

# High Performing Startups in Education Sector in India: An Exploratory Study

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*The startups keep their strategy and other sensitive details very confidential. As a result, all their policies and practices are not easily available in the public domain. An in-depth inquiry of the companies has been done here so that the results are at least valid for more than a single organization. The study aims to provide an in depth analysis of promising startups from India, thus enabling entrepreneurs, budding entrepreneurs, managers to understand the characteristics of organizations that help them achieve a faster growth trajectory. The study also aims to encourage able individuals to take the road less travelled and create an organization similar to the ones discussed in this paper.*

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## Introduction

The high performance organization possesses clear and compelling directions in the form of mission, vision, and strategy which are embraced by the employees at all levels and that in turn positively influence the outcome measures of the company (Juechter et al., 1988). Hillgren and Morse (1998) believe that “high performance includes financial results, employee morale, and customer service & satisfaction”, and high performing organizations are deceptively simple possessing four characteristics namely, direction (i. e., do people, including the executives know what is important?), competence (i. e., if the people know what to do, do they have the capability?), opportunity (i. e., has the top management provided the resources and identified and removed unnecessary barriers?), and motivation (i. e., do people want to do what the organization asks?). The companies who applied these four concepts were found to record exceptional performance changes in financial results, operating results, employee morale, and customer service (Hillgren & Morse, 1998). The high performance organization leads to organizational commitment, high job sat-

isfaction and work motivation of the organizational members (Mowday et al., 1979); and lower absenteeism and turnover (O' Reily & Chatman, 1986). Verma et al. (1999) say that high performance organization generally creates an internal environment which supports customer needs and expectations.

**Education in India is a sunrise sector.**

Education in India is a sunrise sector. With phenomenal growth rate and tremendous future prospects, education sector is attracting a lot of investment, both public and private. A lot of Indian private players have started investing in this sunrise sector and there have been few promising and high performing startups that have been making a difference with their innovative products and services. India is a growing economy and size of private education sector has been estimated approximately USD 40 billion (Sharma, 2011). Almost half of the USD 40 billion market is school education comprising kindergarten to class 12 and the remaining consists of higher as well as vocational education.

The education sector in India has tremendous future; and as a result, India has been witnessing plenty of private players into the sector. India has been witnessing mushrooming of private owned enterprises into the emerging businesses in the field of education. However, it has been a common observation as reported in business newspapers and magazines in India that the majority of these startups

just die in their first couple of years after birth. There are a few of them who have been shining and doing great businesses.

These glittering startups symbolize high performing organizations (HPOs) who should be studied for the benefits of both the policy makers and those in government. The present study chose three high performing startups of the education sector in India and investigated into the strategy, structure, culture and the human resource policies in these organizations which make them a role model for others to emulate. The three startups are the Elements Akademia, the Lakshya Institute, and the Liqvid e-Learning Services.

**Objective of the Study:**

The study has been undertaken with the following objectives:

- a. To identify the characteristics of high performing startups in education sector in India.
- b. To understand the business strategy, organizational philosophy and HR practices of high performing startups which have helped them in achieving the phenomenal growth rate.

**Elements Akademia**

The basis of the process is that "Learning can be made interesting".

It is based in the national capital territory of Delhi and has started its operations in 2007. It believes that the current university education system in In-

India has an inherent flaw in that it offers the degrees but not the jobs. The Elements Akademia bridges that gap by offering a high quality but affordable vocational training, designed with the help of its corporate partners who are leading players in various service sectors like Insurance, BPO/KPO, Retail, Banking, etc. The Six month part-time course offered by it is targeted at the university passed out graduates level prospective human resources for companies in the service sector in Tier II cities all across the length and breadth of India.

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The Elements Akademia was conceptualized, funded, and run by a group of alumni from one of the prestigious business schools in India. The vision of this startup is to annually make approximately twenty thousand Indians to become employable. It is envisaged as an innovative national chain of vocational schools which aims at working towards making the university graduates employable by providing them training and education on what the Elements Akademia call the '9 Employability Skills'. The company invested months of its research hours with top companies in the service sectors to understand why not the graduates from different Indian universities get selected during the job interviews of companies belonging to the service sector in India. On the basis of the report of the diag-

nostic study, The Elements Akademia worked with the service sector companies to design each module - which together became India's first comprehensive "employability training" course.

The Elements Akademia offers this particular course through three channels:

1. Partnering with graduates and post graduate business colleges to embed their 240 hour curriculum. Their trainers go to campuses and teach, and offer a specific quality, improvement and placement commitment.
2. Own retail centers - in more than a dozen Tier II cities wherein a student can walk in, register and, if selected, study at their centers for 6 months leading to final job placement in a company belonging to the service sector.
3. Tie-ups with the governments and MFIs where they typically teach bottom-of-pyramid candidates (X/XII passed out) and help them get decent jobs.

*Strategy:*The Elements Akademia is guided by the following strategy:

1. Expansion in existing cities- at present its revenue in most existing centers is only 20% of the revenues of the largest education enterprises in that city; and it intends to bridge this gap.
2. Geographic expansion- once it hit rupees 15 million revenues in the key cities where it operates currently, it will expand to other Indian cities.

3. Strategic alliances and long-term contracts- it is in the final stages of discussions with various governmental bodies/enterprises, MFIs, and the likes.

*HR Philosophy/ policies and practices:* In a service sector company like Elements Akademia, the employee energy (who interact with customer day in and day out) is not just desirable but essential.

*Structure and Culture:* This company has a flat structure where employees are empowered to innovate. With a strong team headed by the Alumni of one of the prestigious business schools in India, it has empowered employees and given them freedom to decide and act by devolving decision making authority and giving autonomy to organizational members to operate. The company believes in a culture of transparency, openness and trust by establishing a shared understanding, openly sharing information and fostering informality.

### **Lakshya Institute**

The Lakshya Institute was formed in northern India with an aim to revolutionize the way “learning is perceived and teaching is delivered”. The basis of the process is that “Learning can be made interesting”.

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The goal of this institute is to operate and sustain a parallel training system to schools, from K-12, using a unique in-

structional methodology, and to provide students with more tangible education. This institution was formed by engineering graduates who passed out from prestigious national level engineering institution of India in 2005. These engineering graduates had lucrative jobs but they had yearned to do something of their own which help inspire and empower people in India. They saw education sector as a medium or instrument having ammunition to revolutionize the way a whole generation thinks and the attitudes they inculcate.

Teaching students for the national level engineering competitive examination was a natural choice for the founders of the Lakshya Institute. These founders conducted some researches on service providers and customers; and the research data analysis made them confident of a sustained revenue flow in the engineering examination ‘Test Prep Sector’. The founders of this institute pooled their savings get the business rolling over and it was a pleasant experience for them. However, the second round of money for their new venture came from one of their previous employers who put in Rupees Twenty Lakh (i. e., approximately USD 30,000).

The institute uses a twin focus strategy of ‘best of the pedagogy’ and ‘teacher training to bring uniformity’. In other words, the instruction is provided using trained teachers’ skills & competency who needs to use institutionally designed innovative digital content module. The teaching content is conceptualized in-house by the subject experts com-

prising a team of more than a dozen graduates from top rated engineering institutions in India. These tactics are core to the philosophy of this institute as its main focus is to bring an organized approach to the education sector and simultaneously to keep innovating the way teaching is delivered.

The Lakshya Institute operates through its three core verticals. The first vertical is designed to provide One-Two Year Intensive Engineering as well as Medical coaching/training to the aspirants of the engineering and medical sectors. Here, they provide coach/teach the aspirants of engineering/medicine sector(s) through regular classroom instruction, test series, and also through distance correspondence education medium. The second vertical is named as iClass, where the Lakshya Institute contracts with school(s) to train their own students and the commercial is charged keeping in mind the paying pockets of the parents of the aspirants for getting into engineering/medical sector education. Lastly, the third of its vertical is named JuniorWing, where the 9<sup>th</sup> and 10<sup>th</sup> grade students are taught through regular classroom teaching. The management team of this institute wants scale up the third vertical (i. e., Junior Wing) as it has become more popular and there is a tremendous response from its customers. Moreover, the institute also focuses on students' emotional needs and has an Aacharya, a spiritual counselor and a yoga teacher to deal with the stressful aspects of preparation.

However, the Lakshya Institute is currently is putting all its energy into its

first vertical and doing its level best to provide coaching/training to the medical and the engineering aspirants from the ninth to the twelfth grades. The ground reality is that the medical / the engineering entrance examinations in India are extremely competitive and as a result, the students often need to join hard-core test preparation classes to help them qualify for these examination(s). There is huge craze for the engineering and the medical education in India but the Test PrepSegment for the engineering and the medical programs is fragmented, crowded, and unorganized. The Test Prepsystem is heavily dependent on individual teacher(s) who deliver lessons through the coaching centers and their personality. The Lakshya Institute faces competition through two main segments: the organized coaching classes and the unorganized local tuition classes. Currently, there exist a dozen big players in the organized sector, but the industry is generally self-employed. On the other hand, in the unorganized sector, the competition is in the form of local tutorial classes run by local tutors who may often be schoolteachers themselves. However, the Government of India has recently introduced a law to ban after-school tuition by schoolteachers which the Lakshya Institute and others in this sector may use as a boon for their growth. At present, the institute has been operating from about two dozen centers across India.

*Strategy:* The Lakshya Institute primarily believes in its unique pedagogy, trained teacher, and high quality teaching content developed internally by them through in-house subject matter experts who are

passed out of top rated engineering schools in India. The institute has desire for all India expansion but it is against a franchise model where external entity comes forward and extends the brand. On the other hand, it firmly believes in nurturing in-house entrepreneurs. The institute believes that if its teachers are empowered and made partner in the business, it will satisfy his entrepreneurial instincts and breed loyalty in the overall system which in turn will help expand the brand pan India.

*HR Philosophy/Policies/Practices:* At the Lakshya Institute, the human capital does not talk business first, nor do they discuss about profits but all they talk about – ‘whether they, as a team, are enjoying what they are doing?’ ‘Are they satisfied with the kind of service that they are giving to the society?’ Its philosophy is that if they feel satisfied with what they are doing, they believe that the business and the returns will always be consequentially good. In other words, the business for them is a consequence of the love they have for their work. They say that they all are ‘teachers by choice than by chance’.

**Its philosophy is that if they feel satisfied with what they are doing, they believe that the business and the returns will always be consequentially good.**

*Organizational Structure and Culture:* The hierarchical organizational life in this organization does not exist but it has in place a flat structure which coordinates numerous activities towards overall organizational goals. However,

this organization believes in creating highly competitive environment which is conducive for organizational growth. Moreover, it believes that the organization is bigger than any individual. It offers a brand new arena for motivated people to work and enjoy life by contributing towards being a part of a positive change in the society. The Lakshya Institute signifies a philosophy and a culture which are unique and spellbinding. The cardinal thread of organizational lives in this organization is in belief that success is not a key to happiness but happiness is a key to success.

### **Liquid e-Learning Services**

With Fortune 500 clients and top training institutions across the world as its partners, Liquid e-Learning Services is one of the fastest growing integrated e-learning content solutions company from India. It is specially known for its learning content development work in domains such as information technology, telecom, publishing, and English language training (ELT). The company is based in the northern part of India and has gained reputation over a period of time as an e-learning company which matches global benchmarks and delivers rapid e-learning through cost-effective solutions.

*Strategy:* The company believes in scalability. In other words, it provides professional, responsive and cost effective learning solutions by devising scalable resource strategies unique to the client’s industry and also to the client’s specific business needs. This company is completely process driven which in-

volves phased approach towards process standardization, process optimization and process re-engineering. Last, but not the least, it believes in long-term partnership with its clients.

*HR Philosophy/Practices/Policies:* The Liquid e-Learning Services is on a constant quest for excellence. They have employed a skilled workforce and have equipped them with the best support systems to realize their ideas. Here, the basic qualifications of employees meet the norms of the industry but keeps on developing its employees on the relevant job related competencies.

*Organizational Structure & Culture:* It is not a tall hierarchical but a kind of flat organizational structure.

**It believes in competing through its employees and the human resources are its core strength.**

It believes in competing through its employees and the human resources are its core strength. The employees of the Liquid e-Learning Services are smart, fun loving, talented, and experienced individuals. To successfully achieve the organizational goal(s), the job requires commitment, energy, flexibility - and a healthy dose of creativity from its employees. The overall work atmosphere is dynamic, fast-paced, and thrives on innovation and creativity. The company has a diverse workforce who is welcomed for their ideas and they are treated with respect.

**Results & Discussion**

Name of Company	Organizational Strategy	HR Philosophy/ Practices	Organizational Culture	Organizational Structure
Elements Akademia	<ul style="list-style-type: none"> <li>Expansion in existing cities</li> <li>Geographic expansion</li> <li>Strategic Alliances and long term contracts</li> <li>Offering more courses/high priced courses</li> </ul>	<ul style="list-style-type: none"> <li>Employees as Evangelists.</li> </ul>	<ul style="list-style-type: none"> <li>To create a Culture transparency, openness and trust by establishing a shared understanding, openly sharing information and fostering informality.</li> </ul>	Flat
Lakshya Institute	<ul style="list-style-type: none"> <li>Twin Focus Strategy: Pedagogy and Training</li> <li>Business partnership Model</li> <li>Student Mentoring</li> <li>Use of Technology</li> </ul>	<ul style="list-style-type: none"> <li>Nurturing in-house entrepreneurs;</li> <li>Teachers as business partners</li> </ul>	<ul style="list-style-type: none"> <li>Success is not a key to happiness, but happiness is a key to success.</li> <li>Providing platforms to motivated people to work and enjoy life and contribute</li> </ul>	Flat

	<ul style="list-style-type: none"> <li>• Focus on developing emotional quotients of the students</li> </ul>		<p>towards positive change in the society.</p>	
Liquid e-Learning Services	<ul style="list-style-type: none"> <li>• Scalability</li> <li>• Process Orientation</li> <li>• Stability</li> </ul>	<ul style="list-style-type: none"> <li>• People are the core strength of the company</li> <li>• The work atmosphere being dynamic, fast-paced, and thrives on innovation and creativity.</li> </ul>	<ul style="list-style-type: none"> <li>• Welcoming all ideas of its employees and treating them with respect.</li> <li>• Open culture with idea driven, innovative, creative and dynamic workforce</li> </ul>	Flat

### Organizational Strategy

Porter (1980) believes that a business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses. Generally it is believed by many organizational thinkers and practitioners that the organizations at some point are born (Tichy, 1980), they grow and develop in the course of their journey (Mintzberg, 1984), and die or renew themselves in their journey for the achievements of organizational goals for which they were born (Kimberly & Miles, 1980). In a study, it was found that there exists relationship between strategy and performance as the organizations move through the organizational life cycle. Furthermore, it was observed that new high performing organizations generally prefer to go with the first mover strategies if they are satisfied with their performances; whereas, mature high performing organizations have got preference for a unique strategy over one based on efficiency (Lester et al., 2008).

The communality amongst the three organizations under investigation is that all of them believe in clarity and a common understanding of the organization's direction and behaviors in the market place. Such an attitude of these three organizations has resulted into a commonly held strategic mind-set among team members, which is understood by everybody. These three startups are clear about their respective goals and also the different ways to achieve them. They have so far successfully aligned their strategy, goals, and objectives with the demands of the external environment. Corporate renewal is always based on customers' need. Such a kind of organizational characteristics symbolizes a high performing organization (HPO).

**Corporate renewal is always based on customers' need.**

These startups have been able to balance long-term focus and short-term focus in order to safeguard the long-term continuity of the business and at the same time obtain short-term results which

makes it possible for them to plan against possible future. They have set clear, ambitious, measurable and achievable goals, which raise levels of aspiration and thereby create a sense of stretch. They have adopted the strategy that will set them apart by developing many new options and alternatives to compensate for dying strategies.

### **HR Philosophy/Practices**

All the three startups, which possess the characteristics of the HPOs, have a strong focus on people who work for them. These organizations believe that the human resources are their biggest asset and they compete through them in their respective businesses. While the Elements Akademia has a philosophy of employee as evangelists, the Lakshya Institute considers its employees as business partner and believes in nurturing entrepreneurs from within the organization, and the Liquid e-Learning Services has focus on innovation and creativity where all ideas from its employees are welcomed and they are treated with respect.

### **Organizational Culture**

Organization culture to a large extent may determine whether the organization succeeds or fail (Dyer, 1984). It is further proved that organizational culture affects employee productivity, job satisfaction and commitment (Ouchi, 1981). Research on Indian work culture indicates that high power distance, collectivism and affective reciprocity are major cultural values of Indian managers (Chhokar, 2000; Sinha, 1997). With respect to uncertainty avoid-

ance, Hofstede (1980) says Indian to be high on uncertainty avoidance but a study by Chhokar (2000) found Indian to be moderate on uncertainty avoidance. It is further stated that if any person with business acumen is to start business in India, it is important that he/she needs to understand what makes this diverse nation together and also the differences that exist with numerous indigenous languages and the likes (Fusilier & Durlabhji, 2001). Moreover, in a study conducted by Deshpande & Farely (1999), it was observed that the Japanese firms are highly consensual but less entrepreneurial than the Indian firms.

Organizational culture in any company across the globe acts like a glue that keeps organizational members together for excellence at workplace. To quote Peters and Waterman (1982), the real power of strong organizational culture is to provide meaning to the company's objectives while allowing individuals the latitude to be creative and innovative in the methods they use to achieve those organizational goals. In other words, the role of culture to encourage desired behaviors from the firm's members may be more effective and far-reaching than any formal regulatory systems the company could enact (Dunnnett, 2007). Singh (2009) in a study found that the competence of organizational culture in India across industries depends on the practice of beliefs and value systems wherein relationships & loyalty, vision of organizational goals, uniformity of rules, and importance for compassion and caring are emphasized. Moreover, Goncalo and Staw (2006) believe that the perceived association between organizational culture and productivity is

so high that the organizations in the West often adopt collectivist values with the object of promoting productivity.

All these three startups under study have been found to empower their people and give them freedom to decide and act by devolving decision making authority and also giving autonomy to organizational members to operate, within clearly established boundaries and constraints of what is allowed and what is not. These startups have established for themselves clear, strong and meaningful core values and made sure they are shared widely within the company. They have created a culture of transparency, openness and trust by establishing a shared understanding, openly sharing information and fostering informality.

### **Organizational Structure**

All the three cases believe in stimulating cross-functional and cross-organizational collaboration by making teamwork and collaboration top priorities of the management. These three organizations foster teamwork by stressing the importance of teams for the performance of the organization; and by developing a team feeling through the creation of team commitment and establishing shared responsibility. The three organizations which are considered as high performing organizations (HPOs) have deliberately simplified and flattened the organization by reducing boundaries and barriers between and around units. They have made it a conscious choice that if they have to become HPOs, they should get rid of bureaucracy and organizational complexity, if any, from the structural

fabrics. These organizations have fostered organization-wide sharing of information, knowledge and best practices by creating the infrastructure and incentives for them to flourish. Furthermore, these three HPOs under investigation have made it a habit of realigning their respective businesses with constantly changing external operating environments by setting up adaptable business model(s) which is/are easily altered based on opportunities and changes in the external environment and shifts in customer values, buyers' needs and market conditions.

### **Conclusion**

The startups which were studied in this research investigation are thriving in the booming education sector in India and they individually possess characteristics of high performing organizations (HPOs). They were studied for the express purpose of understanding what makes any startup a high performing organization. It was observed that a startup can become a high performing organization only when it has got right mix of strategy, structure, culture, and human resource policies for energizing the whole organization towards achievement of its operational goals in its fiercely competitive business environment. This study in a small way has helped to create an understanding towards linkages between organizational core attributes (i.e., strategy, structure, culture, and human resource policies) and organizational performance. The organizational characteristics are the core attribute in the growth of the organization and have to be clearly spelt out in order to make the organiza-

tion well equipped for the long term success. What matters is the right managerial practice, exploiting the right business drivers to adapt to and shape the conditions facing a business over time.

### Limitations & Suggestions

The findings of the study have significant implications in the form of managing as well as leading any high performing startup, especially in education sector, in India. However, like any other study in the field of behavioral and management science disciplines, the present study also has some limitations as well. This is a case study of three high performing startups in the field of education sector in India. As a result, the generalizations of the findings of the study in non-educational sector in India can be made with caution. Furthermore, this study used 'case study' as its methodology to diagnose for the drivers of successful entrepreneurial ventures in education sector in India. Hence, it is asserted that further research in this area of knowledge can be advanced if the future researchers combine case study with other forms of qualitative inquiry to throw additional lights on to the lives of successful startups in education sector in India.

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