

HRM: THE BACKBONE OF STARTS UPS

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Abstract: Start-up India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start-ups with jobs creation. The campaign was first announced by Prime Minister Narendra Modi in his 15 August 2015 .It is focused on to restrict role of States in policy domain and to get rid of "license raj" and hindrances like in land permissions, foreign investment proposal, environmental clearances. Start-ups has played and continue to play significant roles in the growth, development and industrialization of many economics all over the world.

Pune has been Mumbai's satellite town for decades. But it looks like it has come of age for entrepreneurs. With an efficient start up ecosystem evolving, Pune is rising in health tech, SAAS, automobile, etc., although it lags behind the metros in terms of food tech and e-commerce. Pune has a lot of ex-enterprise resources in products and services, as well as a rich pool of tech developers, product managers, and software managers who were inspired by starts up India campaign.

This paper aims to understand the relationship between firm's qualities of HR decisions with performance of start-up, also checks if recruitment and selection policy meets organisations need. And also to understand the role of HRM department in the start-up.

Paper analyses data collected from 30 start-ups from Pune city, which justifies the role of HRM in all its aspect.in nutshell we conclude HRM: the backbone of starts ups.

Keywords: Start Up, HRM, Job Creation

1.0 Introduction: Start-ups has played significant roles in the growth, development and industrialization of many economics all over the world. Start-up is flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation. Start-up will drive sustainable economic growth and generate large scale employment opportunities and minimize unemployment.

India is the second largest country in the world with 1.2 billion populations in it. To cope up with this situation there exist huge potentiality of job market in India. But According to the latest Asia Pacific Human Development Report, India is facing severe scarcity of job market; growth in unemployment among young graduates and it will last for next 35 years. According to Labour Ministry data, around 1 million people enter the workforce in India every month. To eradicate this scarcity of job market, ours Honourable Prime Minister Mr. Narendra Modi , announced on 15th August 2015, "Start Up India, Stand Up India" to promote Bank Financing for start-ups and offer incentives to boast entrepreneurship and job creation. Start-up India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start-ups with jobs creation.

2.0 Start-up Initiative in India:

E-BIZ Portal: To boost young entrepreneurs and too make it easy to start your business. Budget 2015 has pitched for the wide spread usage of the recently launched e-biz portal. The portal integrates the regulatory permission at OneSource. The use of this portal helps entrepreneurs for faster clearance for setting up of business.

Mudra Bank: Several entrepreneurs in the MSME Sector have often complained about lack of difficulty in getting finances to run their business. So this bank have been set up for providing finance for Microfinance to the required individuals.

Atal Innovation Mission: Finance Minister in the Budget 2015 have launched the Atal Innovation Fund. (AIM). AIM will be an innovators promotion platform involving academics, entrepreneurs, and researches.

3.0 Scope of the Study/Relevance of the Topic:

Being merely over 65 years of an independent country, it won't be entirely wrong to say that India is a young nation. With the drastic changes in the economy, the budding generation of the country has a lot of opportunity to not only establish themselves but also contribute for a holistic development socially. In the last few decades the scenario of the job market has undergone a lot of changes with the major factors being the rising population and dearth of skilled resources. Today, the companies are looking for professionals who are skilled and are capable of delivering results. However, the present economic situation has a lot of opportunities to offer for those who want to opt for independent business.

With the rapid economic reform in the country, India has become a hub for start-up companies and new ventures.

The alarming factor of the situation is the fact that the number represents the educated section of the society. It is however quite interesting to note that the reports that have been prepared by the Planning Commission has strongly made recommendation for self-employment.

4.0 Scope for the Entrepreneurs

There has been recent development, where in government has come up with initiatives like 'Make in India' to encourage independent employment opportunities. When talking about scope in India, there are some important factors that can help in not only setting up a company but running it successfully.

5.0 Youth Oriented Demography:

India is a country with a huge number of youth work forces who are in desperate of jobs. They are educated and can be easily trained. These resources can be used for ones benefit and not only generate profit for oneself but also make a meaningful impact on the society by generating jobs.

6.0 Large Population:

The economy works on the policy of demand and supply. With its large population India is already is a huge market that has a diverse demand, which needs to be catered. For any entrepreneur, this is just the right place to start their company. All one need to do is come up with a business idea that they can use for the benefit of both the parties.

In a nation as diverse as India, every other individual is in need of one thing or the other. They have a different requirement and taste and hence it is require for an entrepreneur to study them and with the proper usage of technology, enough funding and right man-power, a venture can be easily opened.

7.0 Literature of Review

A number of studies have noted importance of human resource activities in the success or failure of a firm (Terpstra & Olson, 1993). Human resource factors form one of the most significant areas for success of a company (Itami & Roehl, 1987; Castanias & Helfat, 1991; Spender, 1993; Lei & Hitt, 1995; Conner & Prahalad, 1996). Cooper, Gimeno-Gascon, & Woo (1994), Carter, et al. (1994), as well as Nucci (1999) wrote that business survival and success is related to human resource as well as the financial factors at the initial start-up stage.

A study of new businesses by Bamford, Dean, & McDougall (1996) identified acquiring competent human resources was critical for a venture's success or failure because HR practices (also called personnel in the literature) influence and may determine if a firm does well in developing its product/service offer.

There are differences between large and small companies, but Hornsby and Kuratko (1990) found that concern for the most important future human resource issues is not affected by firm size. However, Chandler & McEvoy (2000) point out that there are few studies identifying and validating HR practices in small firms, and even less research focusing on the relationship between strategy, HR management, and the success of small businesses. A study of small companies by Chandler & McEvoy (2000) identified the positive effects of HR practices. These included practices that increased employee skills and motivation, which resulted in improving productivity. Size and resource capacities make an impact as Hornsby and Kuratko (1990) found that recruiting, motivating, and retaining employees is one of the biggest problems for small firms.

Omid Sharifi, Bentolhoda Karbalaie Hossain (2015) in their paper stated that the various challenges faced by the Start-ups in India. It also depicts the difficulties faced by the start-ups at the initial stage. The major findings are major leap in technology have led investors to raise the bar in terms of how much leg work entrepreneurs are expected to do before even pitching their companies.

More than 600,000 new businesses are launched in the United States each year (Dennis, 1999). Carter, Gartner, and Reynolds (1996) described successful entrepreneurs as aggressive in starting their businesses, making their business tangible to others, finding the most suitable facilities and equipment, getting financial support, forming a legal entity, managing their resources, and devoting full time to the business.

Lussier (1995) found that successful firms had good resources in terms of managerial advice and financial support as well as having a detailed and developed business plan.

Cooper (1993) constructed a model of the elements affecting new venture performance that included the entrepreneur's characteristics including goals, founding process including reasons for start-up, initial firm characteristics, and the environment including risks. This research led to the conclusion that both the characteristics of the entrepreneur and some skill set should be explored.

8.0 Objectives

- 1) To understand the relationship between firm's quality of HR decisions with performance of start-up
- 2) To study effects of Effective recruitment and selection on the performance of start up
- 3) To understand the role of HRM department in the start-up.

9.0 Research Methodology

10.0 Research Questions and Hypotheses

Research in the area of role of HR department in success and failure of start-up has many parameters for its evaluation. HR department is overall responsible to execute many functions. Most of the start-ups never had multiple functional role executed by HR of organisation. HR is responsible for designing policies, procedures, rules and regulations for the organisation, recruitment of right person for right job in the organisation, resources management, selection, interview, training, induction, performance appraisal, counseling, placement of employees, team building, industry relations legal issues, etc.

H1: There is no effect of HR department on the success and growth of a start-up.

All the organisation need effective HR management. For example, recruiting right candidate for the right job will play important role which helps organisation eventually with low turnover, longer retention of employees, better satisfaction, morale, which play important roles in the success of companies.

Thus, the first conjecture is

H2: The degree of a firm's overall HR performance is positively associated with performance of start-up.

H3: Effective recruitment and selection is positively associated with performance of start up

H4: Quality decisions taken by HR are positively associated with performance.

11.0 Method

A survey instrument was developed to elicit responses regarding the major factors associated with performance of start-up. A five-point Likert was utilized in the questionnaire.

12.0 Findings

After conducting Survey from, 30 employees of different start-ups located in Pune following results were found out.

1. 67% employees said their organisation has less than 10 employees working in the organisation, 23% of the organisation had more than 30 employees in there start-ups. And 10% of start-ups had more than 30 employees working in there start-ups.
2. 100% employees said there start up is less than less years old.
3. 60 % employees said they do not have separate HR department in their organisation. Out of which 50% said Admin personnel handles their HR operations, 50% said Owner itself handles HR Operations. when in 40% said admin senior people handle HR operations.
4. 74% of employees said HR is responsible for recruitment, Interview, training, performance appraisal, counselling etc. In their start-ups. 26% employees said HR is responsible only for recruitment and selection of employee in the organisation.

5. 78% employees felt HR department /person handling HR activities are doing their job in Efficient ways.22% said HR department should improve their Efficiency.
6. 70% employees said HR is involve in taking critical decisions of your organisation,30% of employees said ,he never got any such experience yet.
7. 70% employees said they are satisfied with the quality decisions taken by HR, 30% of employees said, he never got any such experience yet.
8. 60% employees said, according to them organisations recruitment and selection policy meets, organisation need.
9. 78% employees feel HR department is backbone of their Organisation.

13.0 Limitation/Future Scope for Research

Data was collected from 30 start-ups located in Pune city, from difference industry type. Due to constraint of time the study was restricted only for Pune city.

Future scope remains for studying the impact of HR practices on Sustainability of Business in Future. Sector wise, area wise study can be done in the future by considering various issues related with HR.

14.0 Conclusion

Start-up India campaign Announced by by Prime Minister Narendra Modi in his 15 August 2015 has played and continue to play significant roles in the growth, development and industrialization of many economics all over the world. Selected 30 start-ups from Pune are gradually expanding their business. Findings are narrating the fact that HR is playing very important role in Start-ups. In most of the start-ups HR acts as a backbone to the business, it is involve in taking critical and quality decisions in the start-push is responsible for anything and everything related to employees ,in nutshell we can say that HRM: the backbone of starts ups.

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