

## **REVIEW OF FACTORS AFFECTING SUCCESS OF STARTUPS**

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### **Abstract**

The main topic of the research is to investigate the factors that affecting and influencing the success of the start-up. The entire used the secondary resources for representing the relevant information regarding the topic. The researcher used the journals and articles developed by different authors to represent the relevant facts regarding the topic. The research identified that innovation and creativity, timing, funding, the skill and quality of team members, business model and idea influences the success of the business. Moreover, political factors, social and environmental factors, technological and legal factors affect the success of the business. Entrepreneur of the Startup should be challenging and have the capability to face the risks for the continuation of the business.

**Keywords:** Startup, success factors, innovation

### **Introduction**

The main topic of the research is to investigate and review the main factors that are affecting the success of start-up businesses. Start-ups success and failure depend on several factors such as the design of the products, innovation, marketing and business strategies are the main. Start-ups and businesses are the most vital component of the economy. It helps in reducing the burden and creates jobs for people. Political, social, economic, environmental, technological and legal factors are also creating effects on the success of the start-ups. Leadership skills, marketing and promotional planning and financing condition are also the major factors that affect the business performance of the start-ups. The enthusiasm of the entrepreneurs is also the major factor that strengthened the business environment of the start-ups. The positive behaviour of the entrepreneur is also a major factor that helps the start-ups to find new opportunities and utilise those opportunities according to the requirement.

It helps the start-ups to face the challenges and figure out the best solutions to overcome those challenges.

In this research, in the first section, it reviewed various journals and articles developed by the other authors to investigate the main factors affecting the success and benefits of start-ups companies. In the second section, it discussed the research method used in this research process. In the third section, it analysed and evaluated the findings from the entire research.

### **Objectives of the study**

**Followings are the main objectives to achieve the aim of the research:**

- To describe the actual meaning of the start-ups.
- To combine the various information from the different literature about the factors influencing the main success of start-ups.
- To review many journals and articles available on factors that actually affecting the success and benefits of start-ups.

## **Review of Literature**

This section reviews the various journals and articles regarding the research topic.

### **Start-ups business in the new markets and economy:**

In the view of Santisteban and Mauricio(2017), Start-up is the company or any project that is undertaken by the potential entrepreneur to develop the business, seek and validate a scalable effective business model in future. The main intention of the start-ups is to grow the business rapidly by offering something new product and new services to address the particular market gap. Start-ups are the mainly the technology-based and technology-oriented business that helps them to reach the large market easily. Basically, new business units of large companies, governmental organisations, business ventures and non-profit organisations are categorised as Startups. The motivation for continuing the Start-ups business totally depends on the success and survival motivation of and the level of the actual desire of the entrepreneur of the Start-ups for the business achievement. Innovation is the best survival technique for Startups. There are mainly six different types of Startups that can be regulated by the entrepreneurs of the business. Lifestyle start-ups are the mainly who preferred to happily live their life and they are not working for anyone. They are mostly freelance web designers, coders who actually love their job because it is their passion. Small business start-ups are mainly hairdressers, grocery stores, carpenters, travel agents, etc. Scalable start-ups, Google, Twitter, Facebook, and Uber etc. are examples of scalable start-ups. The entrepreneurs of scalable start-ups develop the repeatable and scalable business model for the continuation of the business successfully in the market. They hire skilled and knowledgeable employees to improve the productivity and services offered by the start-ups to the target customers. Buyable start-ups that offer web-based and mobile app solutions to large companies. Large Company Start-ups where the entrepreneur of the large company crate the new innovative and creative products and services for the customers to cope up with the changes in customers preferences, legalisation issues, new technologies and heavy pressure of the new competitors. Google and Android are the best examples. Social Start-ups, the mission of those start-ups is to bring innovative changes in the business and make the world a better place for people.

### **Factors that influence the success of the Start-up businesses:**

Innovation is the strong pillar and the main factor to bring success for every start-up in the market of the global world. The startups are required to invest in their research and development process to strive the new opportunities for the business. Richter *et al.*(2018) stated to bring success for the Startups in the new innovation environment, the entrepreneur of the business should develop an open business model. A creative and open combination of innovative technology and marketing of the business through open innovation is the best strategy for the start-ups to continue their business in the international and global market. Itstated that the open business model is the process of collaboration with partners in the entire ecosystem to become the central and main source of value creation. Entrepreneurs of the business should figure out novel ways for continuing their work with customers, suppliers and others to open and extend the benefits of the business. Entrepreneurs of start-ups businesses should pay proper attention to social and open innovation to bring creative opportunities by combining the new technology and demands of the society to actively lead in the market (Okrah *et al.*, 2018). It will become the new growth engine for the start-ups to easily continue their business in the competitive market. Moreover, the open business model also depends on the capital fluidity of the Startups. Financing plays a vital role to bring innovation in the business model and helps in the continuation of the creative and innovative business model to bring success for the company. The source of financing and the capital fluidity of the start-ups are also important factors and it influences the success of the business.

Nguyen-Duc *et al.*(2017) stated that every startup business started their business operation with fresh ideas and also the large companies are also starting their new start-up businesses with the new creative and innovative business ideas to grow up their business in the global and international

market. It is required that the business idea of the entrepreneur should be an effective one that creates a particular reason for the entrepreneurs to make investments in this and creates profits from the sale.

Entrepreneurs should focus on developing a good and effective business plan for starting start-ups in the market. In the view of Marullo *et al.*(2018), the effective business plan helps the entrepreneurs of the business to put their focus on specific business steps that are necessary for making successful business strategies and business ideas. It helps them to achieve the long-term and short term business plan. Entrepreneurs play an important role to successfully complete these business activities. The capability, business knowledge, creative and innovative power and ideas, effective management and organising capability and challenging behaviour is the most important factors, skills and knowledge for any entrepreneurs that are required for starting a start-up business in the market. Moreover, the role of the entrepreneur and the skills and knowledge of the entrepreneur decides the success of the business (Ko and An, 2019). The behaviour, knowledge, skills and capability of the entrepreneur is also an important factor that influences the success of the business.

Santisteban and Mauricio (2017) stated the skills and knowledge of the staff of the start-up business is also an important factor that influences the success of the business. Without an efficient workforce, entrepreneurs can't bring success to the business. Entrepreneurs of the business should recruit and hire skill and knowledgeable people to develop effective business strategies that create a particular vision for the business and gives particular direction to continue the business in the market. Employees should have the capability to develop proper marketing and business plan based on the demands of the customers in the market. The marketing plan and promotional plan should be preferable for target customers of the business. The study stated that the employees are should be responsible for bringing innovation and creativity in the services offered by the start-ups. An entrepreneur should focus on the design of the product, price of the product, value and services of the product should be matched with the demand and requirements of the target customers. The skill of the employees and qualities and services of the product is also the important factors that influence the success of the business.

#### **Factors that affect the success of the Start-ups:**

Political, social, economic, technological, environmental and legal factors are affecting the success of the business. Political stability and instability, tax on the business services and the products offered by the Startups, the influence of the political leaders for new developments, services and products, and different trade policies applied by the government directly affecting the services offered by the Startups. The success of the business totally depends on these factors because it helps in figuring out the operational cost for the continuation of the business in the market. The research by Thanapongporn *et al.*, (2021) stated that the start-ups contribute to the economic dynamism by injecting competition in the market and spurring innovation in their products and services. Start-ups are great sources of creating employment in the country. Moreover, the economic condition, economic recession, incoming ability of the people, leisure income of the people, GDP of the country, the inflation rate of the country all are affecting the success of the start-ups in the market.

Social norms, attitudes, changes in the preferences of customers, changes in the new technology, demand for the product and services in the particular market, lifestyle and trends of the people are also affecting the success of the start-ups. Moreover, the technological advances, use of innovative and creative techniques for bringing more innovation in the services and products offered by the company also helps the start-ups to easily continue their business in the market. The research by Ceaşu *et al.*(2017) stated that the relationship with the suppliers and distributors is essential for the start-up. Moreover, the quality of the raw materials supplied by suppliers and the quality of services offered by the distributors also helps the start-ups to expand their business in the market. Moreover, the entrepreneur of the start-ups should be able to take the risk and face the challenges in the business with patience that will help the entrepreneur to bring success in the business efficiently. The entrepreneur should be able to develop environment-friendly strategies for the continuation of the

business to reduce the environmental footprint and reduce the bad impacts on the environment. These are all the main factors that affect the success of start-ups in the market.

### **Research Methodology**

**Research Philosophy:** The researcher used a positivism research philosophy while collecting the relevant information regarding the factors that affect the success of the start-ups (Ryan, 2018). It helped the researcher to gather actual facts and evidence regarding the research topic through observation and measurement.

**Research Approach:** In this research project, the researcher used deductive research approaching method for representing the relevant facts and data regarding the research topic (Azungah, 2018). It helped the researcher to collect the relevant information from the existing resources developed by other researchers to achieve the objective of the research.

**Research Design:** The researcher used a descriptive research design to describe the actual phenomenon behind the research regarding the main factors that influence the success of the business (Siedlecki, 2020). It helped the researcher to accurately and systematically describe the actual facts, phenomenon and situation to describe the actual facts behind the research topic.

**Research strategies:** The research here uses the qualitative research strategy for collecting relevant information regarding the factors that are the main influencers for bringing the success of the start-ups (Lester *et al.*, 2020). It helped the researcher to represent the in-depth information regarding the factors that influence the success of the start-ups and the impacts of the factors on the business operation.

**Data collection method:** The researcher used a secondary data collection method for collecting the relevant and authenticated information regarding the research topic from credible and authenticated sources (Johnson and Sylvia, 2018). It helped the researcher to generate new insights regarding the research topic from the analysis and evaluation of the collected data. The researcher used secondary resources like journals, articles and online authenticated available resources for collecting the facts and information regarding the research topic.

**Data Analysis Method:** The researcher used the qualitative data analysis method to interpret the collected information efficiently (Raskind *et al.*, 2019). It helped the researcher to represent more in-depth perspectives based on the research of other authors and their aspects of how the factors (like Business Ideas, a team of the Start-up, Business Model, Timing and Funding, entrepreneur behaviour and abilities) influences the success of the start-ups.

**Ethical Consideration:** The researcher collected and gathered the relevant and authenticate journals and articles from the Google Scholar site to maintain the authenticity of the information and facts regarding the research topic (Arifin, 2018). The researcher also gave credits to each and every author for using their journals and articles as the resources for completing the research.

### **Results and Discussion**

#### **The Startup business and Role of entrepreneurs for the success of the Start-ups:**

A start-up company mainly requires the opportunity for creating the face to face contact with the multiple sectors of the business. Start-ups set up an effective self-sustainable business model and use innovative technology to explore the new sales channels for the business efficiently (Ceaşu *et al.*, 2017). Start-ups are a huge source of economic growth in the country. In the view of Prohorovset *al.* (2019), an entrepreneur should develop the proper financial management plan to utilise the financial resources for starting the Start-up efficiently. The entrepreneur should also develop the proper

marketing, sales and customers service skill to promote the business products and services in the market. An entrepreneur should set up the price of the products and services offered by the company. Moreover, the entrepreneur should set the high-quality of the services and products for maintaining the social image of the Start-up company. They should be liable for providing the services and products to the customers that meet the requirements and needs of the people. The entrepreneur should positively interact and negotiate with potential investors, suppliers, employees and customers of the company for the continuation of the business. It helps in developing a good working relationship with others. Leadership is the most essential skill and property of the entrepreneur. The entrepreneur is responsible for leading the start-up company and its employees efficiently to motivate them for their better productivity. The entrepreneur should always have the capability to face challenging situations more effectively. Based on the overall analysis, in the view of Santisteban and Mauricio(2017), the entrepreneur should have certain skills and knowledge for bringing the success of the business. Financial Management skills, customer services, marketing and sales skill, negotiation and communication skills, innovation and creativity skills, leadership skills and problem-solving skills. These are the main most challenging skills and knowledge of the Entrepreneurs that are also influencing factors for the success of the Start-up Companies.

### Important Factors for the success of the Start-ups:



Figure 1: Main factors influencing the success of the business

Source: (Medium. 2018)

The effective business idea, model of the business, team management, skills and knowledge of the team members of the employees, funding for the business, investors and their interest towards the business, innovation and creativity of the entrepreneur and full team of the start-ups and timing of starting the business is the important factors for bringing the success in the business. For example, according to the statements of the founders of the Idealab and GoTo Company, Bill Gross also identified that mainly the five factors are crucial for the Startups success including Business Ideas, a team of the Start-up, Business Model, Timing and Funding for the business. Timing is the most important thing than the other four factors. As an example, Uber become a successful company because they utilise time perfectly. The start-up company Uber came up with the business idea when the founders of the company think that this is the right time because data communication and GPS were sufficient to make the real-time tracking of people and cars (Medium. 2018). It means if the founders of the start-up company utilise their business idea in the proper time before any company utilise it, then it is one of the reasons for achieving success in the business. A strong team is very much essential for the continuation of the Start-up Companies. The productivity, knowledge and skills of the team members and their ability to develop innovative and creative products and services help the start-ups to meet the vision of the company and achieve the short-term and long term goals of the company. The quality of the core team and also their aptitude, knowledge, attitude,

behaviours, skills and competence directly influences the speed of the success of the start-ups and helps them to achieve their growth milestones. Funding and the activities regarding the funding activities, serious involvement of the investors to invest their funds for the Startups should be utilised efficiently for stabilising the business of the start-up companies (Ceaşu *et al.*, 2017). The business idea is the main factor that helps the entrepreneur to make their investment in the time of offering new products and services. It enables the business to grow their business in the international market. The business model helps the start-ups to create value for the target customers of the company on a long-term basis. It helps the entrepreneurs to select the proper customer segment for offering their new products and services to meet the needs and requirements of the customers. It helps the entrepreneur to develop a valuable and trustworthy good relationship with customers in the market (Ceaşu *et al.*, 2017). The business model helps in figuring out the key activities, the process of utilising the key resources, identifying key partners for the business, developing cost structure for efficiently conduct the business and also represents the revenue streams of the Startups. It is important that entrepreneurs should focus on these above-identified factors for the success of the start-ups.

### **Conclusion**

The overall analysis concluded that timing, funding, business model, business idea and team are the most important factors that influence the success of the Startups. Moreover, the entrepreneur skills, their attitudes and behaviour and political, social, environmental, technological and legal factors affecting the success of the Startups. Entrepreneurs should provide proper focus on these factors to bring success for the start-up companies. The researcher used the secondary resources and qualitative data analysis method for collecting the relevant information regarding the research topic. The entire analysis of the research helps in achieving the identified objectives of the research.

### **Limitation of the research**

The researcher only uses secondary resources like journals and articles developed by others authors to represents the relevant facts regarding the topic. It would be better if the researcher will use the primary sources (like conducting surveys and interviews among the entrepreneurs of the start-ups) to represent the perspective of entrepreneurs of the start-ups and their statements regarding the main factors that affect the success of the start-ups, then it will provide more accurate information regarding the topic.

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