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## **KERALA'S ENTREPRENEURSHIP CULTURE: UNDERSTANDING THE IMPACT OF GOVERNMENT SUPPORT ON ENTREPRENEURIAL GROWTH**

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### **ABSTRACT**

Kerala's entrepreneurship culture has changed dramatically, becoming a thriving ecosystem that encourages creativity and company expansion. Kerala's history of trade and business has a strong influence on its entrepreneurial culture. Numerous family-owned businesses that have been handed down through the generations are part of the state's lengthy history of business. The state's economy has been greatly influenced by these traditional companies, which have also laid the groundwork for contemporary entrepreneurship. The existence of excellent educational establishments, such as medical and engineering schools, has produced a pool of bright and capable individuals who are prepared to launch their own companies. Through the Kerala Startup Mission (KSUM), the government of Kerala launched the startup movement by developing and enforcing policies aimed at establishing a thriving startup ecosystem in the state. Kerala's entrepreneurial culture is a vibrant, ever-changing environment propelled by creativity, social responsibility, and a strong sense of belonging. While there are challenges that need to be addressed, the state's high literacy rate, strong educational infrastructure, and government support have created a conducive environment for entrepreneurship to thrive.

**KEYWORDS:** Entrepreneurship culture, Kerala Startup Mission (KSUM)

### **INTRODUCTION**

An Indian cultural shift from job seekers to job producers has been sparked by a combination of government initiatives and media attention. In recent years, attempts have been made to emphasise creativity and innovation, beginning with the school education phase. In order to foster innovation, the 2020 New Education Policy placed a clear emphasis on critical thinking and interdisciplinary thinking. Concurrently, there has been a push to establish areas for testing with the necessary support infrastructure.

In 2018, the number of incubators and accelerators climbed to 11%, while the startup ecosystem's growth rate increased to 15% year over year. Notably, the percentage of female entrepreneurs increased to 14% from 10% and 11% over the preceding two years. An estimated 40,000 new employment have been created by startups in the nation, bringing the total number of jobs in the startup ecosystem to 1.6–1.7 lakh. According to the 2019 Startup Genome Project ranking, Bangalore is one of the top 20 startup cities in the world. Additionally, it is one of the top five fastest-growing startup cities in the world.

With the third-largest startup environment globally, India is predicted to develop by 12–15% annually on average. In 2018, there were over 50,000 companies in India, with 8,900 to 9,300 of them being technology-led. In 2019 alone, 1300 new tech firms were founded, meaning that two to three new tech startups are created every day. In addition, the nation now has the third-highest number of startup unicorns (privately held businesses valued at more than \$1 billion), up from only one in 2011.

In 2014, Kerala became the first state in India to implement a startup policy called the Kerala Technology Startup Policy. To carry out the policy's requirements, the Kerala Startup Mission (KSUM) was founded. To adapt to the evolving demands of startups, the Kerala government incorporated startup initiatives within the State IT Policy 2017. In order to achieve its goal of promoting innovation-driven entrepreneurship, KSUM anticipates that academic institutions, research and development facilities, the general public, and rural innovators will provide the catalysts for such innovation. One percent of Kerala's budget has been set aside by the government to support the growth of innovation and entrepreneurship in the state.

An entrepreneurial culture is a way of thinking that promotes creativity, taking chances, and looking for new opportunities in a company or community. It's a collection of common ideals and principles that encourage entrepreneurial conduct, such as looking for chances, coming up with concepts, and taking measured chances to provide value. Some of the key factors that contribute to entrepreneurship culture are identification of opportunities, innovation and risk taking, culture of open trust and collaboration and a mindset to accept risk. Innovation, risk-taking, and the search for new opportunities are all encouraged in an organisation with an entrepreneurial culture and mindset. Employing entrepreneurial people, promoting risk-taking, sharing a vision, and empowering staff are all ways that leaders can create an entrepreneurial culture.

### **Significance of the study**

High rates of youth unemployment and brain drain are problems in Kerala. According to the Kerala State Planning Board, Kerala's GDP increased by 6.5% in real terms in 2023–2024. Compared to 2022–2023, this is an increase of 4.2%. Kerala is vulnerable to sudden calamities due to external

uncertainty. Therefore, it is crucial to promote production within the state. Only through the development of entrepreneurship is this feasible. The Kerala Startup Mission, the nodal agency of the State of Kerala in promoting entrepreneurship culture, makes every attempt to provide prospective business owners in Kerala with all the information they require. Despite all of these efforts, many people remain uneducated. To determine the potential and difficulties of operating a business in Kerala, additional research and investigation of the state's entrepreneurial culture is required. Hence the present study is an attempt to understand the entrepreneurship culture in Kerala and the role of the State Government in promoting entrepreneurship.

**Objectives of the study**

To understand the entrepreneurial culture prevailing in the state of Kerala

To identify the role of government in promoting entrepreneurship in Kerala

**METHODOLOGY**

The present study is descriptive in nature based on secondary sources of data from books, websites, journals, magazines and Government reports.

**Entrepreneurial culture in Kerala**

Over time, Kerala's entrepreneurship culture has changed dramatically, becoming a thriving ecosystem that encourages creativity and company expansion. Numerous causes, such as government initiatives, educational institutions, and the entrepreneurial spirit of the populace, are responsible for this shift. Kerala's history of trade and business has a strong influence on its entrepreneurial culture. Numerous family-owned businesses that have been handed down through the generations are part of the state's lengthy history of business. The state's economy has been greatly influenced by these traditional companies, which have also laid the groundwork for contemporary entrepreneurship. Startup activity has increased dramatically in Kerala in recent years, with numerous new companies arising in sectors like sustainable technologies, healthcare, and education. The Kerala Startup Mission (KSUM) is one of the agencies the state government has started to encourage innovation and entrepreneurship. Startups are given infrastructure support, money, and mentorship by KSUM, which fosters an atmosphere that allows them to develop and prosper. Strong ties to the community and a sense of social responsibility are other characteristics of Kerala's entrepreneurial culture. The state is home to a large number of firms that prioritise community development and social impact, and entrepreneurs are frequently motivated by a desire to improve society.

The state's flourishing social entrepreneurship industry, which creates companies to solve particular environmental or social issues, is a reflection of this social consciousness. Kerala's high literacy rate and robust educational system are two important factors fostering the state's entrepreneurship growth.

The existence of excellent educational establishments, such as medical and engineering institutions, has produced a pool of bright and capable individuals who are prepared to launch their own companies. Kerala's entrepreneurial culture has many benefits, but it also faces a number of difficulties. The restricted availability of money, especially venture capital, is one of the main obstacles. Funding is a challenge for many entrepreneurs in the state, which might restrict their potential to expand and scale.

The brain drain is another crucial issue the state faces. The state may lose out on much-needed skill and knowledge as a result of the large number of talented people who leave the state for better prospects elsewhere in India or outside.

Kerala's entrepreneurial culture is a vibrant, ever-changing environment propelled by creativity, social responsibility, and a strong sense of belonging. While there are challenges that need to be addressed, the state's high literacy rate, strong educational infrastructure, and government support have created a conducive environment for entrepreneurship to thrive.

### **SWOC Analysis of entrepreneurship culture in Kerala**

Some of the strengths, weaknesses, opportunities and challenges of entrepreneurship culture in Kerala is pointed out in this section.

#### ***Strengths:***

- Skilled and educated workforce created by educational institutions in Kerala
- Entrepreneurs with innovative spirit experimenting with novel ideas and technologies
- High literacy rate of the state provides skilled and educated workforce
- High social networks enable to find funding sources
- Cultural diversity can bring diverse outlooks and ideas to entrepreneurship
- Initiatives of government to support women entrepreneurship

#### ***Weaknesses:***

- Migration of talented youth to other states or countries causing brain drain
- Limited access to funds
- Infrastructure challenges in rural areas
- Limited access to domestic and international markets

#### ***Opportunities:***

- Diversified economy of the state provides opportunities for entrepreneurs to explore various sectors
- High opportunity for social entrepreneurship
- New incubators, accelerators and coworking spaces emerging due to growing startup ecosystem

- Various government initiatives to support entrepreneurs
- Growing demand for sustainable products offer opportunities for entrepreneurship

#### Challenges:

- High competition faced by entrepreneurs
- Environmental challenges
- Political and regulatory challenges
- Changing government policies

#### Role of Government in promoting entrepreneurship in Kerala

Government of Kerala immensely support the technology-based startups and entrepreneurs through their nodal agency KSUM. By coordinating many elements, Kerala Startup Mission has played a significant role in the development of a flourishing startup ecosystem. Through updated educational policies and cutting-edge curricula at the grassroots level, the State has placed a special emphasis on developing talented individuals in a number of subsectors. Through its academic Innovation Network-Kerala (RINK) platform, Kerala Startup Mission aims to connect academic institutions, entrepreneurs, and companies in order to transform research discoveries into successful enterprises.

Many firms have been able to grow both domestically and internationally with the help of KSUM and the state government. By acting as an incubator, giving networking opportunities with industry and state governments, or providing the necessary funding for grants, KSUM has been able to assist numerous firms in testing their services and goods in the Indian market. The state has witnessed an increase in startups and business activity despite the economic slowdown brought on by the pandemic, which is evidence of the efforts made by KSUM.

#### A brief summary of the Kerala Startup Ecosystem is depicted below:

Incubation space	10 L Sq. ft	Innovators	45K+
IEDC's	519	Co-working space	15+
Super Fab Lab	1	Mini Fab Labs	23
Ideas generated	15000 +	Grant	27+ Cr
Govt. direct procurement	25 Cr	Fund of Fund	61 Cr
Technology startups	6261 +	Community Events	1500+
Incubators	63	Accelerators	4
Fab Labs	3	IOT Labs	20
Ideas supported	720	Seed Fund	11 Cr
Equity Investments	5500 Cr	Delegations	354

Source: KSUM website

**Kerala Startup Mission (KSUM)**

Kerala Government has entrusted Kerala Startup Mission for the promotion and development of startups in Kerala. In order to encourage technology-based entrepreneurship and establish an ecosystem that would support high-end technology-based companies, the Kerala Startup Mission (KSUM) was established in 2006. As the Kerala government's central organisation for entrepreneurship and incubation, KSUM carries out the Kerala Technology Startup Policy. As the highest authority for managing incubators throughout Kerala, KSUM oversees Technology Business Incubators and Accelerators and plans statewide initiatives to encourage tech-based entrepreneurship. Through the Kerala Startup Mission (KSUM), the government of Kerala launched the startup movement by developing and enforcing policies aimed at establishing a thriving startup ecosystem in the state. The primary goal of this ecosystem is to support the growth of innovation-led technology entrepreneurship by encouraging people from all walks of life to develop ideas and turn them into businesses so they can earn a living and hire others.

At the collegiate level, Kerala is currently seeing an increase in knowledge-based, innovation-led, and technology-driven businesses. In order to encourage innovation and an entrepreneurial culture in educational institutions and to create institutional structures to support techno-entrepreneurs, KSUM proposed the idea of the Innovation and Entrepreneurship Development Centre (IEDC) in 2014.

**Technology Business Incubators**

Facilities known as Technology Business Incubators (TBIs) assist technology-based companies by offering them infrastructure, resources, and mentorship to aid in their development and expansion, thereby hastening the commercialisation of emerging technologies. TBIs are specialised establishments created to support technology-based startups, giving them the tools and assistance they need to prosper in its early, precarious phases. By enhancing the survival and expansion of new entrepreneurial units and hastening the transition of young entrepreneurial units from the "idea stage" to autonomous, self-sustaining enterprises, TBIs primarily aim to promote economic development.

The major services provided by TBIs include advice and guidance on planning business, assistance in securing, managing and developing financial models, assisting in the operational aspects of running a business, provide access to infrastructure facilities, mentoring and networking by connecting startups, investors and other stakeholders. Technopark Technology Business Incubator is a best example.

Globally, business incubation is seen as a crucial instrument for economic growth and job creation. By leveraging the infrastructure and experience currently available with the Host Institution, this will largely focus on leveraging innovations and technology for venture formation in and around academic, technical, and management institutions. Technology-based startups are high-risk, high-growth



businesses that need a supportive atmosphere to increase their chances of success.

Incubation centres offer variety of services including:

- Infrastructure including high-speed internet, office space and other necessary resources for the business enterprises
- Support and guidance in the form of mentoring from industry experts and highly qualified and experienced entrepreneurs
- Technical and legal assistance
- Connecting startups with various stakeholders like investors, customers, financial institutions through networking

By giving businesses access to resources, networking opportunities, and mentorship, incubation centres in Kerala play a critical role in promoting innovation and entrepreneurship, which in turn promotes economic growth and technology transfer.

### **Startup Village in Kerala**

Located in Kochi, Kerala, business Village is a well-known business incubator facility. It was founded in 2012 and acts as a centre for promoting innovation and entrepreneurship in the state. Startup Village has two locations: one in Kochi, and another in Kozhikode. Startup Village, founded on the public-private partnership (PPP) model, is acknowledged as the first technology business incubator (TBI) in India. Startup Village offers tools for businesses, such as office space, networking opportunities, and access to specialists, along with mentorship and incubation facilities. In addition to implementing a fully digital incubation approach that covers every facet of startup lifecycle management, Startup Village intends to grow its activities across the country. The incubator helps new businesses in a range of industries, such as biomanufacturing, agriculture, and technology.

### **Students' entrepreneurship schemes**

KSUM offers different schemes, programs and events for promoting entrepreneurship culture among students. One of the major schemes is the Innovation and Entrepreneurship Development Centre (IEDC). It aims to encourage innovation and entrepreneurship among students and academics in Kerala's educational institutions. The idea is to encourage innovation and an entrepreneurial culture in higher educational institutions and to create institutional frameworks that support techno-entrepreneurship as a means of creating jobs and income. The IEDCs are set up in educational institutions with the necessary infrastructure and experience throughout Kerala. KSUM also conducts various programs like IDEA fest, INSPIRE, Faculty Development Programs etc., for promoting entrepreneurship among students. Also conduct events like IEDC summit, green campus for nurturing students to become entrepreneurs.

## CONCLUSION

Kerala is a state of diversified culture and heritage. Higher literacy rate has moved the state to improve the socio-economic development. Immense potential for entrepreneurs is available with the support of Government and Other Non-government agencies. Higher educational institutions play a vital role in promoting entrepreneurship culture among the youth. This is possible through the establishment of Entrepreneurship Development Clubs, Innovation and Entrepreneurship Development Centre (IEDC) and through various incubation centers. Government extend help to entrepreneurs through its nodal agency, Kerala Startup Mission (KSUM) through its various schemes, programs, events and support systems. Through its vibrant startup ecosystem Kerala can produce successful entrepreneurs which will in turn lead to economic development of the state.

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