

# A Study of Strategies for Sustainable Development of Startups and Small Enterprises in India

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**Abstract:** *Today in the era of globalization startups and small businesses play a vital role in the economic growth of any country and in eradicating the unemployment problem in highly populated countries like India. Since last decade we have seen a significant rise in startups and small businesses. However, many startups and small businesses did not sustain. This paper attempts to determine the reasons for the failure of startups and small businesses in India. In this review article, we will try to highlight the strategies that will help small businesses to sustain and overcome different challenges small businesses face.*

**Keywords:** Startups, small businesses, Strategies, Challenges etc

## I. INTRODUCTION

A small business is a privately owned and operated enterprise characterized by its modest scale in terms of both workforce and revenue. Ownership typically rests with individuals or a small group, fostering an entrepreneurial spirit and active involvement in day-to-day operations. The requirements for small business size differ depending on the sector and area, and they frequently include things like annual income or staff count. These businesses are known for their flexibility and ability to swiftly adapt to market changes. Frequently, they function at a local or regional level, catering to certain communities or customers. Start-ups are viewed as human organisations that create innovative products or services while actively looking for workable business plans in extremely volatile environments (Blank, 2013; Ries, 2011).

Small businesses are essential to the survival of local economies. They increase the range of goods and services available, attract customers to residential areas and commercial districts, and aid in the growth of vibrant communities. They also often reinvest their earnings to support local businesses and neighbourhood projects. Small enterprises and start-ups are significant employment generators. They give people the chance to find work, including those who might have trouble finding work in larger companies. They frequently provide opportunities for skill development and growth as well as flexible working arrangements.

Small companies are hubs for entrepreneurship and innovation. They constantly launch new goods, services, and company concepts, promoting economic expansion and competition. Their adaptability and daring spirit frequently result in innovations across a range of sectors.

Smaller companies are frequently adaptable and quicker to change than larger ones. They can react fast to changes in the economy, consumer tastes, and market conditions. They are better equipped to withstand difficulties and economic downturns because of their flexibility and inventiveness.

Over the past ten years, India's startup ecosystem has developed, producing numerous success stories in a variety of industries, including finance, e-commerce, technology, and healthcare. Companies like Flipkart, Ola, Paytm, Zomato, and many more are examples of well-known startups that turned into unicorns. These success stories are the result of several reasons, including expanding access to financing, a huge domestic market, a growing pool of bright entrepreneurs, and supporting government policies. However, it is crucial not to forget, that small business failure is a common occurrence and a worldwide phenomenon. Numerous studies indicate that more than half of small firms fail for a variety of reasons within the first few years of operation. India has one of the largest ecosystems for startups, but around 90% of Indian startups fail within the first five years according to IBM study 2021.

**II. RESEARCH OBJECTIVES**

- To discover the challenges that hinder small businesses to sustain.
- To find the strategies to help the small business sustain and thrive.
- To determine the key areas where startups and small businesses should invest.

**III. LITERATURE REVIEW**

Paper Title	Authors	Findings
Barriers to the growth of small business firms in India	Amarjit Gill, Harvinder S. Mand	Lack of Finance, Market Challenges, Regularity Issues, and Infrastructure are important perceived barriers to Small Business Growth in India.
Challenges to Indian micro small scale and medium enterprises in the era of Globalization.	Sonia Mukherjee	There are a number of challenges prevalent in the Indian Economy such as high cost of credit, difficulty of procurement of raw materials at a competitive price, inadequate infrastructural facilities, and lack of skilled manpower. There is widespread lack of consciousness about IPR as a tool for creating a competitive edge in the trade & technology market and for value addition to the business.
Entrepreneurial Marketing Strategies for Small Businesses : An Exploratory Study of Start-up Companies in India	Sarika Sharma, D. P. Goyal	For the survival and growth of small businesses like start-ups, marketing must be taken up as an essential activity, which is supported from the data analysis and results section. The top three marketing strategies taken up by start-ups are digital marketing, social media marketing, and search engine optimization. These marketing strategies, do not require much budget and are cost effective.
Decoding Start-up Failures in Indian Start-Ups: Insights from Interpretive Structural Modeling and Cross-Impact Matrix Multiplication Applied to Classification: Journal of Entrepreneurship, Management & Innovation.	Pathania Amita, and Sunita Tanwar	Entrepreneurial efficiency, external environmental issues, and poor management are independent factors that causes startup failures. Poor market positioning is the dependent factor for startup failure. Other factors like fierce market conditions, financial issues, poor networking, lack of innovation, poor business model, etc., are acting as the linkage between the other factors.
Strategy Development by Small Scale Industries in India.	Rajesh K. Singh, Suresh K. Garg, S.G. Deshmukh	Major implication is that SSIs should develop their strategies effectively after analysing business environment. They should develop competencies for continuous cost reduction, improvement of product quality, and ability to reduce delivery lead time. They should devote their resources for IT applications, training of employees, and research and development to improve their competitiveness at the global level

#### IV. METHODOLOGY

The research is conducted on secondary data and it is a review article. The secondary data is collected from related scholarly journals for theoretical background.

#### V. FINDINGS

The major obstructions in the sustainability and growth of small businesses and startups are as follows-

- **Lack of Funding:** Small businesses often struggle to secure the necessary funding and capital to start and sustain their operations.
- **Lack of Innovation:** Many small businesses are unable to spend on research and development of their product and services due to a lack of finance.
- **Regulatory burdens:** Small businesses more often face challenges navigating complex regulations and compliance requirements, which can be costly and time-consuming.
- **Limited access to skilled labor:** Finding and retaining qualified employees can be a significant challenge for small businesses, particularly in competitive industries.
- **Technology costs:** Keeping up with rapidly changing technology can be expensive for small businesses, making it difficult for them to stay competitive.
- **Marketing and branding:** Building brand awareness and attracting customers can be a significant challenge for small businesses with limited marketing budgets.

#### VI. CONCLUSION

Due to poor financial conditions small businesses and start-ups should focus on online marketing strategies such as digital marketing, social media marketing, and search engine optimization. Small businesses should invest in research and development to bring innovation in their product and services. They should make more investments in market research, human resource training and welfare, and cost-cutting at the operational level. Small businesses and start-ups can make better decisions by making use of the latest information. Fast delivery of services and products helps small enterprises to grow and sustain.

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