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A step towards evaluation of start-Ups: A review of literature (1994-2023)

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Abstract
The Present paper reviews the literature for evaluation of start-ups from 1994 to 2023. The Major objective of the present paper is to review the literature related to various factors affecting the evaluation of start-ups. Building a start-up consists of various factors like availability of funds, target audience, technology and infrastructure etc. The study of factors and various aspects of startups is a need of hour to bring objectivity and investment in these start-ups. The studies concluded that the funding is a major concern for start-ups and small businesses. With funding many other aspects including sustainability, stress, venture capitalist selection etc. are equally important to be studied in relation to evaluation of start-ups.

Keywords: Investment, capitalist, availability

Introduction
Indian start-up's ecosystem is booming in today's scenario. There are 117254 start-ups in India as per report by the Department for Promotion of Industry and Internal trade (DPIIT) as on December 31, 2023. These start-ups have created 12.42 lakh direct jobs. India's startup eco system is the third largest in the world after the US and China. Various new sectors such DeepTech, SpaceTech, Artificial Intelligence and EVs have broadened the Indian startup landscape.

During recent years, the Indian government under the headship of Prime Minister Shree Narendra Modi launched an ambitious scheme called "Start-up India- Stand up India". According to Prime Minister, Narendra Modi- "Start-up India is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation".

Building a start-up consists of various factors like availability of funds, target audience, technology and infrastructure etc. The study of factors and various aspects of startups is a need of hour to bring objectivity and investment in these start-ups. Many studies find evidence for the importance of start-ups. Start-ups positively Impact economic growth and development and they are important drivers of aggregate innovation and productivity.

Objective of the study
The Major objective of the present paper is to review the literature related to various factors affecting the evaluation of start-ups.

Review of Literature
Various attributes affecting a start-up have different studies available in literature. It includes finance, demographics, human relations, stress and sustainability. The previous research studies suggest different effects of startups evaluation with each variable.

The firm survival and the achievement of profit break-even are negatively correlated with financial constraints. Only the impact of venture capital constraints on firm survival is not statistically significant (stucki,2013) [11]. To make a successful start, institutions should consider providing access to financial support as an important and compulsory service for customer acceptance and corporate performance (Swati, 2018) [7]. The financial support is very relevant for a startup to be innovative.

Many start-ups exit the market because of bankruptcy. Lack of financing does not help them bring out a new innovative product and services.

The companies have ability to support research activities tends to be the ones always lead the market. These companies dominate a given market for a longer period of time. Financing can be said to be the pillar behind every successful startup (Okrah, James and Nepp, Alexander, 2017) [6]. Demographics have a blurry effect on small start-up firms where women, the retrenched and public sector employees are more to be focused (Tim, Thierry, Noelle, Vicki, 1999) [4]. The structure equation modelling is framed to study the significant effect of entrepreneurship on demographics.

The empirical evidence shows that the affiliation is an ordinary economic good for which actors seeking association will face a price-reputation trade-off. The finding is consistent with the view that Venture Capital's reputation (which in turn depends on their experience, information network, and direct assistance to the portfolio firms) may be more distinctive than their functionally equivalent financial capital.

The research on the impact of human resource management (HRM) on firm performance has increased since the end of the nineties. The stress has also contributed as a factor for success of start-up. The research results will help designing start-ups recognize the important variables in developing their enterprises and businesses. The implication of this study is that many start-ups in Korea expect to receive investment and support from overseas investors.

This study was conducted to empirically determine the factors affecting business sustainability and the survival rate of start-ups as established from worldwide government support policies since 2000 in an attempt to secure new growth engines and create jobs. The results of the analysis showed that in start-ups based on government support, entrepreneurship had a positive effect on business sustainability with flow experience and entrepreneurial satisfaction as the mediators (Lee and kim, 2019) [3]. The table 1 depicts the factors affecting the start-ups is given as follows.

Table 1: Factors Affecting the Evaluation of a Start-Up

Author (S)	Country	Period	Sample	Variable/Factors	Term Used	Analysis Technique	Findings
Douglas Holtz-Eakin, David Joulfaian, Harvey S. Rosen (1994) [1]	Chicago	1981-1985	7036	Inheritance Effect	Entrepreneurship	Descriptive Analysis, Multinomial Logit Analysis and Regression Analysis	Age (-), Profitability (-)
David H. HSU (2005)	Massachusetts, California	2005	149	VC Reputation	Entrepreneurial paying for Venture Capital Affiliation	Regression	VC Reputation (+)
Mohd Noor Mohd Shariff, Mohammad Basir Saud (2009) [5]	Malaysia	Final Year	123	Attitude of students	Entrepreneurship	Manova	MANOVA (+)
Sophie De Winne & Luc Sels (2010) [10]	Belgium	2003	637	owners/managers' (extended) human capital, Employees' human capital, HR practices, impact of owners/managers' industry experience	Start-ups Innovation Strategy	Path Analysis	owners/managers' human capital (+), Employees' human capital (+), HR practices Impact of owners/managers' industry experience (-)
Tobias Stucki (2013) [11]	Swiss	2000-2006	630	Financial constraints, Breakeven point	Start-ups	Correlation Analysis	Financial constraints (-ve), Breakeven point- (-ve)
Tim Mazzarol, Thierry Volery, Noelle Doss and Vicki Thein (1999) [4]	Australia	2014	93	Gender, Previous government employment, Recent redundancy.	Small business start- ups	Regression Analysis and Goodness of fit	Gender (-), Previous government employment (-), Recent redundancy (-)
Alexandros G. Sahinidis, A, Evangelos E. Vassiliou, Alina B. Hyz (2014) [9]	Greece	Nov-Dec 2012	696	Demographics, Gender, Education father's employment status	Entrepreneurial Intention	Structural Equation Modelling (online questionnaire, Snowball technique)	Demographics (+) Gender (+), Education (+),Father's employment status- (+)
Roma Sadhwani 'nee' Sahetiya (2017) [8]	Udaipur, India	2014-2016	505	Motivational factors, Respondents distribution, stress levels, Stress causing factors, stress coping	Women Entrepreneurs	Frequencies, Descriptive statistics, Factor analysis, ANOVA Z test, chi-square test	Motivational factors- (+), Respondents distribution (+), Stress level (+) Stress causing factors (+), stress coping (+)
Okrah, James and Nepp, Alexander	Russia	2006-2015	13 countries	Financing, Innovation, Turnover	Start-ups	Descriptive Statistics Correlation Analysis,	Financing (+) Innovation (+) Turnover (-)

(2017) [6]						Hausman test	
Swati Patil (2018) [7]	Indore, India	2015-2016	200	Expected Break even time and initial money invested, Leadership skills and taking risk factor, Cost saving by using old technology, Ease in access finance and duration taken by bank factor, Try new ideas and experiments with projects. Try new ideas and taking risk, risk and take problem and complaints as opportunity	Start-up funding	Frequency Table Factor Analysis Correlation Analysis Anova	Expected Break even time and initial money invested (+), Leadership skills and taking risk factor (+), Cost saving by using old technology (+), Ease in access finance and duration taken by bank factor (+), Try new ideas and experiments with projects (+), Try new ideas and taking risk (+), risk and take problem and complaints as opportunity (+)
Boyoung Kim 1, Hyojin Kim 2 and Youngok Jeon (2018) [2]	Korea	1-23 April 2018	24 experts	Design Start-up Business Success, Design and Technology Start-ups Design and Technology Start-ups	Start-ups	Analytic Hierarchy Process	Design Start-up Business Success (+), Design and Technology Start-ups (+), Design and Technology Start-ups (+)
Wooseung Lee and Boyoung Kim (2019) [3]	Korea	March-April 2019	273	Experience, Entrepreneurial Satisfaction, Network	Sustainability of start-up	Demographic characteristics, Descriptive statistics Explorative factor analysis, Structural equation model, path analysis Sobel Test	Experience (+), Entrepreneurial Satisfaction (+), Network (+)
Sobolev *et al.* (2020) [14]	Russia	--	---	basic methods that contribute to the development of investments in start-ups.	web based platforms	---	There are enough alternative market sources – angel investors, accelerators and venture capitalists that could help promising projects to survive and thrive.
Carlos Díaz-Santamaría and Jacques Bulchand-Gidumal (2021) [12]	Spain	2020	340	The dedication of the promoting partners, them commercial ability, the age of the company, the number of workers, the existence of non-promoting partners in the company, the technological training of the promoting partners, and the startup having reached the breakeven point.	interviews with entrepreneurs and venture capital investors	multivariate model	the location of the start-up, the promoting partners' dedication, the age of the company and the existence of non-promoting partners.
Karaarslan and Soylu (2023) [13]	Turkey	2020	23	Risk factors under four dimensions: organization and human capital; technology and product; financials; marketing and implementation	Meeting with entrepreneur and interview conducted	multiple case method	It is possible to make predictions about which risks may occur under different situations. In cases where uncertainty increases and the future is more unpredictable, employing more flexible risk assessment methods will yield better results in order to avoid risks and quickly evaluate opportunities.

Conclusion

Grant Thornton for Assocham India (2016) writes "Start-ups have been the flavour of the season over the last few years for the Indian markets. This has resulted into the emergence of a number of home-grown unicorns across the country. One of the major contributors leading to this development has been the mega funding that has been ploughed into most of these unicorns between the period 2007 and 2015. This has been in line with the global trend dominating the space'.

India is a country in South Asia. It is the seventh-largest country by area and the second-most populous country with over 1.2 billion people. Large population implies a large potential market in India; however, it also leads to heavy employment pressure in Indian society. In recent years the self-employment consciousness among college students is increasing and the students are less likely to rely on parents or schools or wait for opportunities. Instead, they tend to take initiative to look for new chances for themselves.

Many businesses start with a dream, but it takes more than just a dream for them to grow into successful businesses—including the tenacity to overcome the many challenges facing start-ups today. Start-ups take time, effort, and energy. Funding is a major concern for start-ups and small businesses. With funding many other aspects including sustainability, stress, venture capitalist selection etc. are equally important to be studied in relation to evaluation of start-ups.

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