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Disseminating start-up culture in Kerala-role of Kerala start-up ecosystem

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Abstract
Start-up ecosystems are typically characterized by the web of connections that exist between individuals, groups, and their surroundings. Furthermore, Money, time, and skill sets are among the most important resources in a start-up environment. The people and organizations that actively participate in those startup ecosystems provide the majority of the resources that flow through these ecosystems. The start-up ecosystem promotes a good culture in an organization. Startups are critical to India's future because they generate vast numbers of jobs for the country's young workforce and provide creative answers to the nation's challenging problems. The government has put in place several ground-breaking laws to create an environment that is conducive to start-ups because it understands the critical role that these businesses play in the nation's economic growth. State-level policies have been implemented by several state governments in conjunction with the federal government to support new firms in their respective states. Numerous other organizations and ecosystem enablers, including educational institutions, research institutes, incubators, accelerators, investors, mentors, and so forth, are in addition to the government Investigating how Kerala's Start-up Ecosystem promotes Start-up culture within the state is the aim of this study. This is a descriptive study of the Kerala Start-up Ecosystem.

Keywords: Kerala, Kerala start-up mission, start-ups, start-up culture, ecosystem

Introduction
Performance and productivity metrics used to measure a company's success might be connected to its culture. Cultural aspects of innovativeness, risk-taking, and proactiveness are significant contributors to an organization's financial and non-financial performance, according to a meta-analysis of the relationship between entrepreneurial orientation and business performance. "How a nation or state performs in any industry is determined by the industry's culture", "Startup culture is not just about money; it also includes networking, market reach, mentorship, and idea hand-holding. (Jatin Trivedi, president of The Indus Entrepreneurs, Ahmedabad). Jyotsna, KI George (2020) described the Kerala government's role in encouraging start-ups in the region and concluded that the key elements of the ecosystem are investors, non-governmental organizations, educational and research institutions, incubators, and accelerators. Establishing Technopark Technology Business Incubators (Department of Science and Technology) approved incubator, in April 2006 marked the first step toward fostering the startup ecosystem. The state government renamed the incubator Kerala Startup Mission and gave it the status of State Nodal Agency after realizing how important it is to support the startup ecosystem. Kerala Start-up Mission (KSUM) has made it its mission since 2015 to discover, support, nurture, and establish startups across the state. KSUM's efforts over the last decade have aided the state in increasing the number of new startups, which have in turn produced viable products. Catering to problem-specific solutions and those attempting to address various societal issues. With over a decade of experience in the startup ecosystem, KSUM has been able to foster startup needs in an extremely efficient manner, anticipating future needs and framing policy.
KSUM has several incubators, innovation zones, and accelerators to help startups by building world-class infrastructure across the state. KSUM is in support of Maker Village, which is India's largest facility for Electronic System Design and Manufacturing (ESDM) and electronic hardware incubator. Bio nest is a component of KSUM's cutting-edge biotechnology instrumentation platform for promoting and developing new entrepreneurs. Research Innovation Network Kerala (RINK) works actively to foster an entrepreneurial

culture, thereby providing the best motivation for a larger circle of researchers. In turn, RINK will provide an interdisciplinary workspace for research institutions from various industrial sectors, utilizing Kerala's vast research potential. The Fab Lab Kerala Network consists of one Super Fab Lab and 22 Fab Labs located throughout the state that have been designed so that people with little to no experience can come and work on developing their technology products.

Since the organization's founding, the number of new startups and investments in the state has increased exponentially, and Kerala Startup Mission has played a significant role in fostering this ecosystem. Various initiatives undertaken by the Kerala Startup Mission have contributed to the creation of an ideal ecosystem for startups, resulting in Kerala being recognized as the top performer in the state startup ranking in 2018, 2019, and 2022. With 4,000+ startups registered to date, INR 20 Cr Grants disbursed, INR 1,000 Cr Fund of Fund, 63+ Incubators, and 10 L Sq Ft Office Space allotted, the Kerala Startup Mission has established itself as an unavoidable force in the startup community. KSUM also aspires to provide a global platform for its entrepreneurs through mentorship and exchange Programmes. Startups can evaluate themselves and be guided through various stages of development. KSUM also hopes to increase female participation in the startup ecosystem by running activities at the school level and providing them with an early introduction to entrepreneurship. KSUM will also focus on the development of health tech in the state by assisting healthcare startups and collaborating with reputable knowledge partners. Due to their ability to educate, arrangement of mentors, and fund early-stage, growth-oriented companies, accelerator Programmes play a vital role in the startup ecosystem.

Abbreviations and Acronyms

KSUM-Kerala start-up mission

Drivers of Kerala Start-up Ecosystem

Technology incubators

Incubation is not a new concept (Joseph *et al.*, 2005). There have been numerous studies on incubation. Business incubators offer 'incubates'(i.e., tenant startup companies) physical space, professional management, a policy for selection and exit, and access to a network of professional services, capital, and knowledge resources. The term "incubation business model" refers to a broad range of services, resources, and facilities that an organization offers to start-ups with the ultimate objective of boosting a venture's chances of success, quickening its growth, and raising the value of ideas. Through several studies, researchers have tracked the evolution of incubation business models since their inception. Majority of the literature on incubators focuses on describing each distinct mechanism and model shade over time. Technology Incubation programs for businesses are an essential component of the ecosystem that supports start-ups nationwide. They have, however, changed over time to take on a variety of shapes, including sponsors, stakeholders, objectives, roles, and services rendered. They have also supported the process of incubation through the provision of hard and soft infrastructure, results, and accomplishments. More than 250,000 jobs have been created by incubator companies since 1980. These jobs have expanded the tax base, taken up more real estate, strengthened the local business community, and spurred the creation of jobs in other industries. Compared to the average survival rate reported by small businesses for all new business ventures, start-ups that take part in business incubation programs have a higher rate of survival. Although there isn't much technology transfer, technology business incubators promote the idea of growth through innovation and technology application, support small business development strategies, and foster business growth within local economies. Interpersonal networks and the incubator manager's abilities as the primary factors influencing performance and quality. According to Colombo and Delmastro (2002), incubators are designed to address market failures associated with knowledge and other innovation-related factors. As the supreme authority for all other incubators in the State, KSUM oversees and combines its efforts to support the development of startup-friendly infrastructure. Every startup's ability to succeed rests on how well its incubation centres perform. Research and development centres as well as educational establishments are examples of technology incubators.

Table 1: Incubation Centres in Kerala

Year	Number Launched	Percentage
North	14	19
Central	33	45
South	26	36
Total	73	100

Source: Compiled data

Venture Capitalist

Venture capital has been considered the most important source of finance for Start-ups. Policymakers have identified the role of venture capital in promoting innovation. Venture capital companies have a vision. Venture capitalists are not passive investors they help a firm to formulate an overall strategy, help the management team, and monitor the growth of a firm. Post-investment monitoring of firms is also evaluated by venture capital companies. Successful and value-oriented venture capital firms ensure a network of contacts to firms. (Hsu, 2006; Lindsey, 2008 Market features and Country affect venture capital investments. The payback period of venture capital investments in clean tech is longer than typical investments. Kerala Startup mission plays an active role in helping startups through venture capital investments. Several venture capital companies are investing in Kerala startups. Compared to other states total venture capital investment in Hardware is higher in Kerala. Some of the prominent venture capitalists in Kerala are Accel, Sea Fund, Good Capital, Malabar Angels, etc.

Angel investors

Wealthy people known as angel investors lend money to start-ups. Recent studies show that angel investors contribute eleven times as much capital as venture capitalists globally. To unite Kerala's high net-worth individuals (HNIs) and present investment opportunities in the top Keralan and Indian startups, Kerala Startup Mission is hosting Seeding Kerala. To support the initiative's success, it will bring together prominent investors and industry experts from the Indian startup ecosystem in

addition to high-ranking state and federal government officials. Finding angel investors for start-ups in Kerala is the goal of Seeding Kerala, a meetup that KSUM co-hosts in collaboration with top angel networks and industries. Numerous HNIs take part in the event annually.

Mentors

Mentorship is a mutually beneficial professional relationship in which an experienced individual (the mentor) passes on knowledge, expertise, and wisdom to a less experienced individual (the mentee) while also honing their mentoring skills. An effective mentor can professionally guide the mentee while maintaining a friendly and supportive relationship. A mentor should always consider the mentee's best interests and tailor their mentoring style to meet their needs. KSUM has an active list of mentors who always support and guide founders' SUM offers hand-held mentorship for incubated start-ups, wherein they will be supported by domain experts, industry veterans, business entrepreneurs, investor mentors, and strategic mentors. KSUM has over 100 mentors from local, national, and international regions guiding our start-ups with various hurdles they come across through their entrepreneurial journey. Office hours are open to start-ups, where they will get a chance to meet CAs, Legal & IP Lawyers, and other such officials.

Table 2: List of Mentors and their focused area

Area of Mentoring	Number of Mentors
Business development	23
Product/Service design	70
Capital structuring & fundraising	16
Business Strategy	74
General	7
Go to market	28
Total	288

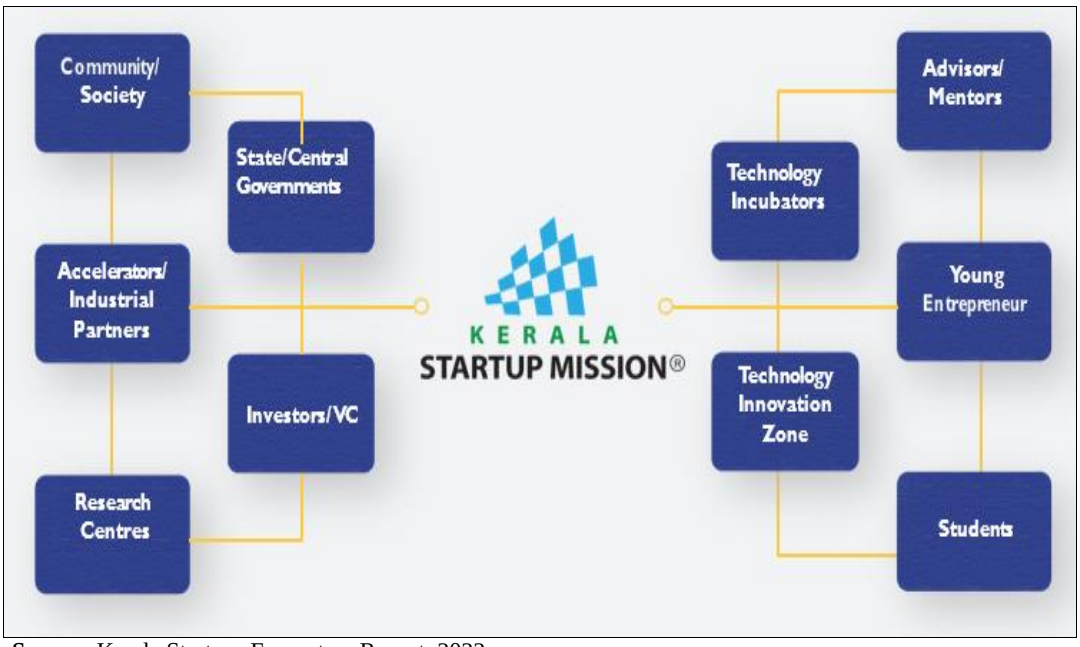
Source: Kerala Start-up Ecosystem Report, 2022

Accelerators

As a kind of intermediary for innovation, accelerators are a relatively recent phenomenon. Just eighteen years ago, in 2005, Y Combinator, the first accelerator, was established. Accelerators are recognized as a unique organizational form with unique characteristics by some researchers (Hausberg and Korreck 2019) [8], while other researchers view accelerators as a subset of incubators. Moreover, accelerator support programs are substantially shorter than those of incubators. They are less focused on venture capitalists as the next stage of financing and instead aim to promote business development through intensive, time-limited support. They are not meant to give startups long-term access to physical resources or office space. According to studies that define accelerators as an incubation model, accelerators are "a new incubation model", "a new form of rapid business incubation", "a type of incubation program that is concerned with attracting, supporting, and developing new ventures" and "an emerging incubation-like model. Kerala Start-up Ecosystem has several accelerators such as Maker Village, Huddle, Zone Start-ups, and Health Start Foundation.

Technology innovation Zone

The Kerala government is creating the Kerala Technology Innovation Zone, a hub for global innovation incubators that will house several technology sectors under one roof. To support local businesses and foster start-ups in the technology sector, the zone will construct top-notch infrastructure for these types of incubators. The Kerala Technology Innovation Zone is meant to serve as a one-stop shop for technology innovation, offering mentorship for starting a profitable business, idea consolidation, incubation, and acceleration, as well as a group of angel investors prepared to invest in a viable idea. Serving as a self-sufficient ecosystem, the TIZ caters to the needs of all young innovators and entrepreneurs. Moreover, TIZ will provide a single physical location for a variety of industries. The TIZ is an ecosystem that can support itself and provide services.



Source: Kerala Start-up Ecosystem Report, 2022

Fig 1: KSUM, the bridge between entrepreneurs and ecosystem enablers

Methods

Secondary data was used in this study. The study includes a descriptive consisting of those supportive measures for promoting Start-Up culture in the state of Kerala.

Performance analysis of Kerala start-up ecosystem

Table 3: Number of start-ups launched

Year	Number of Start-ups Launched	Percentage
Up to 2015	200	5
After 2015	3900	95
Total	4100	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 4: Gender of start-up founders

Gender	Percentage
Male	89
Female	11
Total	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 5: Venture capital deals

Name of District	Number of deals	Percentage
Cochin	68	62
Thiruvananthapuram	28	22
Others	13	16
Total	109	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 6: Amount of venture capital raised

Year	Amount (in million $)	Percentage
Up to 2015	16	3
2016 to 2022	535	97
Total	551	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 7: Venture capital Funds raised by sectors

Name of District	Amount raised (In million $)	Percentage
EdTech	9	1.9
Transport tech	16	2.9
Deep tech	25	4.6
Enterprise tech	128	23.3
Fintech	215	39
Health tech	147	26.7
Total	551	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 8: Other funds raised by sectors in 2022

Name of District	Amount raised (In million $)	Percentage
EdTech	4	4.1
Deep tech	15	6.1
Enterprise tech	39	40
Fintech	6	6.1
Health tech	14	14.3
Others	18	20
Total	96	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 9: Venture capital investment based on types of Start-ups

Types of Start-ups	Percentage
Hardware	3
Software	97
Total	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 10: Venture capital investments based on stages of Start-ups

Stages of Start-ups	Amount (In million $)	Percentage
Seed stage	82	75
Growth stage	23	21
Late stage	4	4
Total	109	100

Source: Kerala Start-up Ecosystem Report, 2022

Table 11: Venture capital inflow based on Districts

Name of District	Amount (In million $)	Percentage
Cochin	217	39.4
Thiruvananthapuram	200	36.4
Others	133	24.2
Total	551	100

Source: Kerala Start-up Ecosystem Report, 2022

Discussion

There are 4100 startups in Kerala as per Kerala Start-up Ecosystem Report. Among them, 89% of startups are founded by males. Cochin is the top city in terms of venture capital deals. $551 million venture capital raised by companies up to 2022. Among them, $128 was raised by Enterprise Tech, and in the case of other funds also it possesses the highest rank. Software Startups acquired 97 percent of the total venture capital investments. Seed-stage startups acquired 75 percent of the total venture capital investments.

Conclusion

With higher rural internet penetration, higher female literacy rate, and 56% higher per capita income than the national average Kerala is leading on all fronts, while the rest of India is trailing. This is a clear indication of efficient and effective governance and policymaking to improve Start-up culture and the state's socioeconomic development. Not only the founder's personality, proactiveness, risk-taking, and innovative ability remain the cornerstone of any startup's long-term growth but also the skilled labor force is required to complete a good Start-up culture. This paper discussed the role of the Start-up ecosystem to enhance Start-up culture. From the above literature, we can surely state that the Kerala Startup Ecosystem promotes a good Start-up culture by way of supporting founders through various ecosystem enablers. The study also described some evidence relating to the performance of the Kerala Start-up ecosystem mainly through fund-related matters. Investment culture in the Start-up ecosystem shows remarkable progress. This helps policymakers with further amendments to the policy.

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