Anusandhanvallari
Vol 2023, No.1
January 2023
ISSN 2229-3388

Comparative Analysis of Business Strategies - Startup Companies and Multinational Corporations in a Competitive Global Market

Ramesh K.V.,

Assistant Professor, Dept. of Commerce and Management, Govt. First Grade College, Magadi.

Abstract: In today's highly dynamic and competitive global market, understanding and comparing the business strategies of startup companies and multinational corporations (MNCs) is vital for sustained growth and adaptability. This study explores the strategic differences and similarities between startups and MNCs in Karnataka, focusing on their approach to innovation, decision-making, technology adoption, and market responsiveness. The purpose of the research is to analyze how these organizational types formulate and implement strategies amidst evolving market conditions. A descriptive research design was adopted, and data was collected through a structured questionnaire using a 5-point Likert scale. The sample consisted of 450 valid responses from middle-level managers and executives across 10 selected startup-MNC hybrid companies in Karnataka. Convenient sampling was employed, and statistical tools such as descriptive statistics and ANOVA were used for data analysis. The findings revealed significant differences in areas like innovation, AI integration, decision-making agility, and employee skill development, with MNCs showing strength in structured processes and global adaptability, while startups demonstrated agility and innovation. However, both types exhibited similar approaches toward customer focus. The study concludes with implications for strategic collaboration and suggests future research in broader geographies and sectors to explore emerging trends and sustainability strategies.

Keywords: Business Strategies, Startups, MNCs, Competitive Market, ANOVA.

1. Introduction

In the rapidly evolving global business environment, both startup companies and multinational corporations (MNCs) play critical roles in shaping market dynamics. Startups, known for their agility and innovation, experienced substantial growth during 2022 despite macroeconomic headwinds. According to CB Insights (2022), global venture funding amounted to approximately USD 415 billion, though it marked a 35% decline compared to 2021 due to tightening monetary policies and economic uncertainty. In India, startups raised nearly USD 25 billion in 2022, making it the fourth-largest startup ecosystem globally. Sectors such as Fintech, EdTech, and SaaS attracted major investments, indicating a strong focus on technology-driven business models. This surge reflects how startups leverage innovation, lean structures, and niche targeting to capture emerging opportunities and compete with larger players in a volatile economic climate.

Conversely, MNCs adopted consolidation and diversification strategies to maintain their competitive edge in 2022. Many corporations focused on optimizing supply chains, enhancing digital capabilities, and pursuing strategic mergers and acquisitions to counter market disruptions. For example, global M&A activity, though slowed from 2021, still exceeded USD 3.6 trillion in deal value in 2022 (Refinitiv, 2022), highlighting MNCs' strategic investment approach to sustain growth. Their global presence, financial strength, and brand reputation enabled them to mitigate risks arising from geopolitical tensions and changing consumer preferences. However, they faced challenges such as regulatory complexities and slower innovation cycles compared to startups. Thus, a comparative analysis of startups and MNCs provides critical insights into how different strategic models respond to competitive pressures, enabling a deeper understanding of sustainable business approaches in a globalized market.

2. Conceptual background

In the realm of global business, understanding the strategic distinctions between startup companies and multinational corporations (MNCs) has gained increasing significance. Startups typically adopt disruptive, innovation-driven approaches that allow them to enter and impact markets quickly. They rely heavily on lean methodologies, customer-centric models, and technological adaptability to stay ahead. In contrast, MNCs build their strategies on long-term planning, economies of scale, brand reputation, and global networks. While startups operate under resource constraints and high uncertainty, MNCs benefit from financial stability and a broader infrastructure. Despite their contrasting nature, both entities must navigate volatile global markets, digital transformation, and evolving consumer behavior. As global competition intensifies, particularly in sectors such as tech, healthcare, and e-commerce, the comparative study of their strategies helps uncover patterns of success and failure. This becomes even more relevant when economic cycles, geopolitical shifts, and technological disruptions influence strategic decision-making. Understanding these dynamics allows researchers and practitioners to identify flexible and scalable business models. Moreover, such insights provide a roadmap for emerging businesses and established firms alike to recalibrate strategies for global competitiveness.

The significance of the present research lies in its attempt to bridge the knowledge gap between the agile, risk-taking strategies of startups and the structured, risk-mitigating strategies of MNCs. This comparative analysis is crucial for understanding how different business models respond to similar market challenges, particularly in a rapidly evolving global economic context. By examining both qualitative and quantitative factors—such as market entry techniques, resource management, innovation capabilities, and customer acquisition tactics—the study aims to develop a holistic understanding of strategic behaviour. The research also considers the influence of digital ecosystems, globalization, and sustainability mandates, which have redefined the strategic landscape for all types of businesses. As many startups aspire to become global players, and MNCs attempt to incorporate startup-like agility, this research becomes instrumental in guiding policy, investment, and educational frameworks. Ultimately, the conceptual foundation of this study reflects the growing interdependence between innovation, structure, and adaptability in a competitive global market.

3. Review of Literature

Chinedu Ochie et al. (2022)[11]investigates the approaches companies use to cultivate and expand organizational ambidexterity while navigating uncertain and changing environmental conditions.Ans Kolk & Jonatan Pinkse (2022)[6]explores whether and how an important environmental issue such as climate change can not only give multinational enterprises the opportunity to develop “green” firm-specific advantages (FSAs).Qiuling Gao et al. (2022)[3]examines the effects of defensive and assertive green marketing approaches on cross-border M&A completion as well as the boundary conditions of marketing channels of financial advisors. Chang Hoon Oh & Jennifer Oetzel (2022)[12]purpose is to encourage and to extend research on natural disasters and international business (IB).Asmund Rygh & Gabriel R. G. Benito (2022)[15]aims to explore how specific government goals may affect international strategies and provide a more fine-grained view on SOMNE financial and non-financial goals.Davide Castellani et al. (2022)[1]investigates how the different dimensions of international connectivity determine the location of MNEs' knowledge-intensive activities, with a focus on Research and Development (R&D) laboratories and Headquarter units (HQ).

Ranjan DasGupta et al. (2022)[2]aims to investigate the country- and industry-specific moderation effects on the relationship, using a sample of 1,517 multinational enterprises (MNEs) from 25 countries.Oluwafunmike O. Elumilade et al. (2022)[13]explores the strategic integration of tax optimization and transfer pricing policies, emphasizing data-driven decision-making and adherence to international tax standards.Zaheer Khan et al. (2022)[5]provided important insights into the EMNEs’ internationalization processes and whether the existing theories adequately explain their outward investment motives.Anton Malkin (2022)[9]addresses the question of

United States' power in the global economy, suggesting that China's structural power potential vis-à-vis its American counterpart has been underestimated in recent international political economy (IPE) literature.Huwei Wen et al. (2022)[18]examines the nexus between the digitalization of the manufacturing industry and corporate innovation investment and indicates that manufacturing enterprises have significantly increased their investment in innovation activities in the process of digital transformation.

Jiakun Jack Zhang (2022)[19] examines the role of interest group politics in shaping the Trump administration's trade war with China and explores how China's integration into the global trading system in the 2000s.Kumar and Sahoo (2022)[7]aim to identify the key contributors and knowledge structure of business and management research involving the application of complexity theory and fsQCA by using bibliographic data of 1,155 articles.Mohd Zulkifli Muhammad et al. (2021)[20]focus is the discussion of the competitiveness facing SMEs in the global businessenvironment by examining the opportunities and supports from the government.Subhan Ullah et al. (2021)[17]draws on the concept of convergence and institutional theories to enhance our understanding of how multinational corporations (MNCs) fulfil their profit maximisation agendas using capitalist principles.Kyove and Streltsova (2021)[8]examines the impact of globalization on multinational enterprises from the years 1980 to 2020and conclusions were drawn regarding the influence and performance (i.e., positive or negative effects) of globalization.

Moradlouand Reefke (2021)[10] Investigates the impact of geopolitical disruptions on the manufacturing supply chain (SC) location decision of managers in UK multinational firms. Tien and Ngoc (2019)[16] outlines advantages and disadvantages of the methods of penetration in the international market in the process of globalization. Pisoni and Onetti (2018)[14] tracked 5,744 merger and acquisition transactions that have occurred between European and US tech start-ups since 2012to present an overview of trends toward start-up exits which represent the "end phase" of the start-up process. Jacobs and Rietbergen (2016)[4] focus on the impact of multinational enterprises (MNEs) on the level of entrepreneurship in knowledge-intensive business services (KIBS) in metropolitan regions.

4. Problem Statement

Despite extensive research on business strategies across start-ups and multinational corporations, there remains a critical gap in understanding how these entities adapt their strategic models to navigate competitive global environments influenced by digital disruption, market complexity, and geopolitical volatility. While literature highlights innovation, AI adoption, and internationalization efforts, a direct comparative analysis integrating these aspects remains underexplored. This study seeks to address this gap by evaluating strategic approaches of startups and MNCs to offer actionable insights for sustainable global competitiveness.

5. Objective of the Study

To examine how start-up companies and multinational corporations integrate digital technologies and innovation into their business strategies to enhance competitiveness in the global market.

6. Research Methodology

6.1 Research Method

The present study adopts a descriptive research method to understand and analyse the comparative business strategies of startup companies and multinational corporations (MNCs) operating in Karnataka. This method is suited for exploring the strategic practices, innovation capabilities, and market approaches of organizations within a competitive global context.

6.2. Sample Area

The sample area for this research comprises startup MNC companies in Karnataka, with a specific focus on firms that blend the characteristics of startups and multinational corporations in their operations, strategy, and organizational scale.

6.3. Sample Determination and Size

As the population size is unknown, Cochran's formula was used to determine the sample size, arriving at 386 respondents. However, to enhance validity, 475 structured questionnaires were distributed, out of which 450 valid responses were received and considered for analysis. The responses were collected from middle-level managers and executives across 10 major startup MNCs in Karnataka. The sampling technique employed was convenient sampling, allowing easy access to respondents with relevant managerial insight.

Table 1 Sample Companies for the Study

Sl. No.	Company Name	Headquarters (Karnataka)	Market Share (India, %)	Market Capitalization (INR Crores)
1	Razorpay	Bengaluru	5.8	41,000
2	Meesho	Bengaluru	3.1	25,500
3	Swiggy	Bengaluru	6.2	58,000
4	Udaan	Bengaluru	4.9	20,000
5	PhonePe	Bengaluru	9.3	90,000
6	BigBasket	Bengaluru	3.6	18,000
7	Groww	Bengaluru	2.2	10,500
8	Zerodha	Bengaluru	5.5	28,000
9	BYJU'S	Bengaluru	7.8	65,000
10	Dunzo	Bengaluru	1.9	7,800

Note: Market share and capitalization values are approximate and based on recent industry reports and startup databases.

6.4 Source of Data

- Primary Data was collected through a structured questionnaire designed using a 5-point Likert scale (1 – Strongly Disagree to 5 – Strongly Agree), covering dimensions such as strategy formulation, innovation, digital adoption, market adaptation, and operational flexibility.
- Secondary Data was obtained from credible sources including industry reports, government publications, startup databases (e.g., Tracxn, Crunchbase), journal articles, company websites, and market intelligence portals. These helped in understanding company profiles, market positioning, and strategic trends relevant to the study.

6.5 Tools of Analysis

The collected data was analyzed using:

- Descriptive Statistics (mean, standard deviation, frequency) to summarize the strategic dimensions across startups and MNCs.
- Analysis of Variance (ANOVA) to test the significant differences in strategic variables between different companies and across managerial levels.

6.6 Hypothesis

H_0 (Null Hypothesis):

There is no significant difference in the adoption of digital and innovation-based business strategies between start-up companies and multinational corporations in Karnataka.

7. Data Analysis & Interpretation

Using Descriptive Statistics and ANOVA based on study's objective and hypothesis. The Study used 12 key strategic variables.

Table 2 Descriptive Statistics

Sl. No.	Strategic Variable	Mean	Standard Deviation	Interpretation
1	Innovation in product development	4.12	0.68	High level of innovation among companies
2	Investment in digital infrastructure	4.05	0.72	Strong digital investment across companies
3	Market responsiveness	4.21	0.65	Companies respond quickly to market trends
4	Employee skill development	3.96	0.77	Moderate-to-high investment in talent
5	Strategic risk-taking	3.87	0.81	Varies across companies, generally moderate
6	Customer-centric approach	4.33	0.62	Strong customer focus among firms
7	Use of data analytics	3.91	0.75	Good use of analytics in decision-making
8	Flexibility in operations	4.08	0.71	Agile operational systems
9	Speed of decision-making	4.19	0.66	Fast-paced decision-making environment
10	Use of AI and automation	3.82	0.79	Growing but not universal adoption
11	Competitive pricing strategies	4.02	0.69	Price competitiveness is well integrated
12	Global market adaptability	3.95	0.73	Strong adaptability but varies by firm size

Source: Primary Data- SPSS Output

The descriptive statistics reveal a strong presence of strategic agility and innovation across startup MNCs in Karnataka. The mean values for most variables fall between 3.8 and 4.3, indicating a consistent adoption of modern strategies. The highest-rated variable is the customer-centric approach (4.33), showing that customer orientation is central to business success in these firms. Market responsiveness (4.21) and speed of decision-making (4.19) are also highly rated, reflecting a nimble approach common to both startups and agile MNC units.

Interestingly, variables like use of AI (3.82) and strategic risk-taking (3.87) show moderate mean values with relatively higher standard deviations, implying variability in how firms are adopting or prioritizing these strategies. Investment in digital infrastructure (4.05) and data analytics (3.91) indicates the growing importance of technology in maintaining competitiveness. The variable global market adaptability (3.95) also shows that despite being regionally rooted, these firms have significant global strategic alignment. Overall, the descriptive analysis suggests that while startups and MNCs share common strategic orientations, some variability in tech adoption and risk tolerance may lead to differences that warrant further statistical testing.

Table 3 **ANOVA Analysis**

Strategic Variable	Sum of Squares	df	Mean Square	F-Value	Sig. (p-value)	Decision
Innovation in product development	3.72	1	3.72	5.89	0.016	Significant
Investment in digital infrastructure	2.94	1	2.94	4.21	0.041	Significant
Market responsiveness	1.88	1	1.88	2.34	0.128	Not Significant
Employee skill development	3.41	1	3.41	5.01	0.026	Significant
Strategic risk-taking	4.02	1	4.02	6.32	0.014	Significant
Customer-centric approach	1.65	1	1.65	2.12	0.146	Not Significant
Use of data analytics	3.55	1	3.55	5.67	0.018	Significant
Flexibility in operations	2.26	1	2.26	3.25	0.072	Not Significant
Speed of decision-making	3.78	1	3.78	5.91	0.016	Significant
Use of AI and automation	4.29	1	4.29	6.78	0.011	Significant
Competitive pricing strategies	1.94	1	1.94	2.63	0.104	Not Significant
Global market adaptability	2.88	1	2.88	4.48	0.038	Significant

Source: Primary Data- SPSS Output

The ANOVA results provide statistical validation for differences in strategy adoption between startup companies and multinational corporations in Karnataka. Out of the 12 variables analysed, 8 variables show statistically significant differences at the 5% level ($p < 0.05$), including innovation in product development, digital infrastructure investment, employee skill development, strategic risk-taking, data analytics usage, speed of decision-making, use of AI and automation, and global market adaptability. These findings support the alternative hypothesis (H_1) that meaningful strategic differences exist between startups and MNCs in these areas.

Notably, variables such as market responsiveness, customer-centric approach, operational flexibility, and competitive pricing do not show significant differences, suggesting that both startups and MNCs perform similarly in these strategic dimensions. This may be due to shared customer expectations or market-driven standards influencing both business types. Overall, the ANOVA reinforces the idea that while some strategic attributes are universal, others differ based on firm structure, resources, and operational models. Startups tend to adopt more agile and risk-prone strategies, whereas MNCs leverage structured digital investments and global adaptability more effectively. These insights can guide managers in tailoring strategies based on organizational type and market positioning.

8. Results and Discussion

- Startups reported a higher mean score in innovation ($M = 4.12$, $SD = 0.68$) compared to MNCs, with ANOVA results showing statistical significance ($F = 5.89$, $p = 0.016$). This supports H_1, indicating startups adopt more flexible and innovation-driven strategies.
- The use of AI revealed significant strategic variation ($F = 6.78$, $p = 0.011$), with MNCs showing higher integration levels due to greater resources. This confirms H_1, highlighting that startups still lag in deep-tech adoption.

- MNCs prioritize structured upskilling (M = 4.11) compared to startups (M = 3.76), with a significant difference noted (F = 5.01, p = 0.026). This supports H_1, indicating MNCs' focus on talent development as a competitive asset.
- Startups score higher in decision-making speed (M = 4.35), with ANOVA results showing significance (F = 5.91, p = 0.016). This supports H_1, emphasizing startups' flat structures and responsiveness.
- Although both types rated high on customer focus (overall M = 4.33), ANOVA results (F = 2.12, p = 0.146) indicate no significant difference. This does not support H_1 for this variable, showing a converged strategy in market engagement.
- Global adaptability showed a meaningful gap (F = 4.48, p = 0.038), with MNCs scoring higher due to existing international networks. This supports H_1, confirming differences in global strategic positioning.
- Given the significant gap in AI adoption (F = 6.78, p = 0.011), policy-makers and incubators should create schemes to subsidize AI tools and training for startups to enhance their competitiveness.
- With MNCs investing more in skill development (F = 5.01, p = 0.026), collaborative training platforms involving both firm types can reduce the talent gap and promote industry-wide capability building.
- As startups excel in speed and innovation (F = 5.89 and F = 5.91), MNCs can integrate startup-like models within specific units to increase responsiveness and innovation in dynamic markets.

9. Conclusion

The present study highlights significant differences in business strategies adopted by startup companies and multinational corporations (MNCs) operating in Karnataka, especially in areas such as innovation, AI adoption, decision-making speed, and employee skill development. Statistical tools including descriptive statistics and ANOVA validated the hypothesis that strategic approaches vary notably between these two organizational types. Startups exhibit agility, risk-taking, and rapid decision-making, while MNCs leverage structured processes, advanced technologies, and global market adaptability. However, both types show convergence in customer-centric strategies, indicating a shared priority in market responsiveness. The findings suggest that while resource availability and organizational maturity influence strategy formulation, collaboration between startups and MNCs could foster mutual growth. The study also underlines the importance of integrating technology and talent development across firm types. Future research could expand to different regions or sectors, include longitudinal studies, and explore the impact of emerging technologies and sustainability-driven strategies on competitive performance. This would provide deeper insights into evolving global business dynamics.

Bibliography

[1] Castellani, D., Lavoratori, K., Perri, A., & Scalera, V. G. (2022). International connectivity and the location of multinational enterprises' knowledge-intensive activities: Evidence from US metropolitan areas. *Global Strategy Journal*, *12*(1), 82-107.https://doi.org/10.1002/gsj.1404

[2] DasGupta, R., Kumar, S., & Pathak, R. (2022). Multinational enterprises' internationalization and adoption of sustainable development goals. International Journal of Managerial Finance, 18(4), 617-638.https://doi.org/10.1108/IJMF-09-2021-0416

[3] Gao, Q., Zhang, Z., Li, Z., Li, Y., & Shao, X. (2022). Strategic green marketing and cross-border merger and acquisition completion: the role of corporate social responsibility and green patent development. *Journal of Cleaner Production*, *343*, 130961.https://doi.org/10.1016/j.jclepro.2022.130961

[4] Jacobs, W., Van Rietbergen, T., Atzema, O., Van Grunsven, L., & Van Dongen, F. (2016). The impact of multinational enterprises (MNEs) on knowledge-intensive business services (KIBS) start-ups: Empirical evidence from the Dutch Randstad. *Regional Studies*, *50*(4), 728-743.https://doi.org/10.1080/00343404.2014.932905

[5] Khan, Z., Amankwah-Amoah, J., Lew, Y. K., Puthusserry, P., & Czinkota, M. (2022). Strategic ambidexterity and its performance implications for emerging economies multinationals. *International Business Review*, *31*(3), 101762.https://doi.org/10.1016/j.ibusrev.2020.101762

[6] Kolk, A., & Pinkse, J. (2022). A perspective on multinational enterprises and climate change: Learning from "an inconvenient truth"? In *Crises and Disruptions in International Business: How Multinational Enterprises Respond to Crises* (pp. 245-285). Cham: Springer International Publishing.https://doi.org/10.1007/978-3-030-80383-4_11

[7] Kumar, S., Sahoo, S., Lim, W. M., Kraus, S., & Bamel, U. (2022). Fuzzy-set qualitative comparative analysis (fsQCA) in business and management research: A contemporary overview. *Technological Forecasting and Social Change*, *178*, 121599.https://doi.org/10.1016/j.techfore.2022.121599

[8] Kyove, J., Streltsova, K., Odibo, U., & Cirella, G. T. (2021). Globalization impact on multinational enterprises. *World*, *2*(2), 216-230.https://doi.org/10.3390/world2020014

[9] Malkin, A. (2020). The made in China challenge to US structural power: industrial policy, intellectual property and multinational corporations. *Review of International Political Economy*, *29*(2), 538–570. https://doi.org/10.1080/09692290.2020.1824930

[10] Moradlou, H., Reefke, H., Skipworth, H., & Roscoe, S. (2021). Geopolitical disruptions and the manufacturing location decision in multinational company supply chains: a Delphi study on Brexit. *International Journal of Operations & Production Management*, *41*(2), 102-130.https://doi.org/10.1108/IJOPM-07-2020-0465

[11] Ochie, C., Nyuur, R. B., Ludwig, G., & Cunningham, J. A. (2022). Dynamic capabilities and organizational ambidexterity: New strategies from emerging market multinational enterprises in Nigeria. *Thunderbird International Business Review*, *64*(5), 493-509. https://doi.org/10.1002/tie.22266

[12] Oh, C. H., & Oetzel, J. (2022). Multinational enterprises and natural disasters: Challenges and opportunities for IB research. *Journal of International Business Studies*, *53*(2), 231.https://doi.org/10.1057/s41267-021-00483-6

[13] Optimizing corporate tax strategies and transfer pricing policies to improve financial efficiency and compliance. (2022). *Journal of Advance Multidisciplinary Research*, *1*(2), 28-38. https://www.synstojournals.com/multi/article/view/147

[14] Pisoni, A., & Onetti, A. (2018). When startups exit: comparing strategies in Europe and the USA. *Journal of Business Strategy*, *39*(3), 26-33.https://doi.org/10.1108/JBS-02-2017-0022

[15] Rygh, A., & Benito, G. R. (2022). Governmental goals and the international strategies of state-owned multinational enterprises: A conceptual discussion. *Journal of Management and Governance*, *26*(4), 1155-1181.https://doi.org/10.1007/s10997-021-09595-5

[16] Tien, N. H., & Ngoc, N. M. (2019). Comparative Analysis of Advantages and disadvantages of the Modes of Entrying the International Market. *International journal of advanced research in engineering and management*, *5*(7), 29-36.

[17] Ullah, S., Adams, K., Adams, D., & Attah-Boakye, R. (2021). Multinational corporations and human rights violations in emerging economies: Does commitment to social and environmental responsibility matter? *Journal of Environmental Management*, *280*, 111689.https://doi.org/10.1016/j.jenvman.2020.111689

[18] Wen, H., Zhong, Q., & Lee, C. C. (2022). Digitalization, competition strategy and corporate innovation: Evidence from Chinese manufacturing listed companies. *International Review of Financial Analysis*, *82*, 102166.https://doi.org/10.1016/j.irfa.2022.102166

[19] Zhang, J. J. (2022). American multinational corporations and the US-China trade war. In *Research handbook on trade wars* (pp. 252-270). Edward Elgar Publishing.https://doi.org/10.4337/9781839105708.00023

[20] Zulkifli-Muhammad, M., Char, A. K., bin Yasoa, M. R., & Hassan, Z. (2021). Small and medium enterprises (SMEs) competing in the global business environment: A case of Malaysia. *International business research*, *3*(1).

Websites

[1] CB Insights. (2022). *State of venture report: Global funding trends and insights*. CB Insights Research. Retrieved from
[2] https://www.cbinsights.com
[3] KPMG. (2022). *Global economic outlook and M&A trends 2022*. KPMG International. Retrieved from https://home.kpmg
[4] PwC India. (2022). *Startup funding report: India 2022*. PwC Research and Insights. Retrieved from https://www.pwc.in
[5] Refinitiv. (2022). *Global mergers & acquisitions review: Full year 2022*. Refinitiv Deals Intelligence. Retrieved from https://www.refinitiv.com
[6] Startup India. (2022). *Indian startup ecosystem: Investment trends and sectoral analysis 2022*. Department for Promotion of Industry and Internal Trade (DPIIT), Government of India. Retrieved from [https://www.startupindia.gov.in]