world class infrastructural development, innovative academic culture, adequate training scope for the requisite skill. The innovative ideas and business mind sets among the youth would add value to compete at the global market perspectives.

Keywords: Capitalist, Angel Investors, Conducive Business Platform, Sustainable Entrepreneurship.

Introduction

In the global competitive world innovative entrepreneurs bring new dimensions in economic growth and development. As Innovation has the potential to cut across all aspects of human endeavour, it is vital to understand what drives this phenomena and how it can be best managed to gain maximum benefit. The World Business Council for Sustainable Development believes that the “integration of sustainability thinking into a business’s innovation process - not as a negative or limiting factor in the creative process, but as an opportunity- is in its best business interests” Dormann & Holliday (2002). Innovative products and services and new way of doing backed by sustainability definitely can respond to the needs of both present and future customers. On the other hand it is argued that effective entrepreneurs are normally intensified to a particular sector for getting / producing qualitative product. They could reach in the desired target due to acceptance of new technology and its implications. As a result, effectiveness spreads across the surrounding which is impacted upon for others to follow the procedure for setting up new business.

It is worthwhile to mention that entrepreneurship is nothing but planning, strategising any new product or service and executing in a systematic process. It has been noticed that a new business opportunity is being perceived by the entrepreneur and the he often comes up with various ideas and methods to explore the opportunity. In this context, both entrepreneur and business model needs to be self-sustained. For sustainability of the start-up company, the

capability of these at a certain level of performance or the desired outcomes needs to be accessed, evaluated and processed. The focal point of self-efficacy in terms of organisational development follows out of box competency and conviction, and it, which may be far different from those, required for managers in a fully established organization. Particularly, an entrepreneur could think out of the box, make consistent efforts thus strengthening abilities beyond one's comfort zone and explore one's capabilities to access resources. In addition to this, the role of the supportive environment plays vital role to increase entrepreneurial self-efficacy. However, innovative start-ups aim to disrupt existing industries or create new industries altogether. But, also, existing organizations depend for their survival on innovative mindsets and skills. Innovation or out-of-the-box thinking plays a great role in success of a particular idea. Innovation is the catalyst, a base for every start up. Innovation can turn interesting ideas into viable enterprises. A start up should always come up with new ideas from time to time to develop goods and services that meet with the shifting social needs, demands or preferences.

Review of Literature

Entrepreneurship is a creative and innovative response to the environment and an ability to recognize, initiate and exploit an economic opportunity Manocha (2012). In the present globalised world, sustainability or innovative idea based entrepreneurship needs renewing the process of stakeholders. However; traditional businessman doing routine based work has not been recognised as an entrepreneur. Considering the socio-cultural aspects that men have higher Entrepreneurial self-efficacy (ESE) than women, it could be stated that gender role investigation determines possible differences in entrepreneurial self-efficacy. Meanwhile interdisciplinary and learning-by-doing approach helps to promote effective entrepreneur, Tan (2006). It can be stated that in-house or classroom education is needed to determine effective entrepreneur.

In regard to this, strenuous efforts for trained entrepreneurs are required, which would help to achieve better performance than non- trained. Entrepreneurship is an essential element for economic progress Acs et al (1990) as it manifests its fundamental importance in different ways: a) by identifying, assessing and exploiting business opportunities; b) by creating new firms and/or renewing existing ones by making them more dynamic; and c) by driving the economy forward –through innovation, competence, job creation- and by generally improving the wellbeing of society. Entrepreneurial development is a catalyst for economic, social and industrial development. The entrepreneurial class provides leadership in resource change, innovation, technical progress and capital formation to produce new knowledge, new production techniques/possibilities, profits and economic growth. In contrary entrepreneurial self-efficacy may be comprised of deliberation of those tasks that relate to the initiation and development of new ventures Camp (2005). In this regards, it is also noted that “Entrepreneurial self-efficacy is best seen as a multidimensional construct made up of goal and control beliefs” Mateja (2010) and propositions for how these two different dimensions will play a role during phases in the process of starting-up a new business. Self-efficacy construct has significant pedagogical payoffs given that entrepreneurship education should also focus on social-cognitive, psycho-cognitive and ethical perspectives of entrepreneurship.

Entrepreneurship in Odisha

Talking about Entrepreneurship in coastal Odisha, cities of Bhubaneswar, Cuttack and Puri have emerged as the start up hubs. Odisha government has a target of generating 0.4 million jobs by promoting 0.15 million enterprises in the MSMEs (micro, small & medium enterprises) sector during 2015-19 financial year. The MSME department is giving final touches to an entrepreneurship development policy. There are not many start-ups in Odisha. After Tier 1 cities like Bangalore, Delhi –NCR, Hyderabad and Chennai, smaller cities like Cochin, Bhubaneswar, Jaipur and Indore are emerging as the new start-up hubs of India. Since the last decade Bhubaneswar has seen sprawling growth of start-ups. Mindfire Solutions has emerged as a leading start-up.

Mindfire Solutions is an offshore software development company providing customized services and solutions. Another firm, Tatwa Technologies was founded by Mr. A.K Mohanty and Tapendra Senapati in 2002 as an IT services company, now Tatwa Technologies has ventured into Business Technology Services, Mobility & m-Commerce solutions. Other examples include HelloDoctor24x7 Pvt. Ltd , SakRobotix, Mediactor, AMOKart, thoomri.com etc. One of the key factors that make Bhubaneswar a start-up hub are the presence of world class educational institutes like IIT, NISER, CET, IIIT, CIPET etc that provide global exposure. Emergence of IT giants like Infosys, TCS, Wipro and Mindtree in Bhubaneswar also acts as a catalyst for the fast growing start-up culture in the city. The youth of the city is talented, enthusiastic and innovative. This year the World Bank has ranked Bhubaneswar as the best place to do business in India. The venture capitalists have also studied about the situation and

taking course of action in this regards. While interacting with the business thinks tankers it is found that “Bhubaneswar acts a great destination to start and validate customers. Having a limited demand, the cash burn would be lower, facilitating the stability of business model before entering Tier-1 cities.

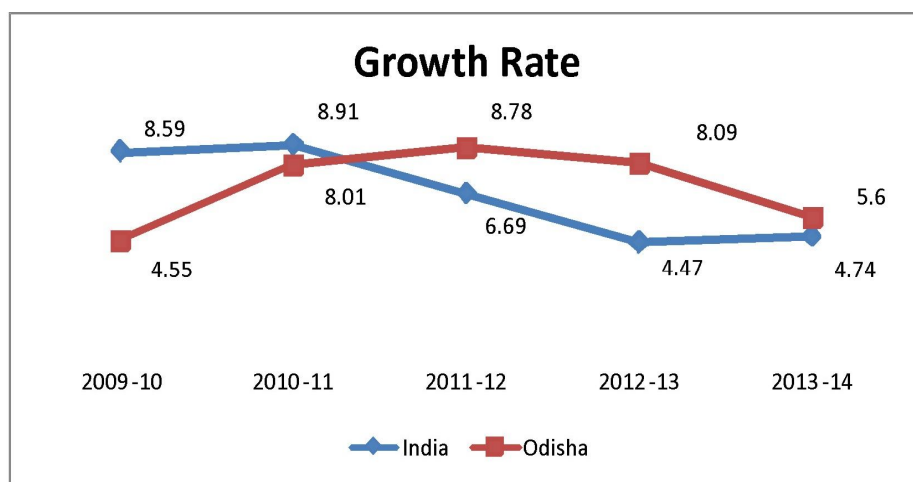
Entrepreneurs and National Income

Entrepreneurial ventures literally generate new wealth. Existing businesses may remain confined to the scope of existing markets and may hit the glass ceiling in terms of income. New and improved offerings, products or technologies from entrepreneurs enable new markets to be developed and new wealth created.

Gross Domestic Product at constant prices

Year	GDP	SGDP
2009-10	4516071	115851
2010-11	4918533	125131
2011-12	5247530	130113
2012-13	5482111	135010
2013-14	5741791	137468
2014-15	NA	148576

Source: Planning Commission, Government of India



Source of Diagram: Odisha State Profile, Sectoral information MSME, Misnistry of MSME, Government of India, 2013-14

Considering to the report of IMF world economic out look (April 2016), India holds 9th fastest growing nation in world based on the growth rate of 2015, which was recorded as 7.336% in India. The position in the global perspectives has been increasing as compared to 14th position in 2014. Looking into the state specific, within the country the state like Odisha has been performing better than country’s growth rate. As the table represents consistently the Gross Domestic Product within last five years report is in increasing order. In other, the state Gross Domestic Product is also in the same line of order. Though, propornately the rate is little better, therefore it is happening due to positive output in industrial sector as well as expansion of business set up. However, the poorest state like Odisha has also viable opportunities for the growth in industrial and business sector. Probably, the central government is trying rebuilding world-class cities in the state with the objectives of drawing attention of the international agencies and angel investor those willing to expand their existing set up. If it happens, definitely it would help for the ancillary industry and person having new innovative ideas for establishing business in the relevant sector.

Growth Rate

The growth rate of the country visa-vis Odisha represents significant contribution of multi factors. The trend of development is shifting due to physical as well as social infrastructure's pre-requisiteness. In the past few years, most of the states have witnessed a shift in focus of the state governments towards improving infrastructure facilities within the state (GoI-2011). As per the report of the planning commission that BIMAROU states percapita is comparatively low than national average. In recent years the state government has also been emphasizing on social sector spending as reflected in the increase in social sector expenditure to GSDP (SGDP) ratios across the states during the period under review of last five years. Here, the social sector expenditure is meant for social services, expenditure on food storage, rural development, capital out lays and loans etc. The growth rate and expenditure on development sector is proportionately related to each other.

In addition to this it can also be stated that the economic growth could be increased through increasing the numbers of business units, resulted as width of employment will be more as well as additionally gives value to economic growth of the family and state also. However, across the country, employment is a major chunk to address. the state like Odisha, has planned to work out more on promoting social entrepreneur and venture capitals. With the initiatives of government, the start up companies is coming forward to contribute significantly in national growth. In this regards, integrated efforts of the state and central governments should support for growth in a sustained manner. The economies of low growth rate of the states are mostly agrarian economy having stumpy skillsets. Particularly in case of Odisha, it would be better to promote agrarian based entrepreneurs, which could bring significant changes gradually. In Odisha, the government has planned out to work on start up locations across the state.

Entrepreneurship Environment

Entrepreneurship and livelihoods are correlated to each other. It has the potential to change the growth structure of the individual resulted as prosperous of belonging community and national development as well. In Odisha, there are 19353 companies have registered under MSME department, where as unregistered company found 9009. Consistently, the entrepreneurs are significantly contributing to develop prosperous society in the forms of innovations and contributions of wealth that successfully influencing towards the standard of living. For effective entrepreneurship environment, innovation and high growth entrepreneurship supportive mechanisms has significant role in establishing start-up companies. In this connection there are few areas could reworked that for establishment of entrepreneurship hub in the cities like Bhubaneswar, Cuttack, Rourkela etc.

Firstly, the entrepreneur should have innovative ideas with clear-cut growth trend, along with, state government support for smooth operation remains important. The state could play role as a gatekeeper and regulator on regular basis, which is very vital part in the initial stage. It is highly important because in the absence standardised rules and regulation, entrepreneurship may result in undesirable social customs including corruption, crime, speculation and financial crisis and may worsen the vulnerability of people during natural disasters Nuade (2011). However, adequate economic growth may not impact upon material welfare. Therefore, looking at happiness is to be one of the objectives of the entrepreneurs. A similar view has also been recommended that present time is for our measurement system to shift emphasis from measuring economic production to measuring people's well-being (Commission on the measurement of economic performance and social progress-2011).

Considering to actualisation of sustainable employment potential, the Govt. Of Odisha has formulated start up policy-2016, where natured economy system is to be focused on well-planned physical infrastructure, innovation academic culture and training for the requisite skills. In this new idea, the government is trying to address effective participation of the university or educational institution to intervene during the process of establishing start up companies. The institute has role in certifying the purpose of applicability who will act as a nodal agency. In 2014-15 financial year there are 82 companies had applied for start up, where as only 2 got the recognition status. It implies that the less number of companies are under consideration only because of fulfilling the criteria's as fixed by the concern nodal agency. In fact, the companies have good innovation ideas but it could have not materialised in terms of clarity, understandings, transformation into proper shape. In this regards technical supports of developing business plan is highly required to get into sector at preliminary stage. Normally the proposals has rejected due to inappropriate, lack of transforming ideas and presentation before the public. These supports is one of the important areas to look at which is to be addressed much before to come into the competition market at the entry level. The compact business environment in Odisha focusing on IT/ITes, ESDM, Healthcare and Sanitation, Agri Business and Food Processing, Hi-Tech farming, Tourism, Textiles and Garments, Chemical and Petrochemicals, Downstream and

Ancillary. However, the importance of these industries has been selected based on the facts of GDP growth rate at 8.78%, which is one of the fastest growing state across the country and also predicting that it would grow at 12% by 2020. Ample opportunities need a conducive atmosphere to grow but it matters how it would be settled up as per the growth requirement and viable environment for large scale employment opportunity creation.

Conclusion

The state like Odisha, has better opportunity for start-up entrepreneurs and could draw the attention at the global perspectives. Proactive role of the government would bring new changes in the fields of good governance for smooth and hassle free services, setting up start-up council towards effectiveness and sustainability of the project, stringent action by task force and in time funding assistance. However, still there are few areas under bracket like; can it be helpful to generate viable employment opportunity for low skill personnel?, challenges to meet demand and supply of services, product as well as employment and finally the capability of existing institutes within Odisha is to be measured.

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