# CHAPTER 5
# CONCLUSION AND RECOMMENDATION

## 5.1.Conclusion

The research findings show that challenges in talent, market, regulation and government-related environment, funding, and startup facility challenges are the elements that promote startup success. Although how big each challenge affect startup success may differ from one startup to another. The findings in this research are generally compatible with the findings of Cantamessa et al. (2018), Salamzadeh & Kesim (2015), who were examining the challenges faced by startups. However, there are several areas of the findings that differ from the previous research, as this research is focused on assessing the Indonesia startup ecosystem.

Despite all the internal hurdles that startups need to deal with, all external challenges studied in this research are influencing the startup success with a different rate of importance and urgency. Each challenge's effect depends on the startup stage, the startup location, and the product or service they offer. It is also influenced by the market characteristic and maturity, the availability of startup supporting ecosystem (SAO) in their area, and the regulatory environment and framework in each sector.

Regardless of what sector the startup is in, establishing a hardware product in Indonesia is not easy to do as the regulatory framework is not friendly towards innovation. The legal process can be very time consuming and complicated. Taking care of licensing can take up to years as there are many grey areas, and many documentation startups need to meet. The unfriendly regulatory framework is one of the primary reasons most healthcare and agriculture startups are software-based. They are causing not as much hardware innovation in the sector.

All sectors see the market-related issues as a concerning challenge. Regardless of which stage and how big their startup has grown. Hence, one of the key growth

indicators of a startup is how big the market shares the startup's own. For sectors like fintech, where the market is already maturing, and the players are already more crowded, they face more laborious customer acquisition due to competition in the sector.

In sectors like agriculture, healthcare, and logistic, where the nature of the sector is very traditional, they struggle more in convincing the market to adopt the innovation they bring. In the newly developing sectors like water and waste management, where market awareness is still low, startups need to educate the market.

In sectors like fintech and healthcare, the market and ecosystem are growing mature. There is a rising number of startups offering a more diverse product tackling more specific issues. For startups in more newly developing sectors like waste management and water management, startups are still focusing on tackling primary issues.

Agriculture, waste, and water management in Indonesia are growing more in remote areas and villages. They are more dependent on the availability of basic infrastructures like electricity, internet, and road access. Startups in the sectors also face more laborious customer acquisition due to the market's limited ability to adopt new technology.

Impact labeled and social-oriented startups like waste and water management are often more confused in finding their product-market fit and path to profitability. They often face fundraising bottlenecks as investors are concerned about startups' growth and their ability to monetize as it holds a significant role in determining startups' sustainability.

### 5.2. Recommendation

### 5.2.1. Startups

The writer recommends founders to have a strong background and experience in the sector as it is crucial in establishing a startup in Indonesia. Not being familiar with the sector may lead startups to collide and fail to compete. The writer also believes that having strong strategic support is critical in establishing a startup in Indonesia. It can help the startup to occupy a safer and more stable position in the competition. Learning from how the participants share their startup journey, startups must plan the profitability path and monetizing strategy from the very beginning. The profitability path needs to be planned early, regardless of the startup is impact and social-oriented. Startups also need to ensure that they have built enough traction. It works as the product-market fit proof when considering fundraising as it is one of the essential matrices. Last but not least, the writer encourages startups to ensure that the startup they are establishing aligns with the government agenda. Alignment with government agendas can help them grow faster and earn more ease in things like market acquisition and fulfilling legal requirements.

### 5.2.2. SAO

The research findings encourage SAO like an incubator, accelerator, VCs to be less Jakarta-centric. SAO needs to be more approachable to startups in more areas as startups in some sectors like agriculture, and water management is more likely to develop in suburban areas. SAO is also encouraged to establish more collaboration with SAO abroad as it can help narrow down the quality gap between SAO in Indonesia and SAO overseas. Last but not least, this research finds that the currently available and commonly used metrics are not ideal for impact startup. The writer recommends SAO to adjust their expectation and establish a more relevant metric for impact startups.

### 5.2.3. Government

Considering the limited capital startup have as they establish their business, this research finding encourages the government to give startups more incentives to

lighten their operational cost. This research also suggests that the government establish a better (simpler, faster, and more transparent) regulatory framework. Startups need a regulatory framework that can catch up with innovations. Around infrastructure, the writer encourages the government to narrow down the basic infrastructure quality gap between areas in Indonesia so that the startup can tap into remote areas more easily. Lastly, this research suggests that the government be more approachable and establish more collaboration with startups because the startup is working very closely with the government to tackle issues in the country.

### 5.2.4. Future Study

In future research, the writer is recommending the involvement of more participants from more diverse business models and areas in Indonesia to get a more accurate result. Using a mixed method of qualitative data collection followed by quantitative is highly recommended as it can give a more accurate result and easiness in data collecting. The writer also recommends the study of startup challenges from other startup ecosystem players like SAO and investors to get a better understanding of how each challenge is affecting startups in the sector.