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## Abstract

This empirical investigation delves into the complex dynamics of startup success and failure, aiming to provide a comprehensive understanding of the underlying factors. Startups, as nascent companies, are established by entrepreneurs who merge resources and innovative business concepts. The study underscores the pivotal role played by innovation and adequate funding in shaping the destiny of startups. Notably, it sheds light on the significance of technology-based startups in fostering economic growth and employment opportunities, bolstered by government support and policies. To comprehensively assess startup risks, the research explores three key strategies: analyzing founder traits and their impact on business success, evaluating early-stage decision-making and its influence on organizational composition and performance, and examining external factors like market volatility and availability of venture capital. Additionally, the study emphasizes the criticality of open innovation and collaborative teamwork in propelling the success of technology-based startups. By unraveling the unique challenges and opportunities faced by startups, this investigation aims to contribute valuable insights for entrepreneurs, policymakers, and stakeholders involved in fostering startup ecosystems.

**Keywords:** Startup, Performance, Entrepreneur, Innovation, Influence, Factor

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## Introduction:

Startups are typically newly established companies initiated by entrepreneurs who merge resources and business concepts. They represent short-term endeavors aimed at discovering a repeatable and scalable business model (Prohorovs et al., 2018). Acquiring financing poses a major hurdle for startup owners, as investors tend to be cautious about funding ventures with uncertain profitability. The success of startups depends on two crucial factors: a strong dedication to innovation and a steady flow of funds. Innovation plays a pivotal role in the achievements of startups worldwide, while companies lacking the means to invest in research and development struggle to survive in a fiercely competitive market. Currently, the innovation market predominantly revolves around the availability of capital (Okrah et al., 2018). Technology-based startups (TBSs) are young enterprises that prioritize technology in their innovative business strategies, offering substantial potential for growth and scalability. Governments globally

acknowledge TBSs as instrumental drivers of economic growth, stability, and employment generation, prompting extensive support through diverse programs and policies aimed at fostering innovation-led economic development.

Understanding the risks connected to startups may be done in three ways. The first method looks at how the traits of the founder-entrepreneur and the success of the new business are related, considering things like demographics, abilities, psychological background, and prior experience. The second strategy focuses on the process of developing an organization and how choices taken in the beginning affect the composition and operation of the business. The third strategy examines the external elements, including risk, market volatility, and venture capital availability, that affect the success of new ventures.

The identification and procurement of initial resources is one of the major problems in the early phases of forming new ventures, according to the resource-based view (RBV) of the company. The competitive edge and subsequent performance of the enterprises are greatly influenced by this process. Open innovation (OI) has been emphasised in the context of small businesses as being essential to the development of startups. OI is the deliberate sharing of knowledge both internally and externally with the goal of fostering internal innovation and expanding the market for the application of innovation externally. (Marullo et al., 2018).

#### **Literature Review: -**

Based on their goals, startups can be divided into two groups: those that want to survive and those who want to succeed. The urge to sustain a minimal quality of life while following one's passion is referred to as survival motivation. On the other hand, motivation for achievement includes aspirations for significant monetary and social success. Depending on the country's startup indices, the motivations for establishing a business can also be separated into economic and non-economic considerations. While non-economic motivation is on achieving personal fulfilment and pursuing personal interests, economic motivation entails seeking external benefits like money, status, and reputation. (Kim et al., 2018).

The primary aim of a startup is to establish itself as a viable business entity and enhance its value by driving the sales of innovative goods and services through the adoption of cutting-edge technologies. This entails bolstering productivity levels and securing both domestic and international market share. As some startups experience exponential growth in terms of staff and revenue, they transition into scale-ups. The effectiveness and triumph of a startup hinge upon a series of crucial steps. These encompass generating a product idea, swiftly developing it, conducting targeted audience testing, ensuring top-notch quality, analyzing feedback to refine the product, and progressing to subsequent phases of development. This iterative process must be consistently repeated to attain a high-quality product, perpetually enhancing its usability, quality, and streamlining production and supply chain operations. This approach should be applied

throughout all stages of the startup's lifecycle, extending beyond the initial phase. By embracing a rapid iteration approach, teams can identify a viable path towards achieving product/market fit and continuously refine the business model even after initial success is attained. (Skawińska & Zalewski, 2020).

The successful launch of products and services by technology-based startups requires continuous and dedicated efforts in international activities, often in uncertain environments due to their innovative and disruptive nature. The collaborative work within the startup team, involving coordinated group efforts, fosters interactions both internally and externally. It is through this collaborative teamwork that new ideas in technology-based startups find success. The collective efforts and cooperation of team members play a crucial role in driving the advancement of these innovative ventures. (Lopez Hernandez et al., 2018).

Commissioning and start-up (CSU) refer to the critical procedures conducted to test the functionality of a plant's systems prior to its operational commencement. The CSU phase encompasses vital tasks such as system turnover, system checkout, system commissioning, introduction of feedstocks, and performance testing. Accomplishing these activities effectively is imperative to meet the objectives of capital project investment. (O'Connor et al., 2016).

The evaluation of startup success and failure often entails quantitative analysis using financial data and exploring potential correlations with various variables, such as the entrepreneur's expertise, the company's core competencies, and the characteristics of the relevant market. While startups have a significant impact, their inclination towards high-risk, high-reward endeavors contributes to a considerable failure rate and a relatively low proportion of successful enterprises. (Cantamessa et al., 2018).

The primary objectives of launching a company revolve around exploring new markets and delivering high-value goods. Startups, often initiated by programmers and designers, aim to create distinctive offerings, and achieve substantial financial gains. However, their journey is frequently met with challenges. Among the five significant issues, financial aspects play a critical role, encompassing improper product pricing, inaccurate cost estimations, and inadequate funding for further research. Another prominent challenge is the lack of market demand stemming from insufficient product testing in the actual market. Additionally, the ineptitude of a team to develop an ideal Minimum Viable Product (MVP) or business model represents the fifth major concern. (Bednár & Tarišková, 2017).

Numerous factors might cause startups to fail. Lack of market demand, where the good or service doesn't fulfil a sizable need, is the main contributing factor. This issue may result from inadequate customer segment analysis and a failure to get consumer input. The startup's ability to develop and operate is constrained by a lack of cash and poor financial management, which is another frequent cause. Failure is also heavily influenced by selecting the incorrect team, which

lacks different experiences and has positions that aren't aligned. Startup failure is often caused by ineffective marketing tactics, such as the inability to recognise the target market, connect with customers, and effectively sell the product. The serious issue of founder and team member burnout highlights the value of preserving a healthy work-life balance. Additionally, failing to adjust to market shifts and refocus efforts can impede success and cause fatigue. For entrepreneurs, timing is everything, and it can be harmful to release a good or service before the market and technology are prepared for it. Failure may also be attributed to founders who are unable to take input and criticism of their product. Understanding customer viewpoints and incorporating their suggestions into product development are crucial. (Mikle, 2020).

A startup that is financially successful will be able to cover its costs, but one that fails will not be able to do so. Its dismal long-term prospects and cash flow problems could force company to stop operating. At the macro level, reducing the failure rate will aid businesses and entrepreneurs in their efforts to launch new ventures. At the micro level, determining the reasons for failure can assist in developing mechanisms that are resistant to failure, lowering the socioeconomic cost of failure, and future entrepreneurs will benefit from the lessons learnt, known as epiphanies. (Kalyanasundaram, 2018).

About startups, there are several important empirical findings. First off, most startups fail in their early stages, with only a small percentage evolving into full-fledged businesses. Second, several variables, including a lack of funding, problems with team management, a lack of commercial expertise, and technological setbacks, can be blamed for these failures. There are, however, also prosperous startups that considerably boost economies. Additionally, although it is frequently ignored in the research, the "valley of death" metaphor denotes a difficult stage for companies. Overall, there is a need for improved comprehension of and attention to the traits and difficulties of the startup period. (Salamzadeh & Kawamorita Kesim, 2015).

Startup factors like scale, investment, industry dynamics, founders' and other workers' educational backgrounds, startup centres, and innovativeness can either improve or worsen a business's performance. (Bajwa et al., 2016). The elements of the external environment, over which businesses have no direct influence, that have an impact on how these startups operate are known as external factors. The three key components of the external environment—the Marco environment, the industry or sector, and the competitive environment—are best considered while analysing external influences. By considering the important components of the startups' value chain, it is possible to identify the internal factors that influence their enterprises. The timing of realisation, the team, the marketing plan, the product fit, etc., are internal variables that may have an impact on the value chain and the capabilities of startups. (Bocken, 2015).

### **Objective:**

To Find the Startup Success Factors and Failure Causes.

**Methodology:**

This study is descriptive in nature in which the data were obtained from the 180 respondents to find the startup success factors and failure causes. A checklist question was used to analyse and interpret the data. In a checklist question respondents choose “Yes” or “No” for all the questions.

**Data Analysis and Interpretations:****Table 1 Startup Success Factors**

SL No.	Startup Success Factors	Yes	% Yes	No	% No	Total
1	A passionate and committed team	151	83.89	29	16.11	180
2	A well-defined target market	154	85.56	26	14.44	180
3	The right product	158	87.78	22	12.22	180
4	A sound business model	162	90.00	18	10.00	180
5	The go to market strategy	147	81.67	33	18.33	180

Table 1 show the startup success factors. It was found that around 90.0% respondents believes that a sound business model is a success factor for startup, The right product (87.7%), A well-defined target market (85.5%), A passionate and committed team (83.8%) and go to market strategy (81.6%).

**Table 2 Startup Failure Causes**

SL No.	Startup Failure Causes	Yes	% Yes	No	% No	Total
1	Money running out	154	85.56	26	14.44	180
2	Being in the wrong market	158	87.78	22	12.22	180

3	A lack of research	167	92.78	13	7.22	180
4	Bad partnership	162	90.00	18	10.00	180
5	Ineffective marketing	169	93.89	11	6.11	180

Table 2 show the startup failure causes. It was found that around 93.8% respondents believes that ineffective marketing is the reason for startup failure, A lack of research (92.7%), bad partnership (90.0%), being in the wrong market (87.7%) and money running out (85.5%).

### Conclusion:

In conclusion, this empirical investigation provides valuable insights into the multifaceted landscape of startup success and failure. The findings underscore the critical importance of innovation and adequate funding as fundamental pillars for startup viability. Technology-based startups, in particular, are recognized for their potential to drive economic growth and job creation, supported by government programs and policies. The study highlights the need for a comprehensive understanding of startup risks, considering founder traits, early-stage decision-making, and external factors such as market volatility and access to venture capital. Furthermore, the research emphasizes the role of open innovation and collaborative teamwork in fostering the advancement of technology-based startups. By leveraging internal and external knowledge sharing, startups can enhance their innovative capabilities and expand market opportunities. The study also sheds light on the challenges faced by startups, including inadequate market analysis, financial management issues, team composition, marketing inefficiencies, burnout, and failure to adapt to market shifts. By gaining deeper insights into the factors that contribute to startup success and failure, entrepreneurs, policymakers, and stakeholders can develop strategies to mitigate risks, foster innovation, and create supportive ecosystems. This research provides a foundation for future studies and initiatives aimed at nurturing thriving startup ecosystems and unlocking their potential for economic prosperity.

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