Entrepreneurship in Startups

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Abstract

A Startup is a company having a different sort of DNA from other businesses, which is designed to grow fast. The successful start-ups are based on innovative ideas in everyone else's blind spot. There is a connection between start up ideas and technology. Rapid change is one area uncovers big solution problems in other areas. These changes are advances, and what Startups change is solubility. Startups create new ways of doing things, along with solubility the connotation of bigness cannot be missed in Startups. "Startups" can be considered as a pole, not a threshold. The Startup companies which are newly born, struggle for survival so as to be impactful. These entities are mostly formed based on brilliant ideas and grow to succeed. Though literature in the fields of management, organization, and entrepreneurship theories have several connotations of business ventures, yet a clear picture of Startups in not evident. In order to have more clarity, one needs to analyse the literature, theories on the operations of Startups. The best indices of measuring the growth rate of a Startup are its revenue yielding potential. The test of any investment is the ratio of return to risk. In order to understand Start-ups, one must understand growth. Startups usually work on technology, and technology is the best source for rapid change leading to high growth. However, attracting talent is a perennial concern of technology–based startups. Startups take several years to evolve and come to fruition. It is witnessed that few startups grow to be large companies which are beyond the ownership of the original founders. The study of Startups revolves around two issues, which involves the process by which an individual works on a novel idea and tries to develop a business out of such an idea. Further, it involves the process of assembling the requisite resources which are necessary to begin trading. Over the past few years there have been a notable growth in the number and quantum of Startups in diverse areas which not only produce a financial return but also generates jobs to many. The economics of startup have changed a great deal in the past decade which is one of the biggest factors behind the growth of accelerator programmes. In the overall ecosystem of investment many young talents are venturing into Startups and Accelerator Programmes as entrepreneurs which offer immense potential provided the right approach and conditions are met. The objective of this paper is to throw some light on theories of startups, their stages, life cycle, challenges along with discussion on Accelerator Programme and Entrepreneurship in Startups. The new economics of startups from the dot.com era to the lean startup year has highlighted the meteoric growth of startups as well as the growth of accelerator programmes. The paper has also highlighted that among the three main streams of research on startups, the entrepreneurship theories of startups are the most dominant theories. Further, researches might elaborate each of the mentioned stages, and study the challenges of startups in different areas. Further, scholars might explore and compare the existing theories of management, organization, and entrepreneurship in order to develop a comprehensive theory of Startups, as well as the contribution of startups to the economic health of the nation.

Keywords: Entrepreneurship, Startups, Accelerator Programmes.

A Startup is a company having a different sort of DNA from other businesses, which is designed to grow fast. The successful start-ups are based on innovative ideas in everyone else's blind spot. There is a connection between start up ideas and technology. Rapid change is one area uncovers big solution problems in other areas. These changes are advances, and what Startups change is solubility. Startups create new ways of doing things, along with solubility the connotation of bigness cannot be missed in Startups. "Startups" can be considered as a pole, not a threshold. Startups companies which are newly born struggle for survival so as to be impactful. These entities are mostly formed based on brilliant ideas and grow to succeed. Though literature in the fields of management, organization, and entrepreneurship theories have several connotations of business ventures, yet a clear picture of Startups in not evident. In order to have more clarity, one needs to analyse the literature, theories on the operations of Startups. The best indices of measuring the growth rate of a Startup are its revenue yielding potential. The test of any investment is the ratio of return to risk. In order to understand Start-ups, one must understand growth. Startups usually work on technology, and technology is the best source for rapid change leading to high growth. However, attracting talent is a perennial concern of technology–based startups.

Startups take several years to evolve and come to fruition. It has been observed that few startups grow to be large companies which are beyond the ownership of the original founders. The study of Startups revolves around two issues, first the process by which an individual works on a novel idea and tries to develop a business out of an idea. And second, the process of assembling the requisite resources which are necessary to begin trading.

Simon (1993) has elucidated the developmental history of organisations and small business which is evolution based. The existing literature lacks adequate evidence on the very early stages i.e., the Startup phase (Salamzadeh, 2015a). However, there are handful of studies which have studied and analysed various issues in this domain (Salamzadeh, 2015b). The pertinent question which arises is: What are Startups, and how they turn into companies?

Researchers in the fields of management, organization, and entrepreneurship have put forth several theories so as to give a clear picture of these entities (Salamzadeh, 2015 a,b). These theories have shown that many of these Startups fail in the very early stages and less than one third of the startups turn into companies. There are several reasons for the same, such as team management problems, lack of finance, technology lag, lack of enough business knowledge etc. which are some of the teething problems (Núñez, 2007). Many startups which grew to be big companies have their "success stories" which contribute immensely to the growth of the economy. (Martinsons, 2002). A black box called "**valley of death**" is a stage in the life cycle of a startup which has seldom been analysed. (Hudson & Khazragui, 2013). Hence it becomes imperative to study the following:

i) Understand the major theorisation in the fields of management, organization, and entrepreneurship related to the growth and development of startups.
ii) Understand the lifecycle of startups,
iii) Analyse few problems of startups.

Startups Theories

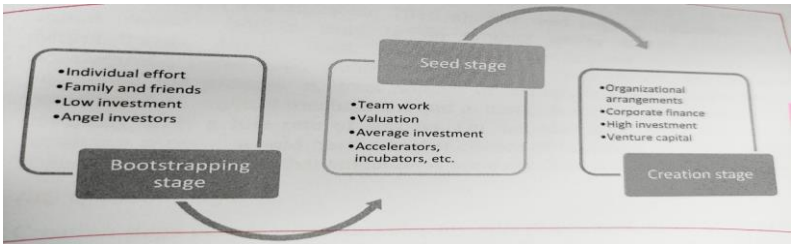
The main focus of theorization in different domains have seldom considered the evolution workability and challenges of startups. However, in the fields of (i) Organization, (ii) Management, and (iii) Entrepreneurship, one finds mention of this. The three main approaches toward studying Startup creation are entrepreneurial, organizational and ecological approaches (Van de Ven et al, (1984). Organizational theories are silent on the issue of evolution of startup (Salamzadeh, 2015a). There are few researches which have investigated the Startup phase (Boekerb & Wiltbank, 2005). The relevant theories in this regard are Organizational ecology theory (Scholz & Reydon. 2009), Organizational configurations theory (Miller, 1990), Contingency theory (Tosi & Slocum, 1984), Resource dependence theory (Davis & Cobb, 2010) and Uncertainty theory (Kamps & Pólos, 1999). Of special relevance are the theory by Gartner (1985) and Katz and Gartner (1988).

Management theories focusing on Startups

Management is about people (Hofstede, 1999). Management theories have less to do with Startups in an organizational sense; they have more to do with those entities as individuals/teams that coordinate their efforts toward some common goals. Scholars in the field of Management have of late, evinced interest in the analysis of Startups (Davila et al., 2003). The applicable theories are Strategic management (Pettigrew et al., 2001), Small business governance (Ritchie & Richardson, 2000), Human resource management (see, Miles & Rosenberg, 1983), Team management (Kaiser & Müller, 2013). These theories are loosely connected to Startup research and are mostly connected to Startups as their samples or cases.

Salamzadeh (2015b) has argued that entrepreneurship theories on Startups fall into two categories: (1) Macro level theories being Schumpeter's theory, Schumpeter (1934), Population ecology theory, Hannan and Freeman (1977), and (ii) Micro and meso level theories (Lim et al., 2008; Vesper, 1990; Veciana, 1988; Bhaves, 1994; Núñez, 2007; Deakins and Whittam, 2000; Samuelsson and Davidsson, 2009; Serarols, 2008;). Entrepreneurship is connected with ideas, creativity, innovation, new product or service development, opportunity, and the like. Entrepreneurship theories are more likely to be considered in the early stages of any business or organization. These concepts are fundamental in any Startup (Radovic- Markovic & Salamzadeh, 2012). In addition to the entrepreneurship theories, theories of organization and management deals with issues which are relevant in this regard namely, managing people and organizations (Van de Ven et al., 1984). The entrepreneurship theories are about turning ideas into business, be it startups, new venture creation, joint ventures, value creation, venture addition, opportunity and recognition as well as evaluation.

Startups Lifecycle



Source: **Startup Companies: Life Cycle and challenges**, **Aidin Salamzadah**.

Startups are diversified and complex in nature. hence, there are series of activities and phases which might vary among different Startups. A holistic perspective is necessary in order to comprehend the lifecycle of startups.

These stages are:

i) Bootstrapping stage:

In this very early phase, the entrepreneur himself/herself initiates a set of activities to turn his/her idea into a profitable business. He/she considers a higher risk or even uncertainty level, continues working on the new venture idea, makes a team, uses personal funds, and asks family members and friends for their investment in the idea. Bootstrapping is a highly creative way of acquiring the use of resources without borrowing (Freear et al., 2002). This is considered to be one of the areas of entrepreneurship research that most need to be addressed (Ebben & Johnson, 2006). The purpose of this stage is to position the venture for growth by demonstrating product feasibility, cash management capability, team building and management, and customer acceptance (Brush et. al., 2006). Moreover, angel investors are more likely to invest in this stage. Harrison et al. (2004) argue: "bootstrapping is a way by which Startups are borrowed from entrepreneurship theories".

(ii) Seed stage:

This phase involves several crucial activities and operations such as team work, market entry, development of prototype, valuation of the venture, aid from supportive mechanisms such as accelerators and incubators, sound investments to enable the startup to grow. For most Startups the seed stage is not ogranised and highly uncertain and messy (Salamzadeh, 2015 a). The seed stage is characterized by the initial capital that is used to do the product and/or service (Manchanda & Muralidharan, 2014). The founder also looks for various support mechanisms such as accelerators, incubators, small business development centers, and hatcheries to accelerate the process. A great number of Startups face various difficulties and fail in this stage. If adequate support mechanisms are not put in place, the Startups would have low profit and a low rate of success. On the other hand, those who succeed in receiving support would have a higher and brighter chance to become profitable companies. At the end of this stage, valuation of the startup is resorted to.

(iii) Creation stage:

At the creation stage, the company enters into the market, sells its products and hires employees (Salamzadeh, 2015). Many researchers are of the opinion that entrepreneurship stops when the creation stage has ended (Ogorele, 1999). Startups have their genesis in entrepreneurship theories and not in theories of management and organization. At the end of this stage, organization/firm is formed and corporate finance is considered as the main choice for financing the firm. Venture capitals could facilitate the creation stage, by funding the venture.

Challenges of Startups

Prior research on challenges of Startups have addressed a number of common challenges among different Startups (Shepherd et al., 2000). There are few common challenges and most of the challenges are unique, and the extent to which they affect Startups differs. Some of the main common challenges are as under:

(i) Financial challenges:

Finance is an integral part of the Startup process. Any Startup would face financial issues and problems for several reasons and in different stages (Colombo & Piva, 2008; Tanha et al., 2011, Salamzadeh, 2015 a, b; Salamzadeh et al., 2015). While bootstrapping, the founder negotiates with family members and friends to convince them to invest in his/her idea. He/she invests in the business, and since the idea is in its early stages, he/she might need

more money to expand it. Afterwards, in the seed stage, the founder looks for angel investors and convinces him/her with reasonable valuation plans. Next, in the creation stage, wherein the founder prepares a plan along with support documents to take advantage of the venture capital.

ii) Human resources:

Startups normally start with one founder and/or some cofounders. As time goes by, founder needs more experts to develop the prototype, Minimum Viable Product (MVP), etc. Then, he/she negotiates with people, makes team and finally hires employees. This process is so critical to succeed and if the founder lacks sufficient knowledge of the field, the Startup might fail due to human resource management issues (Salamzadeh, 2015 a, b; Salamzadeh, 2014).

iii) Support mechanisms:

There are a number of support mechanisms that play a significant role in the lifecycle of Startups. These support mechanisms include, Angel investors, Hatcheries, Incubators, Science and Technology parks, Accelerators, Small business development centers, Venture capitals, etc. The risk of failure increases if there is lack of access to such support mechanisms (Salamzadeh, 2015 a, b).

iv) Environmental Elements:

Last but not least is the effect of environmental elements. Many Startups fail due to lack of attention to environmental elements, such as the existing trends, limitations in the markets, legal issues, etc. While a supportive environment facilitates the success of Startups, a maleficent one could result is failure (Boeker, 1988). The environment for a startup is even more difficult and critical than for an established firm (Bruton & Rubanik, 2002; Van Gelderen et. al., 2005).

Entrepreneurship:

Numerous researchers have highlighted the motivational aspects of the entrepreneurs, like the entrepreneurial flair, the ability to take risks, and the desire to_create a business Schumpeter (1934) has labelled it as an '**innovative drive'.** McClelland (1961) as a '**need for achievement**' and, measured by Rotter (1966) as '**locus of control**'. Cooper (1981) has provided the most comprehensible and useful framework for explaining the various factors which contribute to the "**entrepreneur's decision**".

These include:

- "The entrepreneurs, including the many aspects of his background which affect his motivation, his perceptions, and his skills and knowledge.
- The organisation for which the entrepreneur had previously been working, whose characteristics influence the location and the nature of the new firm, as well as the likelihood of spin- offs.
- Various environmental factors external to the individual and his organisation, which makes the climate more or less favorable to the starting of a new firm".

These three groups are defined by Cooper (1981) as Antecedent Influences, the Incubator Organisation and Environmental factors.

The traditional view of the entrepreneur is that being socially marginal (Stan worth and Curran, 1976) he looks for '**upward social mobility** and commences a business by being an entrepreneur. This view has been disregarded by recent studies which have found the entrepreneur to be better educated than the population in general and also his peers (Kent, Sexton, Van Auken and Toung 1982), Gartner (1984). There are no mounting evidences to

show that students-from elite MBA institutes who choose to run a Startup are more likely to be successful than others. Carlland, Hoy, Boulton and Carland (1984) laid emphasis on the essential factor of growth in distinguishing the small business venture from the entrepreneurial venture as the driving force for startups.

"A **Small Business Venture**" is any business that is independently owned & operated, not dominant in its field and also does not engage in any new marketing or innovative practices. An Entrepreneurial venture on the other hand is one, that engages in, Schumpeters (1934) categorization of behaviours that is, the principal goals of an entrepreneurial venture are profitability and growth, and the business is characterised by innovative strategic practices. Schumpetrian capitalist dynamics sheds light on the role of the institutional environment to ensure viable economic development, and the importance of public regulatory schemes to ensure systemic stability. Development which relies on new combinations (New goods, Methods of production, New markets, New organisations etc.) gives rise to entrepreneurial innovation. An entrepreneur in Startups are individuals who establish and manage a business for the principal purpose of profit and growth. The entrepreneur is characterised principally by innovative behavior and employees' strategic management practices in business.

The factors which trigger an entrepreneur to establish Startups are:

1. The **"It works"** Syndrome: A product which has been worked on for many years, with a twist of novelty attuned to it gels.

2. The "**Eureka**" Syndrome: Perhaps the most exciting and satisfying - an idea completely out of the blue, which is often simply a new way of packaging the product or ideas.

3. The **"If only"** Syndrome: If only I could buy the product in small packages, If only I could call a reliable service for emergencies are few instances which can trigger a Startup idea.

4. The **"High Comfort''** Level Syndrome: - Constant encouragement from family and friends.

5. The **"Friendly Push"** Syndrome: - The entrepreneur gets confident as his/ her family, friend and resources enable him/ her to put in place various resources and encourage the commencement of the Startup, by formulating, and formalizing the market entry.

6. The "**Misfit"** Syndrome: Being unhappy and dissatisfied in a present job and the belief that as an entrepreneur he would do marvels is a startup triggers the ideas and concretization of the Startup.

7. The "**Unfriendly Push**" Syndrome: Unemployment or enforced redundancy also triggers formation of a Startup.

8. The "**No Alternative**" Syndrome": This is usually brought about by physical disability or illness, rendering the person unable to obtain regular employment or to continue a career.

9. The **"Grey to White''** Syndrome: Many people 'moonlight' – sell products or services on the fringes of the black economy whilst in full employment. For e.g: the amateur antique dealer, trainee accountant, the hairdresser /beauty parlour who has private clients in the evening etc.

Sometime the magnitude of the demand, inadequate income accruing to the entrepreneur can force the individual from the fringes into full- time self- employment in a startup. The choices made for a Start-up, the resultant shape, and size which is eventually created are based by a combination of the following factors:

1. The entrepreneur's own concept of the business.
2. The entrepreneur's motivations.
3. The dictates of the market place.

Creating a successful Startup is about assembling resources-people, practices, equipment, customers, supplies and capital. In an article in the Harvard Business Review, Vesper (1979) has emphasised not to overlook the "**Experience Factor**" as a source of new venture ideas. This point is of fundamental importance and merits consideration.

The "Experience Factor" is not only of value in selecting new venture ideas but also in providing a framework for evaluating their visibility for the entrepreneur's credibility (which bankers back upon as "track record"). For embryonic Startup, track record of the entrepreneur is assessed through his commercial or personal contacts. It comprises of two parts the formal (banks, accountants, lawyers, being a regular income tax filer) and the informal (family, friends and business contacts) both of which are equally important and significant. A strong informal or social network is essential for the successful launch of a Startup. Aldrich and Zimmer (1985) have emphasised on the social network aspect. "The focus is an entrepreneurship which is embedded in a social context, channeled and facilitated or constrained and inhibited by people's positions in social networks"

The question as to whether the startup would work must be approached from three separate but interlinked divisions.

1. The Product:

The step from the workshop bench to commercial production of a product can be very large. The Entrepreneurs' ability it "bodge" when things go wrong is important in the early design stages. Customer expect uniform quality and reliable performance for the products which they buy.

2**. How well is the Entrepreneur protected:**

Patents, copyrights, registered trademarks are ways of protecting an Entrepreneur. But too often entrepreneurs fail to protect themselves adequately. The most common argument against registering patents goes as follows:

"They are too expensive, they give my competitors, too much information, I cannot afford it, sue them even when they did break the patent". The competitive advantage is missed as too many entrepreneurs avoid this issue.

3. **The Package:**

The Startup package requires many ingredients to be a noble business. It is the "**baking**"- the "**packaging of resources**" and the "**strategy adopted**" that determiners the future viability of the Startup. Perhaps, the most under estimated factor is most Startups is the time taken for the market- place to react to a new product. Cash flows can very quickly go awry, not because there is no demand, but because it takes longer than anticipated to

build up sales; for their no return or very inadequate return period, employees and suppliers have to be paid which are mandatory irrespective of the growth and sales connected with the startups.

Few entrepreneurs can forecast all possible problems, and provide adequate contingency plans. Startups are about people, their goals, needs, skills which are inextricably intertwined. The ability to resolve conflicts, tax compliances, auditing, accounting are the other aspects which cannot be lost sight of for an entrepreneur in a Startup.

The New Economics of Startups

i) The economics of startup life have changed a great deal in the past decade and this is one of the biggest factors behind the growth of accelerator programmes, first in the US and now in Europe.

ii) Three trends being cheaper technology costs, easier routes to customer acquisition and better forms of direct monetization- all suit nimble, talented, technology-savvy teams who are able to iterate a product or service quickly. It is these small teams that accelerators have grown up to serve.

iii) The falling cost of hardware and software is one of the main drivers in the proliferation of startups over the last five years and an important factor in the growth of accelerator programmes. Most startups use the cloud in the early days because it costs so little. It costed less than $0.16 to host one Gigabyte per month using Amazon Web Services in 2011. In the year 2000, hosting costs were roughly $ 19 per Gigabyte and that involved buying your own hardware which needed maintaining too. Effectively hardware costs have fallen by a factor of 100 over the ten years.

Starting up in the dot-com era versus the lean start up era

A comparison of the startups in the dot.com era versus the lean startup era is as under:

2001	**2011**
Buy servers and drive them to the datacenter	Create a new instance in the cloud from your desk
Go out and buy software licences for all your employees	Activate Google Apps for your domain
Agree and sign an office lease	Book by the hour at TechHub
Launch a billboard campaign	Google Adwords or Facebook adverts
Take years to build software and then release	Iterative agile software development with daily updates.

Source: Internet

Open-source software has also made a huge difference. A decade ago, licenses for software used to be costly, however in recent times, similar and superior tools are available for free. Since administrative costs have reduced, many entrepreneurs are taking the startup route.

The Lean Startup

In the last two years '**Lean Startup**' has grown as a methodology to reduce the cost of creating a new business. The basic premise for this includes:

- Customer development not product development- get out of the office and talk to the people who will use your product. Don't build anything until you're sure people want it.

- Build, measure, learn- when you do build a product, include metrics that allow you to iterate the product based on feedback from actual use. Continually improve your offering.
- Pivot- if it's not working out, go back to the drawing board. Don't be afraid to start again.
- Since time is one of the scariest resources for early-stage startups, lean startup has become a useful set of tools for the kind of companies that most accelerators accept.

Accelerator Programmes: -

A new method of incubating technology Startups have emerged during the past 5 years, driven by investors and successful tech entrepreneurs called the **accelerator programme**. The accelerator programme model comprises of five main features:

- An application process that is open to all, yet highly competitive.
- Provision of pre-seed investment, usually in exchange for equity.
- A focus on small teams, not individual founders.
- Time-limited support comprising programmed events and intensive mentoring.
- 'Cohorts' or 'classes' of startups rather than individual companies.

Early evidence suggests that the 'Accelerator Programme' in developed nations have been found to have a positive impact on founders, helping them learn rapidly, create powerful networks, and become better entrepreneurs. The accelerator programme is notable for the high quality of both mentors and Startup teams they work with and the value they add to companies. Angel investors and venture capital investors have supported accelerator programmes because they create a pipeline of investible companies scouting for, and filtering talent and connecting with a stream of mentors and strategic resources. The connections they create have a positive effect on the local ecosystem in which they operate, providing a focal point for introduction and building trust between founders, investors and other stakeholders. Accelerator programmes are a relatively new phenomena, there is a need for further structured quantitative research of their impact on founders and companies, along with other indices such as job creation, talent attraction, stimulation of private investors and business survival.

Who benefits from accelerator programme?

Accelerator programme have wider value in many areas, the potential beneficiaries are as under:

Angel investors	Reduce the need for due diligence as that role performed by accelerator. Reduce the cost and time required to find new companies to work with. Ability to meet other investors and company founders.
Venture capital firms	Improve deal pipeline, creating more high-quality startups. Get first sight of new technology and ability to map trends in startups. Ability to meet other investors and company founders.
Large technology firms	Talent scouting for new employees. New customers for their platforms and services. Associate their brand with supporting new businesses.
Other startup founders	Talent scouting for new employees. Rapidly create a very high-quality business network. Meet customers and later-stage investors that might be relevant to their businesses.
Service providers (e.g. accountancy firms, law firms, PR firms)	New customers in the form of the startups the accelerators support.

Source: The Startup Factories: Paul Miller and Kirsten Bound.

More research is needed to understand the wider implications of accelerator programme in a few area as under.

- **Convening power:**
  Accelerator programme perform a useful function in bringing together different stakeholders and building networks and catalyzing them. How can these be measured for impact analysis is a pertinent question?

- **Creating an entrepreneurial culture:**

As accelerators create success stories, they have the potential to convince more people to start businesses and have an impact on the 'elusive culture of entrepreneurship' which are coveted by the investors in a region.

- **Mentoring:**
  Coaching and mentoring are important means of supporting entrepreneurship, but which scenario would be most effective needs to be researched upon, along with what kind of mentoring would have the greatest impact on company's performance needs to be addressed to.

The Future of Accelerator Programmes

While the growth of accelerator programme has been rapid and the model has started to spread to new countries, it's still very early in the history of accelerator programmes to say whether or not they have had a positive impact overall. Accelerator programmes have benefited hundreds of startup founders in the US and Europe and they are attempting to solve a number of important issues in the ecosystem of support for early-stage companies. However, accelerators are not without their shortcomings.

Criticisms of the model

Despite the generally positive feedback from within the technology and investment communities on accelerator programmes, and emerging data on their impact shows that they also have their shortcomings. Several areas require future research if one has to track the performance and wider impact and understand how this model really compares to other means of supporting startup ecosystems. The following are a few shortcomings of the Accelerator Programmes.

They only build relatively small companies

Could an accelerator programme create a company like Google or Facebook? Perhaps. But there is an incentive for them to support companies that do already have a revenue model and perhaps don't have quite the global ambitions of those companies are instead looking to be acquired. These are sometime called 'body parts'- companies that are building something that will become a feature of a larger service, rather than aiming to become a large company in its own right.

They divert talent from other high-growth startups

Attracting talent is a perennial concern of technology-based startups. Events such as the recent Silicon Milkroundabout in London show the lengths that fast-growing startups have to go to compete with the city for talented engineers and programmers. Accelerator make entrepreneurship so accessible that they would drain the talent from growing tech companies.

Good companies still fail after accelerator programmes

There is anxiety among the investors due to the hype around particular accelerator programmes which is legitimate. It is hard to build a successful business, even if all the fundamentals are sound. When a company finishes an accelerator programme, it's still just such a young company, it's only been in existence for 90 days for instance, as a consequence they're fairly fragile and then they're thrown into the Darwinian process of the market. They still take quite a bit of nurturing in order to figure out whether they're actually viable.

They exploit startup founders

The amount of equity taken by accelerator programmes has also been controversial. The combined equity stake and soft loan nature of the investment made by the programme despite having little credibility or experience as startup founders themselves is a point of concern.

They attract companies that are already struggling

A worry is that as the number of accelerator programmes rises, one will struggle to avoid making investments in B-grade companies. It is often argued that if a business is attracted to an incubator, it probably won't be as successful as a business that doesn't need support. Programmes are always going to be short of information about companies at the time they apply, partly because not all relevant information can be conveyed in a short online application and interview, but also because it's difficult to judge the future performance of any company at this stage.

They're helping to create a bubble

The approach of accelerators has also been likened to '**Spray and Pray**' investment where investors make a high number of almost random investments hoping that the value of companies in the whole sector will rise. Opinions are divided as to the merits of the accelerator programme. One view is that a large number of investments are more likely to generate a few highly successful companies while the other view is that a small number of highly-targeted investments are a better use of investors' money.

They're just 'startup schools'

It is speculated that accelerator programmes are a reaction to the shortcomings of the university education system in creating suitable technical and business founders rather than a viable option for investors. Positive attitudes to the accelerated pace of learning and real-life experience that accelerators provide, are comparable to the inputs in the business schools. However, the practical reality to run a successful business is not only enormous amount of hard work but also requires various factors to put in place a sound business venture which would be successful. It's unlikely that accelerator programmes would accept teams who simply view them as an opportunity to learn rather than build a business, but the career benefits are an added security for people applying to the programmes. Accelerator experience could be a valuable point on many CVs.

Suggestions for future research

These criticisms prove that the model is not without its problems and is worthy of scrutiny. There could be a valuable opportunity for the public sector to amplify the efforts of accelerator programmes, improve their performance and potentially learn how to better support high-growth tech startups in a rapidly changing economic environment.

What could accelerators teach us about creating high-growth companies?

Accelerator programmes are a relatively new phenomenon and there is a need for further structured quantitative research of their impact on founders and companies, so that founders can make better informed decisions and the whole community of organisations that aim to support new businesses can learn.

What is the scope for expansion of the model to other sectors"?

The accelerator model works well in the web and mobile-sector because of the lack of capital necessary, and the speed at which products can be developed. However, in the past years a number of accelerator programmes have launched within the technology sector that have a more specific focus than simply web or mobile services.

Over the past years, there has been a notable growth in the number of people wanting to create businesses that have a social as well as profit motive. This is now starting to be

mirrored by '**impact investing**' where the investment not only produces a financial return but also generates measurable social impact.

Conclusion:

Startups create new ways of doing things, along with solubility the connotation of bigness cannot be missed in Startups. "Startups" can be considered as a pole, not a threshold. The Startup companies which are newly born, struggle for survival so as to be impactful. These entities are mostly formed based on brilliant ideas and grow to succeed. Though literature in the fields of management, organization, and entrepreneurship theories have several connotations of business ventures, yet a clear picture of Startups in not evident. In order to have more clarity, the analysis of literature, theories on the operations of Startups are necessary. The best indices of measuring the growth rate of a Startup are its revenue yielding potential. The test of any investment is the ratio of return to risk. In order to understand Start-ups, one must understand growth. Startups usually work on technology, and technology is the best source for rapid change leading to high growth. However, attracting talent is a perennial concern of technology–based startups. Startups take several years to evolve and come to fruition. It is witnessed that few startups grow to be large companies which are beyond the ownership_of the original founders. The study of Startups revolves around two issues, which involves the process by which an individual works on a novel idea and tries to develop a business out of such an idea. Further, it involves the process of assembling the requisite resources which are necessary to begin trading. Over the past few years there have been a notable growth in the number and quantum of Startups in diverse areas which not only produce a financial return but also generates jobs to many. The economics of startup have changed a great deal in the past decade which is one of the biggest factors behind the growth of accelerator programmes. In the overall ecosystem of investment many young talents are venturing into Startups and Accelerator Programmes as entrepreneurs which offer immense potential provided the right approach and conditions are met. This paper has thrown some light on the theories of startups, their stages, life cycle, challenges along with discussion on Accelerator programme and Entrepreneurship in Startups. The new economics of startups from the dot.com era to the lean startup years have highlighted the meteoric growth of startups as well as the growth of accelerator programmes. The paper has also highlighted that among the three main streams of research on startups, the entrepreneurship theories of startups are the most dominant theories. Further, researches might elaborate each of the mentioned stages, and study the challenges of startups and accelerator programme in different areas. Further, scholars might explore and compare the existing theories of management, organization, and entrepreneurship in order to develop a comprehensive theory of Startups, as well as the contribution of startups to the economic health of the nation. Over the past few years there have been a notable growth in the number and quantum of Startups in diverse areas which not only produce a financial return but also generates jobs to many. The economics of startup have changed a great deal in the past decade which is one of the biggest factors behind the growth of accelerator programmes. In the overall ecosystem of investment many young talents are venturing into Startups and Accelerator Programmes as entrepreneurs which offer immense potential provided the right approach and conditions are met. This paper has explained and conceptualised startups by elaborating their lifecycle. The new economics of startups from

the dot.com era to the learn startup era have been highlighted which shows the meteoric growth of startups as well as the growth of accelerator programmes.

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