

- **Technology:** There is a need to facilitate commercialization of research and development through increased private-public partnerships and incentives for subcontracted research. There should be an improvement in technology transfers among universities, government, and entrepreneurs.
- **Governance and reduction of complex bureaucratic procedures:** There is a need to improve the quality of governance and leverage technology to reduce effort, cost, and time to set up new enterprises. There should be structural changes to simplify and streamline bankruptcy proceedings, and to change perceptions about bankruptcy and its impact on social status. The government should also emphasize the social responsibility and philanthropic aspects of entrepreneurs' success, not just wealth creation.

Indian entrepreneurs view bureaucracy as a major obstacle. There are a large number of procedures to be followed and clearances to be obtained to start and operate a business. Each of these procedures can take a long time. Corruption is widespread in some government departments and private-sector companies. There is a need to rein in corruption and reduce the complexity of bureaucratic procedures.

MODELS OF ENTREPRENEURIAL DEVELOPMENT

The models of entrepreneurial development are broadly classified into three categories:

- Psychological models
- Sociological models
- Integrated models

Psychological Models

The psychological model is based on the psychological approach to entrepreneurship. The essence of psychological theory is an understanding of the difference in individuals' attitudes. According to this theory, the internal attitude and ability to judge and forecast any situation lead a person to become a successful entrepreneur. David McClelland's theory on need for achievement is the most important among the various psychological theories on entrepreneurship. In his theory, McClelland emphasized the relationship of need for achievement or achievement motivation to economic development via entrepreneurial activities. He considers "achievement motivation" to be the major determinant of entrepreneurial development.

McClelland's Theory of Achievement Motivation David McClelland has explained entrepreneurial development from a psychological perspective. He considers entrepreneurs as people who do things in a better way and make decisions in times of uncertainty. He argues that motivation is an important determinant for entrepreneurial growth. The dream to achieve big things overpowers monetary or other external incentives. The McClelland Theory of Achievement Motivation holds that people have the following three motives for accomplishing things:

- Need for Power (nP), or the drive to influence others and any given situation.
- Need for Affiliation (nAff), or the drive for interpersonal relationship.
- Need for Achievement (nAch), or the drive to excel, advance, and grow.

McClelland suggests that all of these three needs may simultaneously act on an individual. However, in the case of an entrepreneur, the need for achievement is found to dominate.

Theory of Withdrawal of Status Respect (1964) Everett Hagen's concept of the entrepreneur is that of a "creative personality" interested in accelerating change and driven by a motivation to achieve. According to Hagen, entrepreneurial growth has been very gradual and may or may not

even occur in the same generation. In his theory of withdrawal of status respect, Everett Hagen's argument is that certain social changes may disrupt the stability of traditional society and cause psychological changes in a group or in an individual. The withdrawal of status respect may occur when a traditional group is displaced from its previous status or on migration to some other place or to a new society.⁷ Hagen uses the case of Japanese history to substantiate his argument.

Internal-External Locus of Control Theory Professor J. D. Rotter of Ohio University introduced the Internal-External Locus of Control Theory, which highlights the self-confidence of a person, and the dependency on fortune and external environment for becoming an entrepreneur. According to this theory, the internal locus of control comprises self-confidence, extreme belief in one's own ability, and initiatives taken by an individual. Locus of control determines whether a person perceives a potential goal to be attainable through one's own actions (internal locus of control) or through uncontrollable external factors (external locus of control).

Sociological Models

The sociological theory of entrepreneurship holds social cultures to be the driving force behind entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of society. Such role expectations are based on religious beliefs, taboos, and customs. Max Weber, Hozelist, Thomas Cochran, and Frank W. Young all advocated a sociological explanation for the development of entrepreneurship.

Max Weber's Theory of Religious Beliefs According to Max Weber, religious beliefs are the driving or restraining forces for entrepreneurial activity. For one thing, religious beliefs play a crucial role in determining the attitude of the entrepreneur towards generating or limiting profits. Weber took the position that entrepreneurial growth is dependent upon the ethical values (due to religion) of society.

Weber stressed the spirit of capitalism, which promotes a favourable attitude in society towards the acquisition of wealth. Capitalism thrives under the Protestant work ethic that advocates hard work, honesty, and discipline. The spirit of capitalism, coupled with the motive of profit, results in the creation of a large number of successful business enterprises.

Weber distinguished between the "spirit of capitalism" and the "adventurous spirit." The spirit of capitalism is influenced by a strict discipline, whereas the adventurous spirit comes from the free force of impulse. The right combination of discipline and impulse defines the successful entrepreneur.

Hozelist's Sociocultural Theory According to Hozelist, a specific social culture leads to growth in entrepreneurship. Social sanctions, cultural values, and role expectations are responsible for the emergence of entrepreneurship. He also propounded that entrepreneurship grows in societies that permit variability in choice of paths of life and non-standard socialization of individuals. Hozelist's approach emphasizes the theory of deviance and assumes that those who introduce changes must be deviants since they reject the traditional way of doing things.

Thomas Cochran's Theory of Entrepreneurial Supply Thomas Cochran, in agreement with Hozelist, believed that the environment in which an individual is brought up determines his entrepreneurial urge. According to him, the supply of entrepreneurs in society needs to be seen with reference to prevailing child-rearing practices. He stated that the performance of the entrepreneur might be seen in reference to his own attitudes towards an occupation. Values and role expectations of the particular social group to which he belongs are the most important determinants in the performance of business entrepreneurial roles.

Frank W. Young's Theory of Group Level Pattern Frank W. Young's theory of entrepreneurship is one of change based upon society's incorporation of relative sub-groups within society. He said that groups can be reactive in two ways. If a group experiences low status recognition and denial of access to important social networks, and if the group possesses a greater range of institution resources than other groups at the same system level. These two factors bring development to the society. A group without anything will compete with other groups and also try

to acquire societal recognition. A sub-group that has a relatively low status in a larger society will lead to entrepreneurial behaviour if the group has better institutional resources than others in that society at the same level. Young's model of entrepreneurship suggests the creation of supporting institutions in society, such as the family, as the determinant of entrepreneurship.

Integrated Models

In search of an integrated approach, the behaviourists tried to synthesize psychology and sociology to explain entrepreneurship. However, there has been a dominant influence of psychological parameters in their interpretation of entrepreneurial behaviour. In Uday Pareek and T. V. Rao's theoretical framework for analysing entrepreneurship, they argue that there are some sequential propositions in human behaviour that lead to entrepreneurship. According to them, these propositions, which occur in sequence, ultimately end up in entrepreneurial development.⁸ According to T. V. Rao, the optimal presence of the following factors, which are additive in nature, leads to the initiation of entrepreneurship:

- Need for motive (achievement motivation)—the dynamic which is the main thrust behind entrepreneurial action.
- Long-term involvement in thought and action to achieve the goal in entrepreneurial activity.
- Personal, social, and material resources favourable to entrepreneurial activity.
- Sociopolitical system suitable for the establishment, development, and expansion of an enterprise.

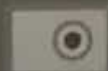
2.2 SHIV KHERA'S BEST-SELLING BOOKS

Shiv Khera is an author, motivational speaker and successful entrepreneur. He is the author of 16 books and all these books are published worldwide. The Shiv Khera first book was "You Can Win" which broke all records of selling books. This book was published in 1998 published by Macmillan India. This book was published in 16 different languages all over the world including Hindi with a title "Jeet Aapki". According to the statistics, more than 2.76 million copies of "You Can Win" has been sold. He won so many awards through this book.

Shiv Khera success story started from this book. "You Can Win" also made a world record of the international bestseller. This book is based on the positive attitude and approach of a person to achieve success through their personal growth. He got so

much fame and popularity from this book that a million of people regularly search for him by entering You Can Win Author Shiv Khera biography on various search engines.

Living with Honor [Macmillan, India] His second book came after a gap of 5 years and dealt with living an honorable life in a fractured world. An authoritative take, the book became a best-seller within days of its release. Freedom is not Free [Macmillan, India] this was penned by Khera when he was completely fed-up with the country's poor state. It is his call to his countrymen to pick up the cudgels to reform society. Published right before his break into the Indian political system. You Can Sell [Westland] The latest by Shiv Khera brings forward time-tested principles that would make a successful sales professional.¹⁷



SNAPSHOT

The models suggested for the development of entrepreneurship are:

- Psychological models
- Sociological models
- Integrated models

2.3 SHIV KHERA'S ADVICE TO YOUTH

The motivational speaker extraordinaire and the author of best-selling self-help books said that the only people who will succeed in life are people who have three skills. People who have people skills, people who have selling skills and people who have prioritising skills. His advice to young Indians are:¹⁹

1. Take pride in performance
2. Get involved
3. Always put in extra efforts
4. Take a stand
5. Be focused
6. Choose your friends carefully
7. Build high self-esteem
8. Build character
9. Live purposefully
10. Start your day on a positive note
11. Make courtesy a way of life

ENTREPRENEURIAL MOTIVATION

Motivation is an important determinant for entrepreneurial growth. McClelland emphasised the importance of achievement motivation as the basis of entrepreneurial personality.²⁰ Motivation becomes a catalyst of economic and social development through entrepreneurship by fulfilling the following needs:

- Need for Power (nP), or the drive to influence others and any given situation.
- Need for Affiliation (nAff), or the drive for interpersonal relationship.
- Need for Achievement (nAch), or the drive to excel, advance, and grow.

McClelland suggests that all these three needs may simultaneously act on an individual. However, in the case of an entrepreneur, the need for achievement is found to dominate. Let us discuss the need for achievement in further detail.

Need for Achievement (nAch)

The need for achievement (nAch) is defined as the disposition to achieve something excellent. The need to achieve is closely linked to entrepreneurship and acts as a motivating factor for the success of an entrepreneur as someone who is motivated to excel is usually able to identify situations in which success is likely. Again, in order to motivate employees and ensure the smooth functioning and success of an enterprise, an entrepreneur or a manager has to put forward some objectives before every employee and encourage the employee to achieve them. An employee can be motivated by creating a desire to achieve the objectives set. In this way, achievement motivation is useful for the success of entrepreneurs and their enterprises. People with a predominant need for achievement exhibit the following characteristics:

- They find achievement to be more important than reward.
- They set their own goals, which are moderately challenging.
- They pursue goals for which they can obtain feedback about their success.
- They are constantly competing with standards of excellence.
- They have self-efficacy (belief in one's own ability) and an internal locus of control (the belief that their actions affect outcomes).

Women Entrepreneurs

Upon completion of this chapter, you should be able to:

1. Understand the role of entrepreneurship in the empowerment of women.
2. Describe the concept of women's entrepreneurship.
3. Identify the factors influencing the development of women entrepreneurs and the challenges in the path of women's entrepreneurship.
4. Explore strategies for the development of women entrepreneurs and identify institutions supporting women's entrepreneurship in India.
5. Discuss successful women entrepreneurs from India and around the world.

INTRODUCTION

It is imperative to recognize that in the modern dynamic environment, the woman entrepreneur is an important part of the global quest for sustained socioeconomic progress. A strategy aimed at economic development will not be effective without the participation of women, who constitute nearly half of the world population and an important part of the workforce. The participation of women in economic activities is necessary not only from a human-resource point of view but also for raising the status of women in society. The economic status of women is now accepted as an indicator of a society's stage of development. Therefore, it becomes imperative for the government to frame policies for the development of entrepreneurship among women. The long-term objectives of development programmes for women should be to raise their economic and social status in order to bring them into the mainstream of national life and development. For this, due recognition must be accorded to the role and contribution of women in the various social, economic, political, and cultural fields.

The Indian government defines a woman entrepreneur's enterprise as one "owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated by the enterprise to women." Women's entrepreneurship has gained momentum in the last three decades with an increase in the number of enterprises run by women and a consequent increase in women's contribution to economic growth. Industrial development, technological innovations, foreign direct investments, and export potential have helped bring a wide range of socioeconomic opportunities to women entrepreneurs. Moreover, with more and more women pursuing professional, technical, and higher education and with the advent of mass media, women are now more aware of their right to be economically independent. Naturally, most business sectors—from *papad*-making to the manufacturing of power cables—have seen an increase in the proportion of women employees.

Women make excellent entrepreneurs as they tend to be good at multitasking, deftly handling home and business. It has often been observed that women entrepreneurs are great communicators and are naturals when it comes to building relationships. Moreover, women are also good problem-solvers and calculated risk-takers.²

Certain common traits bind many women entrepreneurs together. Successful women entrepreneurs are often ambitious in their desire for personal achievement, which drives them to great heights in their careers. It is generally observed that they are optimistic, confident of their own abilities, know their strengths and weaknesses, and stick to their own judgement in the face of opposition or an initial absence of success. They can take bold risks as well as responsibility for their own actions. They are often innovative, flexible, adaptable to changing market trends and business methods, and willing to learn, unlearn, and relearn. They feel compelled to produce high-quality work at a competitive cost. They value teamwork and loyalty and are conscious of their responsibility toward society.³

Kamal Singh defines a woman entrepreneur as a "confident, innovative and creative woman capable of achieving economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family, and social life."⁴ Today, India is full of success stories of women entrepreneurs. Kiran Mazumdar-Shaw started Biocon with a seed capital of only INR. 10,000 and has seen it grow into a global provider of pharmaceuticals. Shri Mahila Griha Udyog, the organization that makes the famous Lijjat Papad, began with just seven women working on a cooperative basis in a building with a seed capital of INR. 80 and has expanded into a company that currently employs over 42,000 sister-members throughout India.⁵ Shahnaz Husain began her entrepreneurial journey in a single beauty parlour in Delhi and now has a global presence. Ekta Kapoor's success with Balaji Telefilms has set a good example for young women entrepreneurs in the television industry. Wherever they have set foot, Indian women entrepreneurs

3.1 KIRAN MAZUMDAR-SHAW – EARLY LIFE

Kiran was born to Gujarati parents in Bangalore on March 23, 1953. Kiran Mazumdar-Shaw did her schooling from Bishop Cotton Girls' School, Bangalore, and later studied at Mount Carmel College, Bangalore. She studied science with an eye on a career in medicine. When she could not procure a seat in a medical college, she obtained a bachelor's degree in biological sciences and topped the batch in Bangalore University.

Her father, Rasendra Mazumdar, was the head brewmaster at United Breweries. He suggested that she study fermentation science, and train to be a brewmaster, a very nontraditional field for a woman. Kiran went to Federation University (Formerly known as University of Ballarat) in Australia to study Malting and Brewing. In 1974 she was the only woman enrolled in the brewing course and topped her class. She earned the degree of the master brewer in 1975.

Kiran worked as a trainee brewer in Carlton and United Breweries, Melbourne and as a trainee maltster

at Barrett Brothers and Burston, Australia. She also worked for some time as a technical consultant at Jupiter Breweries Limited, Calcutta and as a technical manager at Standard Maltings Corporation, Baroda between 1975 and 1977. However, when she investigated the possibility of further work in Bangalore or Delhi, she was told that she would not be hired as a master brewer in India because "It's a man's work." She began to look abroad and was offered a position in Scotland.

In the meanwhile, Kiran met Leslie Auchincloss, founder of Biocon Biochemicals Limited, of Cork, Ireland. Auchincloss's company produced enzymes for use in the brewing, food-packaging and textile industries. Auchincloss was looking for an Indian entrepreneur to help establish an Indian subsidiary. Kiran agreed to undertake the job on the condition that if she did not wish to continue after six months she would be guaranteed a brewmaster's position comparable to the one she was giving up.²⁸

have written a new chapter. Women entrepreneurs have been able to excel in their fields for the following reasons⁶:

- **The need for economic independence:** Most women start businesses because they feel the need to be economically independent or supplement their family incomes. Financial independence often becomes a necessity for single women and widows. Growing urbanization and industrialization have encouraged and often necessitated women's entrepreneurship. In certain cases, women are forced to shoulder the responsibility of earning for their families.
- **Technology:** Technology has enabled many women to work from home or start home-based businesses, making it easier for them to balance their careers and family life. Technology, such as the Internet, also connects women entrepreneurs across the globe and helps them work effectively, efficiently, and productively.
- **Achievement of excellence:** Women with achievement motivation crave a challenging career, such as one involving entrepreneurship, rather than an ordinary job. Most women start business enterprises not only to make money but also to experience a sense of accomplishment and achievement.
- **Establishing an identity:** Many women pursue a career for self-fulfillment. Entrepreneurship fulfills women's need to establish their own identities and make a mark in society. It channelizes their talents and helps them make the best use of their education. Many women work for corporate companies for a certain period of time to acquire skills and experience and later choose to start their own enterprises.

3.2 STARTING A NEW VENTURE—BIOCON

Kiran had never decided to become an entrepreneur and instead had the plans of pursuing a brewing career. In spite of facing many hurdles like a huge gender barrier in technology and several financial problems, Kiran was on her way to start an enterprise in a road less traveled, Biotechnology. "I suddenly found that my gender came against me. People kept acknowledging the fact that I had very good technological capabilities but they weren't willing to risk having a woman in their management cadre. It was an accidental encounter with an entrepreneur from Ireland that actually saw me start my company," says Kiran about her days in the late 70s.

In the year 1974, Kiran started her professional career as trainee brewer in Carlton and United Breweries, Melbourne. After returning to India, she worked in technical positions in Kolkata and Vadodara. In 1978, she joined Biocon Biochemicals Limited of Ireland as a trainee manager. In the same year, in collaboration with the same Irish firm, she founded Biocon in the

garage of her rented house in Bangalore with a capital of D10,000. In 1980, the company acquired 20 acres of land in Bangalore and shifted operations to the new location. Initially, Kiran faced many credibility challenges as a young woman entrepreneur with an untested business model. Her loan applications were turned down by various banks as, among other reasons, biotechnology was a new field in India, and her company had few assets to boast of. However, Kiran overcame these challenges with her extraordinary perseverance and hard work. In 1989, Unilever acquired Biocon Biochemicals Limited of Ireland and merged it with its subsidiary, Quest International. Nine years later, after Unilever agreed to sell its shareholding in Biocon to Indian promoters, Biocon became an independent entity.

Today Biocon Ltd. is Asia's premier biopharmaceutical company, is committed to ensuring a global right to healthcare by addressing the worldwide need for safe, effective, and affordable biotherapeutics.⁷⁰

WOMEN'S ENTREPRENEURSHIP IN ASIA

Entrepreneurship has emerged as a major focus of attention in the last few decades. It has expanded beyond the scope of an owner-manager to include professional managers in large corporations and conglomerates who play the role of entrepreneurial managers. Being synonymous with creativity and innovation, entrepreneurship is believed to be an economic panacea for problems such as unemployment and lopsided development.

There is high focus on entrepreneurship in Asia. Entrepreneurs are believed to be determining factors in the creation of new wealth in society. In many developing countries, such as in India, there is a concentration of small- and medium-sized companies and family businesses. Women's entrepreneurship development in Asian countries has the potential to empower women and create a socio-economic transformation of the region to which these women belong. In some Asian countries, especially where the level of economic development is reflected by the low level of per capita income and the degree of industrialization, this potential remains largely untapped. Less than 15 percent of entrepreneurs in South Asia, comprising Bhutan, India, Bangladesh, Maldives, Nepal, Pakistan, and Sri Lanka, are women. It has also been found that there are three categories of women entrepreneurs: "chance," "forced," and "created entrepreneurs." These three categories are based on how their businesses got started or the main reasons or motives behind starting their own businesses.¹

Self-employment is emerging as a very important source of livelihood for women in Asia. This is due to the scarcity of employment opportunities in this part of the world. Additionally, many types of paid employment here are felt to be more suitable for males than for females (for example, mining, construction). Furthermore, many women are less educated, having fewer technical skills.

The 1970s saw women setting up enterprises across Asia. They had begun to chop away at one of the last and most enduring bastions of male dominance—the no-women's land of business entrepreneurship, risk taking, and financial adventure. In India, the 1990s was the decade of entrepreneurial explosion. Today, women are taking to business entrepreneurship not only in metropolitan cities such as Delhi, Mumbai, Kolkata, Bangalore, and Ahmedabad but also in backward areas like Bihar and in smaller towns. This trend has risen mainly because of changes in social attitudes in urban areas, the break-up of the traditional joint family system, a rising standard of living, opportunities for higher education for women, growing awareness of the need for economic independence, consciousness of women's potential, and credit and other facilities provided by the government to set up enterprises.

In a study conducted in Southeast Asian countries, women were found to make up a significant part of those classified as employers and self-employed. On an average, women classified as employers or self-employed form 23 percent to 30 percent of the total number of women workers in Indonesia, Malaysia, the Philippines, and Thailand. In sections such as manufacturing, trading, and community services in these countries, a substantial number of entrepreneurs are female. Moreover, the percentage share of women who are employers or self-employed is rising all over Southeast Asia.² Over two decades, from the 1970s to the 1980s, while the percentage of employers and self-employed in the labour force remained stable in all Southeast Asian countries, the percentage of women classified as employers or self-employed rose in virtually all sectors.

Entrepreneurship requires the presence of economic opportunity, sympathetic cultural forces, supportive government action, and strong personal values. Most of these facilitating factors are certainly not in favour of women. While it appears relatively easy for women in the more advantaged (but typically smaller) segments of the population to set up and sustain enterprises of their own, the real challenge in developing countries is in bringing the vast majority of disadvantaged women into the mainstream of economic activity.

In times to come, the knowledge economy will offer women newer opportunities in entrepreneurship.

WOMEN'S ENTREPRENEURSHIP IN INDIA

The emergence of women entrepreneurs and women-owned firms, and their significant contributions to the economy, is visible in India. These businesses are ready for continued growth in the future.

The new generation of women-owned enterprises is actively seeking capital for its businesses, using modern technology to find and create a niche in both the domestic and export markets. While women-owned businesses possess the potential and are capable of contributing much more, it is essential to formulate strategies to invigorate, support, and sustain their efforts in the right direction.

Surveys demonstrate that women's primary entrepreneurial activity is focused on the micro, small, and medium enterprises (MSME) sector. Among the total number of women entrepreneurs in the country, approximately 61 percent are small-scale entrepreneurs, 18 percent are large-scale manufacturers, and the remaining are involved in cottage and village enterprises.⁸ They work in a wide range of sectors—from trade and services to tailoring, beauty parlours, and at printing presses. However, the involvement of women entrepreneurs in the production sector is minimal and the development of this sector is rather slow.

Studies show that women contribute significantly to the running of family businesses, mostly in the form of unpaid effort and skills. Moreover, many enterprises that are defined as being run by women (businesses in which women hold the controlling share) are in fact run in their names by men who control the operations and decision-making. Programmes meant to help women entrepreneurs can succeed only if note is taken of such problematic situations as well as of the familial and social conditioning that undermines the confidence, independence, and mobility of women. Programmes encouraging entrepreneurship among women will require a change in societal attitudes rather than a mere creation of additional employment opportunities for women. These programmes should also go beyond subsidies and credit allocation to change in attitude, group and association formation, training in both managerial and technical skills, and other support services. One way to do this would be to begin training in entrepreneurial attitudes at the high-school level through well-designed courses. Furthermore, appropriate skill-development training still remains the key for a programme to successfully develop entrepreneurship among women. NGOs like the Rural Development and Self-Employment Training (RUDSET) Institute in Karnataka have been successful in achieving reasonably high levels of success in this regard.

Apart from training, the availability of finance and other necessities like land, industrial plots, and sheds is often a constraint that many women-owned businesses face. Funding is not easily available for primary activities. Banks and moneylenders are reluctant to lend money to women entrepreneurs due to the risk and high operational costs involved in these businesses. However, schemes like the Integrated Rural Development Programme (IRDP) and the Prime Minister's Rozgar Yojana (PMRY), and organizations like the Small Industries Development Bank of India (SIDBI) do extend assistance in trade, even in trade finance.

Most women entrepreneurs find it difficult to market their products successfully. Marketing requires both mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Organizations promoting women entrepreneurs arrange frequent exhibitions to showcase the products and services developed by women entrepreneurs. Some NGOs even use mobile marketing vans. However, these are not long-term arrangements and quality control is inadequate. The long-term strategy should be to teach marketing skills to women entrepreneurs in order to make them responsive to the market. This means that market surveys of selected products should be made part of the training programme for women entrepreneurs and professional marketing advice should be shared with them. The use of professional marketing expertise is essential to identify marketing channels for the products made by women entrepreneurs. Industrial estates could also provide marketing outlets for the display and sale of products made by women.

The Centre for Women's Development Studies (CWDS) indicates that while the participation of women in the workforce is high and on the increase, the general status of women and their control over resources is not increasing at the same pace. According to the CWDS, the basis of gender inequalities is the restriction of women from exercising control over the means of production—whether land or capital—in spite of being usually allowed to engage in subsistence-level income generation. The CWDS believes that governments must try harder to bring in sensitizing policies to address these concerns.⁹

The UNDP has initiated a project, Science and Technology Applied for Rural Transformation (START), which operates through a network of technology development centres and resource

centres. Each technology centre develops a network of small NGOs and women-dominated enterprises to implement the project and to fulfill the twin objectives of increasing productivity using the natural resources of the region and using technology to enhance opportunities.

The following are a few facts about women entrepreneurs in India.

- A majority of women entrepreneurs are married and have small families.
- Many women entrepreneurs belong to the low-income group.
- Many women become entrepreneurs out of economic necessity.
- Unmarried women and women from low-income groups face difficulties in getting financial support to launch their enterprises.
- A large number of women with little or no education enter into business without undergoing any training. Most of these practising women entrepreneurs lack vocational education.
- Women from the low-income group exercise greater freedom in making the decision to start a business as compared to middle-class women who suffer from cultural constraints.

3.3 BUILDING BIOCON

Kiran Mazumdar is responsible for establishing Biocon's direction. As early as 1984, she began to develop a research and development team at Biocon, focusing on the discovery of novel enzymes and on the development of novel techniques for solid substrate fermentation technology. The company's first major expansion came in 1987 when Narayanan Vaghul of ICICI Ventures (Industrial Credit and Investment Corporation of India) supported the creation of a venture capital fund of US \$250,000. The money enabled Biocon to expand its research and development efforts. They built a new plant featuring proprietary solid substrate fermentation technology based on a semi-automated tray culture process, inspired by Japanese techniques. In 1989, Biocon became the first Indian biotech company to receive US funding for proprietary technologies. In 1990, Kiran incorporated Biocon Biopharmaceuticals Private Limited (BBLP) to manufacture and market a select range of biotherapeutics in a joint venture with the Cuban Center of Molecular Immunology.

Biocon's initial operation was to extract an enzyme from papaya. Under Kiran's stewardship, Biocon, recognized today as India's pioneering biotechnology enterprise transformed itself from an industrial enzymes manufacturing company to an integrated biopharmaceutical company with a well-balanced business portfolio of products and strategic research initiatives. In 2004, Biocon came up with an initial public offering (IPO) and the issue was oversubscribed by over 30 times.

Kiran spearheaded Biocon's evolution from an industrial enzymes manufacturing company to a

fully integrated biopharmaceutical company with a well-balanced business portfolio of products and a research focus on diabetes, oncology and auto-immune diseases. She also established two subsidiaries: Syngene (1994) which provides early research and development support services on a contract basis and Clinigene (2000) which focuses on clinical research trials and the development of both generic and new medicines. Clinigene was later merged with Syngene. Syngene was listed on BSE/NSE in 2015 and had a market cap of US \$1.15 billion.

While 2017 was a challenging year, Biocon concluded the year on a euphoric note with a landmark achievement that demonstrated our advanced R&D capabilities. The US FDA approved a biosimilar antibody drug, Trastuzumab, co-developed by Biocon and Mylan to treat aggressive forms of breast and gastric cancers. It marked a major milestone for India as well Biocon, as the first company from India to secure a biosimilar approval in the US. This approval not only establishes Biocon as a credible biologics player from India it puts us in an exclusive league of global biosimilar players. It also launched KRABEVA® (Bevacizumab), a key biosimilar antibody drug for the treatment of patients with metastatic colorectal cancer and other types of lung, kidney, cervical, ovarian, and brain cancers in India. These developments endorse the strength of country's science and the manufacturing capability to develop world-class biosimilars that conform to best-in-class global quality standards.²⁶

- Support systems often do not effectively carry out the development of vision, confidence, business orientation, and skills.
- Gender discrimination is often encountered at every stage of business development.
- Women entrepreneurs often prefer diversification to specialization, stabilization of income and minimization of risk to maximization of income, and are security-oriented rather than growth-oriented.
- It is still not uncommon to find enterprises owned by women but run by men, although this trend is slowly fading.
- In the field of technology, women entrepreneurs have made a conscious decision to set up technology-based enterprises. Many have ventured into hi-tech areas such as manufacturing of solar thermals, vacuum reactors, television boosters, air compressors, voltage stabilizers, and amplifiers. However, for most women, their businesses remain microenterprises.

DISCUSSION FORUM

- Define the term "women entrepreneur."
- Illustrate the role of women entrepreneurs in the economic development of society with examples.

CHALLENGES FACED BY WOMEN ENTREPRENEURS

The challenges that women entrepreneurs face extend to the different environments that they operate in.¹¹ The overall context of women's entrepreneurship development can be described in the form of the following three different spheres.

Microsphere

Women entrepreneurs operating in a microsphere are mainly confined to the local environment and obliged to live close to the family. For example, in many South Asian countries, women entrepreneurs are expected to carry out household work, childcare, and other tasks in addition to their businesses. In such an environment, women entrepreneurs find it difficult to travel to procure supplies and meet customers and are often unable to grow and expand their businesses freely.

Mesosphere

Women entrepreneurs operating in the mesosphere work at a regional or national level. There are a large number of organizations involved in implementing policies and programmes as well as in providing support services to entrepreneurs operating within the mesosphere. However, for a variety of reasons, many of these organizations tend to act as barriers when it comes to providing assistance to women entrepreneurs operating within this environment. In some cases this can be attributed to a lack of awareness about women's concerns and insensitivity towards gender issues. The State might formulate gender-progressive laws and policies, but the resistance offered by the bureaucracy, judiciary, and other official organizations often hinders the implementation of these measures.

Macrosphere

Women entrepreneurs operating in the macrosphere find themselves working at a global level. The macro-environment within which they develop and grow comprises many interconnecting structures and dynamics, such as laws and regulations, economy, international trade, market liberalization and globalization, availability of finance and credit, labour market, human capital resources, technology, physical infrastructure, and natural resources.

The business environment has an impact on all enterprises, large and small, run by both women and men. There is much evidence to indicate that women are at a greater disadvantage than men in relation to the opportunities and obstacles arising from these environmental structures and dynamics. This is partly because the extent to which women can negotiate in the labour market is critically affected by predominant gender ideology and practices. Negotiation takes place over wages, conditions of work, and workers' rights. However, women who negotiate in the workplace are sometimes constrained not only by gender gaps in skills and education but also by employers' assumptions regarding their abilities, work commitment, efficiency, and needs, all of which is further exacerbated by the unequal sharing of family responsibilities at the micro level.¹²

Within their environments, women entrepreneurs face major challenges. A major obstacle in the path of women's entrepreneurship is that women entrepreneurs often find it difficult to access funds from various financial institutions as they do not possess tangible security and credit in the market. When they are able to access funds, the complex and complicated procedures of many financial institutions (including banks) and the delay in obtaining loans make it difficult for women to arrange the working capital to finance the day-to-day operation of their enterprises. This chronic shortage of working capital leaves women entrepreneurs extremely vulnerable to competition and other emergencies.

Globalization, heavy competition in the marketplace, limited mobility, and inadequate training in marketing skills often induce women entrepreneurs to depend on middlemen who pocket a major chunk of the profit for marketing their products and services. Most women entrepreneurs lack information on changing market dynamics and face difficulty in payment collection. Women often also lag in acquiring and mastering the technical skills necessary to manage their enterprises.

Many women are low on self-confidence, and this could be another barrier to successful entrepreneurship by women. Women's lack of confidence in their own abilities stems from various socio-cultural factors. In our society, women are often discouraged from receiving higher education and vocational training, and those who do have the opportunity for higher studies often feel pressured to pursue stereotypical career options for women (such as being a doctor, teacher, nurse, or government employee) instead of business. As women have long accepted a subordinate role, society—including, sometimes, women themselves—are usually sceptical about women's capabilities. This is quite apparent in the family's reluctance to finance a woman's venture, bankers' reluctance to take risks on projects set up by women, and individuals' unwillingness to stand guarantee for loans to a woman. Entrepreneurship is also made difficult by the general expectation of society that a woman, irrespective of her career as a working woman or an entrepreneur, will perform what society perceives to be her family duties. Women are usually accepted as experts in their field only after they have proven themselves to be excellent at their work. So in order to demonstrate credibility, women entrepreneurs need to be confident of their strengths and abilities and demonstrate excellence in their work.¹³

STRATEGIES FOR THE DEVELOPMENT OF WOMEN ENTREPRENEURS

The following efforts can be made to promote the development of women entrepreneurs in the country¹⁴:

Encouraging Home-based Businesses

By operating her business from home, a woman can coordinate her household and business responsibilities more easily, and be on the path to achieving work-life balance.

Widespread Business Education

Workshops, counselling services, vocational training, seminars, and conferences should be organized frequently for women entrepreneurs. They should undergo training in effective communication and

3.4 QUOTES BY KIRAN MAZUMDHAR-SHAW

- An entrepreneur's life is always a continuous journey.
- Entrepreneurship is about being able to face failure, manage failure and succeed after failing.
- We have to build a culture of philanthropy. In a country like India, we need to be sensitive and caring about the poorer, more disadvantaged section of our country.
- One of my objectives, when I started Biocon was to make sure that I create a company for women scientists to pursue a vocation.
- I want to be remembered as someone who put India on the scientific map of the world in terms of large innovation. I want to be remembered for making a difference to global healthcare. And I want to be remembered as someone who did make a difference to social economic development in India.
- I faced a number of challenges whilst I built Biocon. Initially, I had credibility challenges where I couldn't get banks to fund me; I couldn't recruit people to work for a woman boss. Even in the businesses where I had to procure raw materials, they didn't want to deal with women.
- Today anything can be done—we have the techniques
- I have never let gender get in my way. It has taken me over 30 years to get from a garage to the huge campus that we have today. And it's been a long journey.
- I have a great team who has helped me build Biocon. I was very fortunate to be able to share my vision with a group of people who really were as excited about challenges as I was.
- My passion for innovation and my interest in the 'business of science' has seen Biocon commercialize many innovative platforms and products.
- I hate the title of being called 'the richest woman in India,' but it's the recognition that this was the value that I had created as a woman entrepreneur, and that makes me very, very proud.
- Indian businesswomen like Indra Nooyi, Chanda Kochhar, Naina Lal Kidwai, Shikha Sharma, Swati Piramal, Anu Agha, Swati Piramal, Sulajja Firodia Motwani, and Zia Mody have put India on the global firmament.
- My legacy is going to be in affordable health care. I am willing to invest in developing that model and the policies around it.²²

management skills and practices to handle human resources as well as in the legal aspects of running a business. Non-governmental organizations should be involved in training women entrepreneurs at the grassroots level. Efforts should be taken to include entrepreneur education at the school level. Gender sensitization programmes should be conducted for officials and trainers dealing with women entrepreneurs.

Better Financial Assistance

A separate and independent bank for women along the lines of Venezuela's Women's Development Bank (WDB) should be established in our country to provide low-interest loans to women. Procedures for financial assistance by banks and government organizations should be simplified. Women inspectors, if available, should be asked to inspect women's enterprises.

Wider Access to Technology

Women entrepreneurs should acquire relevant training in the use of technology and in the functioning of their plant and machinery. Effective and efficient use of technology such as the Internet can help them acquire information about the variety, range, and quality of competing products, and provide a platform for the publicity and marketing of their own products and services.

Group Entrepreneurship/Grassroots Entrepreneurship Through Self-help Groups

Group entrepreneurship is a collaborative approach to enterprise creation that benefits a community. It is a viable option for the weaker sections of society and can help women overcome their poverty. It empowers women and inspires them with confidence in themselves.

A scheme for group entrepreneurship is the self-help group (SHG), which enables the rural poor to earn their own livelihood while participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but it has now been incorporated into the conventional development process.

A self-help group is a small, voluntarily-formed, economically-homogeneous, and significant group of rural/urban poor who mutually agree to contribute to a common fund from which money is agreed to be lent out to its members according to group decisions.

A typical rural women's SHG is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational, industrial, or entrepreneurial background to become self-reliant; developing and enhancing the decision-making capacity of members; instilling in members the strength and confidence to solve their problems; and providing poor people with a forum where they can learn about collectively mobilizing and managing money and matters. Table 3.1 shows the status of women's SHGs in India for the years 2008–2010. Note that on an average, around 80 percent of total SHGs in India were women's SHGs during this period of time.

In an SHG, women are organized into small groups. The group formation helps to generate peer group support and solidarity. The group meets regularly, initially for awareness generation. After selecting a project, some members of the group attend training. At this stage, regular and timely attendance at meetings becomes very important. The quantum of weekly saving is also decided upon at this stage and each member is expected to contribute and participate. The initial contribution is usually made by an NGO, a funding agency, or the government.

SHGs directly help women increase their income by providing loans for productive enterprises. There are also other indirect ways in which SHGs can help increase income. For example, they help

Table 3.1
The position of
Women SHGs
in India (No. of
SHGs in lakh,
Amount in
INR. crore)²³

SHG	Particulars	2016–2017		2015–2016		2014–2015	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG savings with Banks as on 31st March	Total No. of SHGs	85.77	16114.23	79.03	13691.39	76.97	11059.84
	Exclusive Women SHGs	73.22	14283.42	67.63	12035.78	66.51	9264.33
	% of Women SHGs to Total	85.36	88.64	85.58	87.91	86.40	83.77
Loans Disbursed to SHGs during the year	Total No. of SHGs	18.98	38781.16	18.32	37286.90	16.26	27582.31
	Exclusive Women SHGs	17.16	36103.13	16.29	34411.42	14.48	24419.75
	% of Women SHGs to Total	90.42	93.09	88.92	92.29	89.05	83.53
Loans Outstanding against SHGs as on 31st March	Total No. of SHGs	48.45	61589.30	46.73	57119.23	44.68	5145.46
	Exclusive Women SHGs	42.84	56444.24	40.36	51429.91	38.58	45901.95
	% of Women SHGs to Total	88.36	91.66	86.37	90.04	86.35	89.05

avoid the interest rate of moneylenders and equip women to face possible loss of assets like cattle and goats through insurance. However, SHGs cannot be considered as just a credit or a savings group. Indeed, these groups form the basis for solidarity, strength, and collective action.

It needs to be mentioned that the SHG's involvement in self-employment activities certainly contributes to group entrepreneurship at the grassroots level. Group entrepreneurship offers an opportunity for the rural poor to learn basic managerial skills and values. This is useful not only to the poor but to society as a whole. Hence, group entrepreneurship through SHGs is an investment in the poor as well as an engine of development.

A brief review of the credit-based NGO activities suggests that they can be classified into four categories:

- NGOs acting as financial intermediaries between government schemes and the poor.
- NGOs lending directly to the poor.
- NGOs promoting self-help thrift and savings groups.
- NGOs functioning as non-governmental cooperative banks for the poor.

What Makes SHGs Work? SHGs work because of the following factors:

- **The self-help group addresses a felt need and a common interest:** When people share a common problem that can be addressed by group action, they are more likely to mobilize themselves and work with support agencies to change the situation than if the problem applies to only a few members. Social cohesion tends to break down as groups grow or spread over large areas. For this reason, as groups expand, they either create subgroups or formalise regulations and delegate decision making to smaller working groups.
- **The benefits of working together outweigh the costs:** The benefits may be economic (cash savings, increased production, income and time saving), social capital formation (increased ability to collectively solve problems), increased individual capacity (knowledge and skills), psychological (sense of belonging and confidence), or political (greater access to authority, greater authority, and reduced conflict).
- **The group is embedded in the local social organization:** Community organizations are most successful when based on existing relationships and groupings or when members share a common identity such as kinship, gender, age, caste, or livelihood.
- **The group has the capability, leadership, knowledge and skills to manage the tasks:** As noted above, special attention needs to be given to ensuring that groups have the necessary capacities for the tasks at hand. Those in leadership positions need to be respected and honest in their dealings. In some cases, safeguards may need to be put in place to ensure that these leaders are accountable to the group's members.
- **The group owns and enforces its rules and regulations:** Internalized rules and regulations that are known to its members characterize all successful groups and associations. Group members should be able to participate in determining the rules and the enforcement mechanisms.

The SHG System A self-help group is a collection of about 10 to 20 people from a similar class or region who come together to form a savings and credit organization. They often pool financial resources to make small interest-bearing loans to their members. This process creates a code of ethics that focuses on saving. The setting of terms and conditions and the accounting of loans are done in the group by designated members.

A self-help group may receive support from a non-governmental organization (NGO), a microfinance organization (MFO) or a bank. Alternatively, it could evolve from a traditional rotating savings and credit association (ROSCA) or other locally initiated groups. The process of formal linkage to an MFO or a bank usually goes through the following stages, which may take anywhere between a few months and years:

- The SHG members decide to make regular savings contributions. These may either be kept by their elected head in cash or kind or banked.
- The members start to borrow individually from the SHG for various purposes on terms and interests rates decided upon by the group.
- The SHG members open a savings account in the group's name with the MFO or bank for funds that are not needed by members or in order to qualify for a loan from the bank.
- The MFO or bank sanctions a loan to the SHG in the name of the group. This loan is then used by the group to supplement its own funds in lending money to its members.
- Members are generally married women between the ages of 25 and 50, to ensure a permanent address and thereby the security of the loans.
- Members are selected from the same community so that they are mutually accountable and understand the cooperative nature of the savings/loan plans. These voluntary SHGs are formed of women of different faiths and communities.
- The SHG has no alignment to any political parties or programmes. Politics is not allowed to be discussed at meetings.
- The SHG is willing to be initiated into a 12-month small mutual savings plan, which works like an orientation for a bigger Micro-Finance Institution (MFI) or an ICICI Bank micro-credit programme to follow. By this time, members of the SHG have demonstrated a proven ability to save funds and pay interest.

Various SHG Activities to Promote Entrepreneurship SHGs carry out various activities to encourage entrepreneurship. They set up microenterprises, which are very small business units manufacturing finished or semi-finished products. Their activities may include desktop publishing, making greeting cards, book manufacturing, creating handicrafts, mono bloc units, shops, and so on. Other activities that SHGs may carry out with the assisted funds are improvised mat weaving, handlooms, fibre rope making, poultry farming, dairy farming, and gem cutting and polishing.¹⁸

Sabala: Exporting Indian Handicrafts Through SHGs

Sabala is a voluntary organization established in 1986 in the arid district of Bijapur in North Karnataka. It is registered under the Karnataka Societies Registration Act, 1960, and is governed by a governing council. Mallamma S. Yalwar is the founder and chief executive of Sabala. Sabala's vision is to empower women and other marginalized communities to access sustainable livelihood and opportunities. Sabala works with widows, destitute women, tribals, physically-challenged girls and women, and economically backward women.

Sabala creates opportunities for women to learn a skill and to use these skills to generate income. Over time, Sabala has striven to help the income generation of people in marginalized communities through the revival of various traditional forms of crafts such as Banjara and Kasuthi crafts. The Banjara community is a tribal community believed to have descended from the Roma gypsies of Europe. The Banjara art, characterized by mirror work, is an original art form passed down from one generation to the next. Sabala has trained and supported more than one thousand Banjara women from villages situated in Bijapur district in handicraft work by developing self-help groups.

Sabala's drive to organize the poor to work profitably stems from the conviction that there is tremendous potential within the poor to help themselves and that this potential can be harnessed by organizing them. For example, Sabala will help tribal women from Bijapur district form an SHG comprising 20 members. After this, they will send trainers to train the selected women in the art of making handicrafts. After the development of skills, the group members will begin to generate income. The SHG members will then open a savings bank account in the name of the group and members may decide to make regular savings contributions from their incomes. The formation of

such SHGs at Sabala has resulted in the empowerment of women from marginalized communities to have access to sustainable livelihood opportunities.

Sabala produces a wide range of products, including export-quality jewellery, ethnic hand bags, cushion covers, gift items, kurtas, and wall hangings. In 1998, Sabala established the Craft Development Centre to revive traditional craft, promote self-employment and entrepreneurship among artisans, check migration, build the capacity and networking of artisans by self-help groups, and provide marketing facilities to ensure regular income and sustainability.

Source: www.sabalaindia.com (last accessed in March 2013). Reproduced with permission.

DISCUSSION FORUM

- Discuss with suitable examples how entrepreneurship can help in the empowerment of women.
- Explain how self-help groups can develop entrepreneurship at the grassroots level.

INSTITUTIONS SUPPORTING WOMEN ENTREPRENEURS IN INDIA

There are various institutions in India that are devoted to promoting women's entrepreneurship. They have several schemes to help start, sustain, and support women entrepreneurs. The office of the Development Commissioner of the Ministry of Micro, Small, and Medium Enterprises of the Government of India has opened a women's cell to provide assistance to women entrepreneurs. There are also several income generating government schemes, implemented by the Department of Women and Child Development, that provide assistance in setting up training-cum-income-generating activities for needy women. This section lists the institutions supporting women's entrepreneurship in India.

Consortium of Women Entrepreneurs of India (CWEI)

CWEI is a registered civil society and a voluntary organization that works for the economic empowerment of women in India and all over the world, and aims to eradicate poverty and unemployment among women. It consists of NGOs, voluntary organizations, self-help groups, institutions and individual enterprises, both from rural and urban areas, which collectively support and benefit from the activities taken up by the consortium. CWEI has a representation in policy-making at the Ministry of Small-Scale Industries (SSI), Government of India. It is based in New Delhi and acts as a springboard for promoting entrepreneurship at the grassroots level.

Some institutions supporting women's entrepreneurship in India are:

- | | | |
|---|------------------------------------|---|
| ■ Consortium of Women Entrepreneurs of India (CWEI) | ■ Entrepreneurs (FIWE) | ■ Association of Women Entrepreneurs of Karnataka (AWAKE) |
| ■ Federation of Indian Women | ■ FICCI Ladies' Organization (FLO) | |
| | ■ Women's India Trust (WIT) | |

SNAPSHOT

3.5 ACHIEVEMENTS, ACCOLADES, & AWARDS

- Conferred with 'The Global Leadership in Engineering 2016' Award by USC Viterbi, School of Engineering based in Los Angeles, the USA for Excellence in Biotechnology worldwide (2016).³⁴
- Conferred with the Highest French Civilian Award - Chevalier de l'Ordre national de la Légion d'Honneur (Knight of the National Order of the French Legion of Honour) by the President of the French Republic (2016).
- Featured in 'TheWorldview 100' list of prestigious U.S.-based Scientific American magazine (2015).
- Ranked 2nd in Global 'Medicine Maker Power List' 2015 published by UK-based The Medicine Maker magazine (2015).
- Ranked No. 14 in the Global list of 'Top 30 Social influencers in Biotech & BioPharma' by HuffingtonPost (2015).
- Honorary fellowship of the Jawaharlal Nehru Center for Advanced Scientific Research, Bangalore
- Featured on Forbes' 2015 list of '100 Most Powerful Women' (2015).
- Appointed Honorary Ambassador to Federation University, Australia (2015).
- Delivered the 17th Dr. KR Narayanan Oration at the Australian National University, Canberra (2015).
- Indo-American Chamber of Commerce confers with the 'Women Entrepreneur of the Year' Award (2015).
- Global Economy Prize for Business by the Kiel Institute for the World Economy, Kiel (2014).
- Othmer Gold Medal by the Chemical Heritage Foundation, Philadelphia, PA (2014).
- Featured on Forbes' 2014 list of '100 Most Powerful Women' (2014 and 2013).
- ABLE 10th Anniversary Leadership award (2013).
- Honorary Doctorate of Science by the Trinity College as part of Dublin City of Science (2012).
- Honorary Doctorate of Science by the National University of Ireland (NUI), (2012).
- Honorary Doctorate of Science from the Heriot-Watt University, Edinburgh (2008).
- Honorary Degree of Doctor of Science from the University of Glasgow (2008).
- Honored with the 'Veuve Clicquot Initiative for Economic Development for Asia' award (2007).
- Honorary Doctor of Technology, University of Abertay, Dundee (UK) (2007).
- Padmabhushan Award, one of India's highest civilian honors, from the President of India, Dr. APJ Abdul Kalam (2005).
- Karnataka Rajyotsava Award for pioneering biotechnology in India, the Government of Karnataka (2002).
- Best Entrepreneur: Healthcare & Life Sciences Award, Ernst & Young (2002).
- Sir M. Visvesvaraya Memorial Award for contribution to biotechnology, Federation of Karnataka Chambers of Commerce & Industry (FKCCI) (2002).
- Padmashri for pioneering biotechnology in India, Government of India (1989).

CWEI acts as a catalyst to bring marginalized and displaced women, including tribal women, into the mainstream of economic activity by encouraging entrepreneurship and self-employment. It promotes self-help groups, facilitates technology transfer, and explores marketing linkages within and outside India. It does so by organizing buyer-seller meets, fairs and exhibitions, international women entrepreneurs' meets, training sessions, and conferences.³⁵

Federation of Indian Women Entrepreneurs (FIWE)

FIWE was founded in 1993 following the decisions taken at the Fourth International Conference of Women Entrepreneurs held in Hyderabad in December. Today, it is one of India's premier institutions for women and is completely devoted to entrepreneurship development. It is a formation of an umbrella group of local organizations with a large membership base of 15,000 individual members/professionals and 28 member associations spread throughout the country. Small-scale entrepreneurs account for approximately 60 percent of FIWE combined membership, with large firms representing 15 percent and the remaining being microenterprises.³⁷

FIWE aims to foster the economic empowerment of women, particularly those belonging to the small and medium enterprises (SME) segment, by helping them become successful entrepreneurs and integrating them into the mainstream industry. It endeavours to provide a networking platform, technical know-how, industry research and expertise, and skill development training to women. The organization provides a common forum for businesswomen and ensures that their opinions, ideas, and visions are taken into account by policy makers and by various other agencies for the development of women's enterprises.

FICCI Ladies Organization (FLO)

FLO is the women's wing of the Federation of Indian Chambers of Commerce and Industry (FICCI)—the apex body of industry and commerce in India. FLO was formed in 1983 as a national-level forum for women with the objective of "women's empowerment." FLO aims to promote the socioeconomic advancement of women by promoting entrepreneurship and professional excellence. It has established chapters in major cities all over India, with the head office in Delhi. The members comprise entrepreneurs, professionals, and corporate executives. FLO conducts seminars, workshops, panel discussions, training programmes, and conferences on a wide range of subjects to empower women entrepreneurs and professionals.

FLO works at three levels. At the grassroots level, it conducts entrepreneur development programmes for women in the low income group, working with them and advising them how to start a business, and following it through with some help in vocational training. At the middle level, it conducts seminars, workshops, and training programmes on capacity building and skill development for women running micro, small, and medium enterprises. At the senior level, FLO conducts advanced management programmes for women at the helm.

Young FICCI Ladies Organisation (YFLO) is an offshoot of FLO with the goal of empowering young women at various levels across the different strata of Indian society. YFLO was formed to address the hopes, desires, and aspirations of young women in India. FICCI, along with FLO and YFLO, is working towards bringing forth a socioeconomic transformation in society.¹⁸

Women's India Trust (WIT)

In 1968, Kamila Tyabji, a lawyer by profession, founded a charitable organization, Women's India Trust (WIT), in Mumbai. Since then, it has grown into a large organization with two shops in Mumbai and a training and production centre known as the Kamila Tyabji WIT Centre in Panvel, 40 km from Mumbai. The Kamila Tyabji WIT Centre, along with a hostel for girls, was built in 1983. Encouraged by the success of WIT in Mumbai, the Kamila Trust, UK, was set up in the early 1990s with the aim of selling in England items produced by the WIT family of women in India. At first, friends held "home sales" in London and Yorkshire, and then in 1994 the Kamila Trust opened its own shop, KASHI, in London. Every year, WIT trains 150 girls in areas such as block printing, screen printing, nursing, toy-making, and catering. The WIT *bazaar* showcases some of the products made by women who have been trained at WIT.

WIT's mission is to help women from less privileged backgrounds help themselves by providing unskilled and disadvantaged women a platform for advancement and empowerment. WIT offers training and employment opportunities to any needy woman, irrespective of age, caste, or religion. To this day, WIT remains dedicated to the original aim of its founder—to help less privileged women overcome adversity and achieve stability in their lives.¹⁹

Association of Women Entrepreneurs of Karnataka (AWAKE)

AWAKE was established in December 1983 by seven enterprising women: Madhura Chatrapathy, Kiran Majumdar, Lekha Chand, Shandrilal Naidu, Indrajeet Sahani, Aban Minochar, and Supanya Datta. Based in Bangalore, it is one of India's premier institutions for women entrepreneurs. The name of the organization is reminiscent of Swami Vivekananda's famous exhortation: "Arise, awake and stop not till the goal is reached." AWAKE began with the mission of economically empowering

women through entrepreneurship. AWAKE's vision is to reach out to as many women as possible and create entrepreneurs who will be role models for emulation worldwide. AWAKE is a non-profit and non-governmental organization (NGO). It is a registered society accredited by the ISO 9001 Quality Management System.

AWAKE comprises members who are women entrepreneurs. These members guide women who want to start or improve their businesses by counselling, training, sharing their experiences and expertise, and by providing them with peer group support. AWAKE promotes entrepreneurship through business incubators as well as with entrepreneurship-training and skill development. The members of AWAKE extend their services every Thursday.

An affiliate of Women's World Banking, AWAKE has built up a powerful support network with national and international development agencies—both governmental and non-governmental. Such networking facilitates technology transfer, skill building, product development, project management, and the development of the various kinds of expertise needed to promote entrepreneurship among women.²²

SPECIAL BANK SCHEMES PROMOTING WOMEN'S ENTREPRENEURSHIP

Almost all public-sector banks have special loan schemes for women entrepreneurs. Table 3.2 lists the special schemes available with banks for promoting women's entrepreneurship.

Cent Kalyani of Central Bank of India Credit Scheme

Cent Kalyani has been specially introduced to offer financial assistance to women entrepreneurs for economic pursuits in industry, agricultural and allied activities, or business. Central Bank, with branches throughout the country, welcomes women entrepreneurs who wish to avail financial assistance for pursuing vocations of their choice. Credit facilities are available for women entrepreneurs under the following heads:

- **Small business:** For entrepreneurs who intend to provide service (not professional service) such as setting up a small lunch canteen, mobile restaurant, circulating library, and so on.
- **Professional and self-employed:** For entrepreneurs who are specially qualified/skilled and experienced like doctors, chartered accountants, engineers, or trained in art or craft
- and so on.
- **Retail trade:** For entrepreneurs who intend to engage in retail trading of various commodities.
- **Village and cottage/tiny industries:** For entrepreneurs who are engaged in manufacturing, processing, preservation, and services such as handloom weaving, handicraft, food processing, garment manufacturing in villages and small towns with a population not exceeding 50,000 and utilizing locally available resources/skills.
- **Small-scale industries:** For entrepreneurs to start a unit engaged in manufacture, processing, or preservation of goods.
- **Agriculture and allied activities:** For women entrepreneurs who are engaged/intend to engage in agricultural and allied activities, such as farming, floriculture, maintaining fisheries, bee-keeping, maintaining plant nurseries, sericulture, and trading in agricultural inputs.
- **Government-sponsored programmes:** Women entrepreneurs are also financed under various government sponsored programmes where capital subsidies are available.

Table 3.2
Schemes for
Women
Entrepreneurs

Bank	Scheme
Bank of India	Priyadarshini Yojana
Canara Bank	CAN Mahila
Central Bank of India	Cent Kalyani
Dena Bank	Dena Shakti
Oriental Bank of Commerce	Oriented Mahila Vikas Yojana
Punjab National Bank	Mahila Udyam Nidhi Scheme
Punjab and Sind Bank	Udyogini Scheme
State Bank of India	Stree Shakti Package
State Bank of Mysore	Stree Shakthi Package
Small Industries Development Bank of India	Mahila Udyama Nidhi
Tamilnad Mercantile Bank	Mahalir Loan
Vijaya Bank	V Mangala
Union Bank of India	Viklang Mahila Vikas Yojana
UCO Bank	Nari Shakti
ICICI Bank	Women's Account
NABARD	Arwind, Mahima

National Bank for Agriculture and Rural Development (NABARD)

The National Bank for Agriculture and Rural Development seeks to remove the barriers of credit to women. It aims to treat women as risk-free, bankable clients, provide linkages along with credit, identify appropriate economic activities for women, promote women's self-help groups, and link them with the formal banking system. NABARD has evolved exclusive schemes for women such as Assistance to Rural Women in Non-farm Development (ARWIND) and Marketing of Non-farm Products of Rural Women (MAHIMA) as well as support in the form of grant assistance for setting up "women development cells" by Regional Rural Banks (RRBs)/ cooperative banks. ARWIND has both credit and grant components. It is envisaged that a women's group organized or sponsored by a suitable agency could avail of bank credit normally not exceeding INR 50,000 per woman member for an own account activity or group activity, with 100 percent refinance support from NABARD. MAHIMA seeks to create a niche or pro-woman market and assists in credit by way of 100 percent refinance up to INR 10 lakh.²¹

Small Industries Development Bank of India

SIDBI is assisting the entire spectrum of the SSI sector including village and cottage industries through suitable schemes tailored to meet the requirements of setting up of new projects, expansion, diversification, modernization, and rehabilitation of existing units. SIDBI has two women-specific schemes.

Under Mahila Vikas Nidhi (MVN), well-managed NGOs with a good track record and linkages with financial institutions are eligible to borrow. It is a specially designed fund for economic development of women, providing them avenues for training and employment opportunities. A judicious mix of loan and grant, the basic activity involves setting up of training-cum-production centres. The assistance is basically catalytic and only the really well-run NGOs can secure grants. Assistance may

be in the form of loans. Repayment is normally within five years and the initial moratorium is of one year or 18 months.

The Mahila Udyam Nidhi scheme is for enterprising women entrepreneurs to set up new projects in the tiny and small-scale sector, and for the rehabilitation of viable, sick small-scale industry units. This scheme serves to eliminate the gap in equity. The scheme is operated through the State Financial Organization's twin-function industrial design centres/scheduled commercial banks/scheduled urban cooperative banks. The cost of the project should not exceed INR 10 lakh.

Stand up India scheme: The Stand-up India scheme aims at promoting entrepreneurship among women and scheduled castes and tribes. Stand-Up India Scheme facilitates bank loans between INR 10 lakh and INR 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a Greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. In case of nonindividual enterprises, at least 51% of the shareholding and controlling stake should be held by either an SC/ST or woman entrepreneur. In order to foster smooth implementation of Stand-up India scheme, Small Industries Development Bank of India (SIDBI) developed a web portal www.standupmitra.in

DISCUSSION FORUM

- Explain the institutional framework for supporting women entrepreneurs in India.
- Discuss the various schemes of SIDBI in supporting women entrepreneurs in India.
- Examine Stand up India scheme with reference to promoting entrepreneurship among women in India.

WOMEN ENTREPRENEURS FROM AROUND THE WORLD

Historically, entrepreneurship has been a male-dominated pursuit, but many of today's most memorable and inspirational entrepreneurs are women.²²

Mary Kay Ash

Born in 1918, Mary Kay Ash is recognized as one of America's greatest women entrepreneurs. The founder of Mary Kay Cosmetics created a business that has helped nearly half a million women around the world fulfill their dreams of business ownership. Mary Kay Ash worked in various corporate positions for 25 years. In 1969, with the help of her 20-year-old son and her life savings of \$5,000, she started Mary Kay Inc., her first 500 sq. ft store in Dallas, with nine independent beauty consultants. In 1996, Mary Kay started the Mary Kay Ash charitable foundation. A best-selling author of three books and a powerful motivational speaker, she was named the "Most Outstanding Woman in Business in the 20th Century" by Lifetime Television in 1999.

Jenna Jameson

Jenna Jameson is an American entrepreneur and former pornographic star who has been called the world's most famous adult-entertainment performer. Jameson's adult-entertainment Internet company ClubJenna, formed in 2000 and sold to *Playboy* in 2006, earned an estimated revenue of \$30 million with 50 percent profits in 2005.²³ During her career, she manipulated the business model in her industry to her own advantage before diversifying into a range of other products. Jameson's story of powerful branding, tightly-controlled distribution, and multiple streams of passive income contains lessons for entrepreneurs in any industry.

Family Business

Upon completion of this chapter, you will be able to:

1. Understand the role and importance of the family business and the basic concepts needed to understand the mechanism of family businesses.
2. Trace the history of the family business in India and learn about some of the country's particular and specific family businesses.
3. Explain the roles, rights, and responsibilities of family members in a family business.
4. Identify the types and models of family businesses as well as the challenges faced by family-owned businesses.
5. Discuss the succession plan in family businesses.
6. Discuss strategies for improving the performance of a family business.

INTRODUCTION

We can define a family business in various ways.¹ However, in general, a family-business is one that satisfies any one of the following criteria:

- There is management or ownership control by direct descendants of the founders.
- A number of generations of the same family are involved in management or ownership.
- Two or more extended family members influence the business through the exercise of kinship ties, management roles, and ownership rights, which the owner intends to pass to a family heir.
- A high percentage of share capital is owned by a family member, either jointly or individually, and family members are employed in the highest decision-making posts.
- There is an expression of intent to maintain family involvement in the future.

ROLE AND IMPORTANCE OF THE FAMILY BUSINESS

Families are vital and supportive environments for entrepreneurial behaviour. Some of the world's largest family-owned firms are Wal-Mart Stores, Inc., Ford Motor Company, Samsung, the Fiat Group, U'Oréal, IKEA, the Tata Group, Havells, and McCain Foods. It has been observed that family support and the presence of self-employed parents are important influences in venture initiation and business ownership.

Families rule the world of business. About a third of all *Fortune* 500 companies are family businesses. Family businesses account for over half of the United State's GDP and about 78 percent of all new job creation there. In India, around 95 percent of the registered firms are family businesses while over 90 percent of the registered firms in Pakistan are estimated to be family businesses. Family business groups like the Tata, Birla, and Godrej Groups have dominated the private sector in India ever since the British regime. As a result, many affiliated firms have been established under these groups, headed by a family member.

Family businesses from every trade imaginable have been around for centuries—from shoemakers and confectioners to farmers. Some of the world's oldest firms are family owned. Did you know that the world's oldest documented continuing family business is Hoshi Ryokan, a Japanese hotel set up in 717 AD, spanning 46 generations of family ownership? Some of the world's largest businesses, such as Wal-Mart Stores, Inc., are also family owned.

Family businesses range in size from small to large businesses in terms of employees and turnover and can be placed in two different categories. The first category comprises businesses having only family members as its stakeholders, such as Birlas, Karloskars, Wadias, etc. The second category comprises businesses in which the family has a majority stake and controls the company, such as Wal-Mart Stores, Nestlé, Ferrari, Fiat, Ford, Hyundai, Nike, the Virgin Group, the Reliance Group, Wipro, and Havells. Belonging to a single family culture and having a strong set of values, family businesses have certain inherent strengths, such as the ability to withstand economic shocks, make quick decisions, maintain good business relations, and ensure leaders with time-proven leadership qualities. Often, long-term strategic thinking resulting in prudent business decisions enables family businesses to become sustainable. In an ever-changing business world with constant technological advancements, new business approaches, new managerial practices, and emerging market trends, family businesses generally remain flexible, adaptable, and innovative.

In India, family-owned businesses have played and will continue to play a central role in the growth and development of the country. Indian business firms such as Havells India, the Aditya Birla Corporation, and Tata Sons are making acquisitions abroad and expanding their businesses globally.² Individual associations and relationships can complicate the management and negatively affect the objectives of the family business. The issue of succession can cause immense strain within a family business. It is not surprising then that, on an average, only three out of ten family businesses survive to the second generation and only one to the third generation. As more and more family businesses are handed down from one generation to the next, more and more family legacies are lost due to lack of planned transitions.³

Most commercial enterprises are born as family-owned and family-managed businesses. Many remain this way, while a smaller number need access to public equity capital and in the process can no longer remain in the ownership of the family. Still others could remain family-owned but professionally managed, either due to the family's lack of interest or practical necessity. Unfortunately, there is no clear distinction in India between a business that is owned and managed by the family and a business that isn't so. For the sake of simplicity, let us assume that a firm where members of one or more particular families exert significant influence over the firm's strategy and its destiny is family-owned and firms where family members—unless professionally qualified—do not hold executive positions are professionally managed. Box 4.1 discusses the story of Kongō Gumi, the Japanese temple-building company that was the world's oldest continuously operating family business until its assets were purchased by Takamatsu Corporation in 2006.

Family businesses have certain advantages over other businesses. Some of these are listed below:

- The family culture is a source of great pride for family and non-family employees alike.
- There is a long-term orientation in business objectives as the continuity of the firm is of great concern to the family.
- A family firm functions in a less bureaucratic manner and is not impersonal in dealing with employees and customers.
- A family firm shows greater willingness to weather bad times by ploughing back profits.
- It is structured to impart training to the members of the family from a young age.

accounting for 84 percent of the combined assets of the top 20 business groups. They generated revenue worth INR. 18 lakh crore in FY16, accounting for 80 percent of the sample combined revenue, demonstrating resilience in the face of dramatic changes in the economy since Independence.

India has 108 publicly-listed family-owned businesses, the third highest in the world, while China tops the tally with 167 such companies followed by the US which has 121, says a Credit Suisse report. Indian family businesses are more matured, with 60 percent of family businesses in their third generation compared to 30 percent of Chinese companies.

India has a rich and glorious history of family-owned enterprises⁴. More than one hundred years, Indian family businesses have made a significant contribution in several areas such as Indian freedom movement, keep the spirit of enterprise alive, employment generation, contribution to the exchequer and then philanthropic efforts. While some Indian family businesses have followed the same lines of business started by their founders and grown these significantly, others have diversified considerably by setting up new businesses, exploring new sectors and markets, expanding geographically, and increasing their global footprint.

From small and medium enterprises to large conglomerates, family businesses have contributed to the growth of every sector in India. India's ten oldest family businesses are The Tata Group, The Marugappa Group, The Dabur Group, The Birla Group, The Wadia Group, The Godrej Group, The Kirloskar Group, The Mahindra Group, Raymond Group, and The Modi Group. India has illustrious families such as Dabur (Burman), Godrej, and Marugappa that have steadily stuck together and grown beyond five generations.

India and China are at the forefront of entrepreneurial spirit and the development of industrial giants in Asia due to collective efforts by family members in family businesses. Indian business families have worked side by side and have contributed in making India a player in the global economy. Now 14 of these have made their way to Forbes's list of the 50 richest business families in Asia. They are Ambani family, The Promti clan, The Hindujas, The Mistry family, The Godrejs, Mittals, Birla family, Bajaj family, Burman family, Lohia family, The Patels, Lal family, Bangurs, Jindal, and Hamied family.

STAGES OF DEVELOPMENT OF A FAMILY BUSINESS

While strategic, operational, and financial transformation is a given for any corporation that hopes to survive the trauma of competing in the post-liberalization marketplace, India's business houses have started rewriting the role of the family in business. The typical family business goes through four stages in its development.

1. **Entrepreneurial:** In this phase, someone in the family starts a business after having identified a business opportunity. At this stage, the business is customer-centric. The entrepreneurial vision develops and a mission is set for the organization.

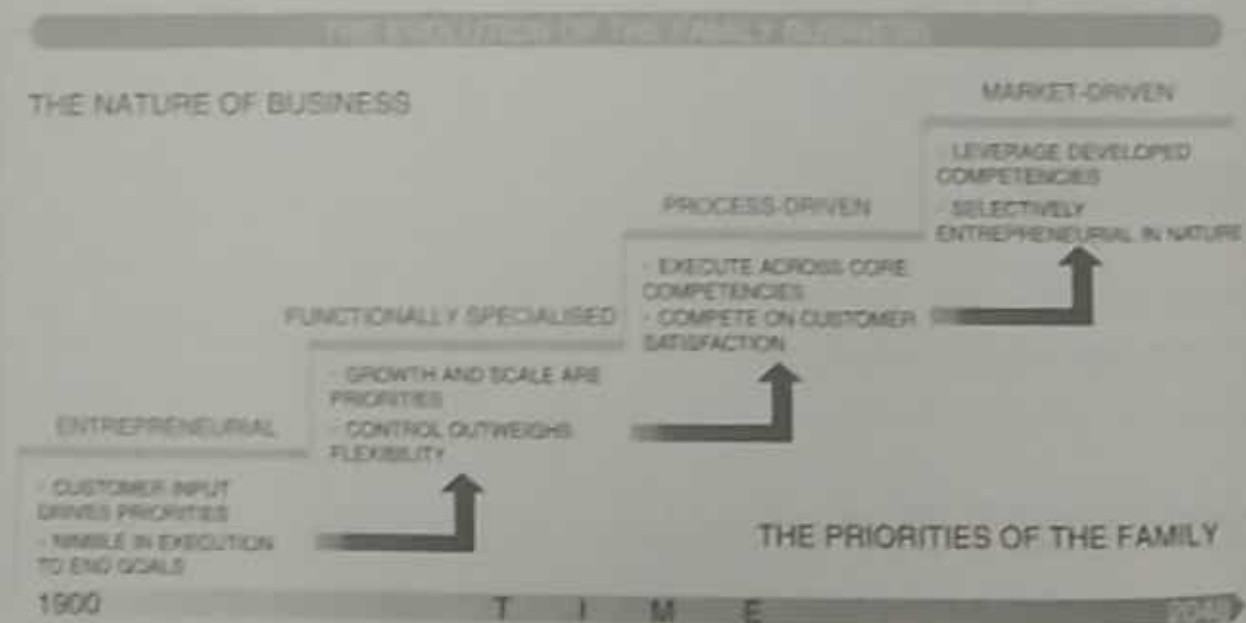


Figure 4.1 Stages of Development of a Family Business

2. **Functionally specialized:** This is the growth phase for the family business. In this phase, the organization is divided into various functions and priority is given to growth and increasing the scale of operation. The organization becomes more flexible during this phase and the use of control measures is limited.
3. **Process-driven:** In the process-driven phase, a family business is system-oriented and processes are set. The greatest attention is given to core competencies and to competing with other businesses in achieving customer satisfaction.
4. **Market-driven:** During this phase, the family business matures and is completely driven by market forces. The business enters various markets and crosses geographical boundaries by strategic alliances.

CHARACTERISTICS OF A FAMILY-OWNED BUSINESS IN INDIA

Indian business is overwhelmingly owned and managed by the *Bania* families of the traditional trading castes. Characteristics of family-owned businesses in India are:

- **Importance of family relationship:** Family relationship is the most important factor in determining the position a person holds in the business.
- **Composition of the board of directors:** Family members, including those who are neither contributing nor involved in the business, are on the board of directors.
- **Loyalty:** Members of the extended family and relatives have a very strong sense of loyalty to the family and this, by default, translates into loyalty to the business.
- **Dedication of family members:** As the family's fortunes are usually tied to that of the family business, the owning family shows great dedication and single-mindedness in ensuring the continued survival and success of the business.

4.2 DABUR INDIA LTD.

Dabur India Ltd. is one of India's leading FMCG Companies with Revenues of over Rs 7,680 Crore & Market Capitalization of over Rs 48,800 Crore. Building on a legacy of quality and experience of over 133 years, Dabur is today India's most trusted name and the world's largest Ayurvedic and Natural Health Care Company.

The 132-year-old ayurvedic company, promoted by the Burman family, started operating in 1884 as an Ayurvedic medicines company. From its humble beginnings in the by lanes of Calcutta, Dabur India Ltd has come a long way today to become one of the biggest Indian-owned consumer goods companies with the largest herbal and natural product portfolio in the world. Overall, Dabur has successfully transformed itself from being a family-run business to become a professionally managed enterprise. What sets Dabur apart from the crowd is its ability to change ahead of others and to always set new standards in corporate governance & innovation.

Dabur India is also a world leader in Ayurveda with a portfolio of over 250 Herbal-Ayurvedic products. Dabur's FMCG portfolio today includes five flagship brands with distinct brand identities—Dabur as the master brand for natural healthcare products, Vatika for premium personal care, Hajmola for digestives, Real for fruit juices and beverages, and Fem for fairness bleaches and skin care products.

Dabur today operates in key consumer product categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care, and Foods. The ayurvedic company has a wide distribution network, covering 6 million retail outlets with a high penetration in both urban and rural markets. Dabur's products also have a huge presence in the overseas markets and are today available in over 120 countries across the globe. Its brands are highly popular in the Middle East, SAARC countries, Africa, US, Europe, and Russia. Dabur's overseas revenue today accounts for over 30% of the total turnover.²⁰

- **Male-dominated:** Sons and male members are more likely to hold higher positions and succeed as the CEO of the company. The role of women is often that of a facilitator and a mother figure to family members and employees.
- **Dominance of certain trading communities:** Some communities have been very successful in business and are synonymous with family-owned businesses in India.

DISCUSSION FORUM

- Explain the importance of the family business.
- Discuss in small groups the contributions made by Indian family businesses with examples.
- Identify the characteristics of family-owned businesses in India.



SNAPSHOT

- Over 75 percent of all registered companies in the industrialized world are family businesses.
- One-third of *Fortune* 500 companies have families at their helm. Family companies employ about 50–60 percent of the workforce in the industrialized world.

VARIOUS TYPES OF FAMILY BUSINESSES

Family businesses can be of the following types:

- **Family-owned business:** It is a for-profit enterprise owned by members of a single extended family.
- **A family-owned and managed business:** It is a for-profit enterprise owned by members of a single extended family. The business also has the active participation of at least one family member in the top management of the company. This enables family members to set policies and objectives and implement them.
- **A family-owned and led business:** It is a for-profit enterprise owned by members of a single extended family. The business has the active participation of at least one family member in the top management as well as on the board of directors of the company. This enables family members to set the company's direction, culture, and strategies.

FAMILY BUSINESS MODELS

There are four broad models of Family Businesses. Each model has conditions under which it can perform, understand family business performance, business performance and provide family satisfaction. Over passage of time, through inheritance decisions and competitive dynamics family business tends to generate greater complexity than can be supported by the existing model. This frequently forces the family business to evolve from one model to another in order to facilitate development of the right structures. Business family members need both family and business competencies. Based on family orientation and business orientation four models of family Businesses are developed. Figure 4.2 provides four models of family business. The four models of family business are:

1. Captain
2. Family team
3. Professional family
4. Family enterprise

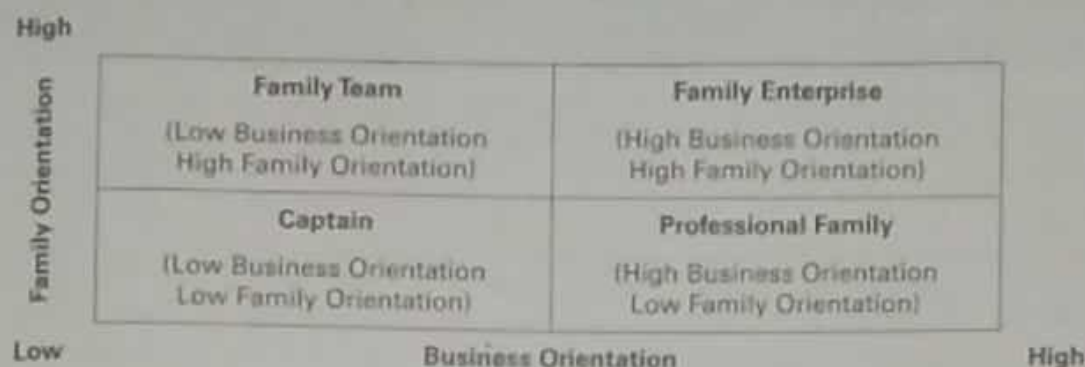


Figure 4.2. Family Business Models

1. **The captain model:** This model is characterized by low family and low business complexity. They are small companies or shops owned and run by their founders. Here family-business relations revolve around one person. This individual, The Captain, is the one who controls both family and business. Both family and business are seen as units that need a leader in order to develop and perform. This idea embodies the thinking of the decision makers. The majority of small family business follow The Captain model. This model works well so long as the captain's traits meet the business' needs. The complexity profile does not allow separation of ownership from management and this model can be replicated successfully into the future, provided the next generation also has the same competencies. The example of this model is Mom and Pop shops.
2. **Family team model:** The Family Team model is characterized by low business orientation and relatively high family orientation. Such families both run and work in the business. They are part of the workforce, not just the management. The family orientation comes first. Family effort makes the business succeed and therefore the family succeeds as well. This model can be replicated as long as the group maintains high levels of self-accountability and the family members are comfortable working together. Example of this model is service businesses (restaurants, hotels shops) or professional services (chartered accountants, lawyers, dentists, and so on.)
3. **Professional family model:** This model is characterized by low family orientation and high business orientation. The family manages the company in a professional way. Professional behavior is the driver. The company needs to have a minimal complexity to make management a requirement. Such family businesses have fairly well-developed structures in terms of governance, family-business differentiation, management practices, communication, and succession. The example of this model is Dabur India Limited.
4. **Family enterprise model:** This model is characterized by high family orientation and high business orientation. This model is the most sophisticated of all. It tends to dominate in family businesses that are complex in both family and business terms. The mental model of these families is that they are owners of the companies and therefore responsible for the company's competitive development. 'Responsible' does not necessarily mean playing a leading role. The family sees the professionals it hires as working for them. The managers, including the CEO, are seen as employees. The example of this model is Godrej Group.

ROLES, RESPONSIBILITIES, AND RIGHTS OF FAMILY MEMBERS IN A FAMILY BUSINESS⁵

In a family business, it is essential to have clarity regarding the roles, responsibilities, and rights of family members in order to avoid conflict of interest. A clear understanding of role enables family members to work within a common framework of goals and to contribute more effectively to the development of the business.

4.3 KEY EVENTS IN DABUR INDIA LIMITED

- 1884: Dr. S. K. Burman, the founder of Dabur lays the foundation of what is today known as Dabur India Limited.
- 1896: As the demand for Dabur products grows, Dr. Burman feels the need for mass production of some of his medicines. He sets up a small manufacturing plant in Calcutta.
- 1900s: The next generation Burmans take a conscious decision to enter the Ayurvedic medicines market so the health care needs of poor Indians can be met.
- 1919: Setting up of the first Research and Development Laboratory at Dabur.
- 1920s: A manufacturing facility for Ayurvedic medicines is set up at Nearendrapur and Daburgram. Dabur expands its distribution network to Bihar and the North-East.
- 1936: Dabur India Private Limited is incorporated.
- 1940: Dabur diversifies into a personal care product with the launch of its Dabur Amla oil. This perfumed hair oil becomes the largest hair oil brand in India.
- 1972: Dabur shifts base to Delhi from Calcutta. Starts production from a hired manufacturing facility at Faridabad.
- 1979: The Dabur Research Foundation, an independent company, set up to spearhead Dabur's multi-faceted research. Commercial production starts at Sahidabad.
- 1986: Dabur becomes a public limited company through a reverse merger with Vidogum Limited and is re-christened Dabur India Limited.
- 1989: Launching of Hajmola Candy and captures the imagination of children.
- 1994: Dabur India Limited comes out with its first public issue. The Rs 10 share is issued at a premium of Rs 85 per share. The issue is oversubscribed 21 times. Dabur reorganizes its business with sales and marketing operations being divided into three separate divisions.
- 1997: The Foods division created. Dabur hires McKinsey to devise a growth plan; the consulting firm suggests hiring professional from outside the family.
- 1998: The Burman family hands over the reins of the company to professionals. Nitu Khanna joins Dabur as its first professional CEO.
- 2002: Khanna quits and Sunil Duggal joins as CEO.
- 2017: Hunt on for Duggal's Successor.²⁰

Founder

In a family business, the founder identifies the business opportunity and establishes the business. The roles and responsibilities of the founder of a family business include launching an enterprise, building it, directing and guiding family members and employees, engaging family members in the business, and succession planning. The founder has maximum control in the family business and has rights in all the business transactions. The founder is also responsible for the development of ground rules as well as a mission for the enterprise.

Owners (Shareholders)

Owners are the shareholders in the family business and have several roles and responsibilities. The owners are responsible for building an environment of trust and motivating the employees to achieve the objectives of the enterprise.

Directors (Board of Directors)

The position of board membership in a family business is reserved for members of the family. In a few cases, it may be given to competent and well-trusted members of the family. This practice is usually necessary to keep the family's control of the business. Most of the business decisions are taken by the family-member directors.

Family Members

Family members can have different responsibilities, rights, and expectations from their businesses. Family members are usually assigned different roles and responsibilities based on their competency. Some family members may be groomed in a certain way based on career and succession planning. Family businesses should establish the necessary communication channels and institutions to keep all family members informed about business strategy, challenges, and direction.

THE THREE-CIRCLE MODEL OF FAMILY BUSINESS

In a family business, the business, family, and ownership need governance. The Three-circle Model of family business was developed by Professors Renato Taggart and John A. Davis at Harvard Business School as a simple, powerful, and generally accepted model for family businesses. The model comprises the governance of three systems—the family system, the business system, and the ownership system.

- **Governance of the family system:** During the founding stage, the family business is governed by family meetings, which are usually informal. At a later stage, the family is governed by a formal family assembly (also called a family forum) that meets once or twice in a year. As the business matures, the family develops a family council that focuses on the needs of the family business and governs the family circle. The family council is to the family what the board of directors is to the business.

The family council should have a good representation from every branch of the family. It usually consists of 5–9 members and meets 2–6 times in a year. The selection criteria of the members are defined by the family. The family council defines the vision, mission, and values of the family business as well as the roles, rights, and responsibilities of family members involved in the business. It sets goals for the career and succession of family members and ensures the healthy involvement of the family in social activities. The family council also formulates a family constitution, which is a written document stating the family vision, mission, values, and policy.

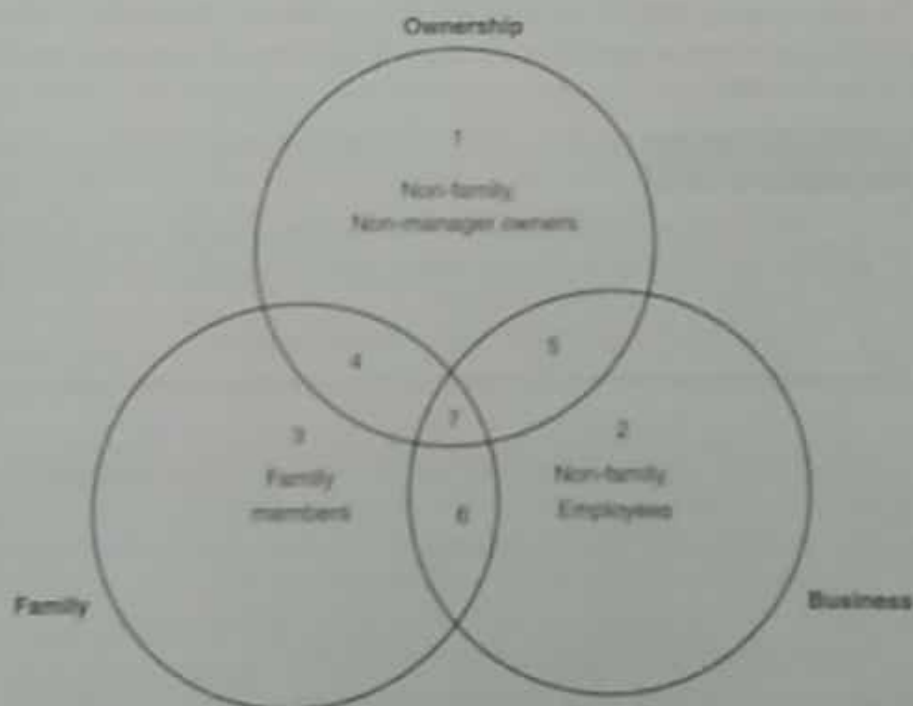


Figure 4.3 The "Three-circle" Model of Family Business¹²

- **Governance of the business system:** The governance structure of the business is centred on the management team. The management team would consist of key managers in the business, including family and non-family members. The team develops a business plan, budget, and strategic plan for the approval of the board of directors. The team evaluates potential successors for management, including family and non-family members.
- **Governance of the ownership system:** The governance model for ownership is centred on the board of directors. The board monitors the company performance, advises the CEO, and takes decisions regarding dividend reinvestment of profits. The board develops the strategic direction of the business and prepares the continuity plan, contingency plans, and the succession plan.

Anyone involved in a family business system can be located in a particular spot in the Three-circle Model. Within the three circles, there are seven potential positions that intersect and overlap and that various individuals can hold. Each of the following positions is marked out in Figure 4.1.

- **Position 1:** As shown in Figure 4.1, this position falls under "ownership." Individuals who occupy this position are external investors who own part of the business but do not work in it and are not members of the family.
- **Position 2:** This position falls under "business." Individuals who occupy this position are non-family members involved in management.
- **Position 3:** This position falls under "family." Individuals who occupy this position are family members who are not actively involved in the business either as employees or owners.
- **Position 4:** As shown in Figure 4.1, this position falls in the overlapping area between "family" and "ownership." Individuals who occupy this position are family members who own shares in the business but are not employees.
- **Position 5:** This position falls in the overlapping area between "ownership" and "business." Individuals who occupy this position are non-family owners and employees.
- **Position 6:** This position falls in the overlapping area between "family" and "business." Individuals who occupy this position are family members who work in the business but who do not own shares.
- **Position 7:** This position falls in the overlapping area among "ownership," "family," and "business." Individuals who occupy this position are family members who are owners and who also work in the business.

DISCUSSION FORUM

- Define family business and explain various types of family businesses.
- Discuss in small groups the roles, responsibilities, and rights of family members in a family business.
- Explain the Three-circle Model of family business.



SNAPSHOT

- A family-owned business is one in which the enterprise is owned, controlled, and operated by members of one or more families.
- Business communities are some socioeconomic classes or castes that have been traditionally associated with the business.
- The Three-circle Model of family business has three systems: business system, family system, and ownership system.
- There are three components of family governance: family forum, family council meeting, and a family constitution.

CHALLENGES FACED BY FAMILY-OWNED BUSINESSES

The challenges faced by family-owned businesses vary according to the size of the company and its degree or stage of development.⁶ It is generally difficult for Indians to maintain business relationships and communicate freely with family members in a family business without any regard to the complexity of the relationship shared with that family member because the family has always held centre stage in India. This inability to communicate freely with family members about such things as their role in the business has resulted in conflicts that have ruined the growth of family businesses. Some of the major challenges faced by family-owned businesses are:

- **Non-participating family members:** Every family-owned business has some participating members, i.e. those who are actively involved in the business and some non-participating members, i.e. those who are stakeholders but are not actively part of the business. These non-participating members are interested only in dividends and earnings and not in the growth of the business. As such, they are often unable to comprehend the problems of operating a business. The participating and non-participating members may have different viewpoints about the business, which may lead to conflict in many instances.
- **Family emotions:** Emotion is a major factor in family-owned businesses as close family members such as father and children, or brothers and sisters, all work together. Emotional outbursts among family members may lead to quarrels and ill feelings among relatives, and this negativity may spread in the organization and engulf non-family employees too.
- **Family versus business:** India, as a country, is very family oriented. As family members are usually trusted more than outsiders, there is often a tendency to give away jobs and responsibilities to family members—even if the individuals are incompetent. This adversely affects the business and its bottom line.
- **Defining authority:** It is very difficult in family businesses to define authority. Younger family members usually find it difficult to eschew the role of obedient youngsters with respect to older family members. So a younger family member, if made the CEO, may find it difficult to tell senior family members to change their working styles. Many members in the family tend to undermine the authority of younger members even if they are in positions of authority. This makes it difficult for the younger generation to manage family businesses.
- **"Fair to all" approach:** The philosophy of giving equal shares to all the family members may lead to rivalry if some family members contribute more to the operation of the business than others.
- **Retaining non-family professionals:** It is a huge challenge to retain non-family professionals in family-owned businesses because promotions that are closed to them at the top level may be given to family members, even if less competent. In some cases, family members can demoralize the organization by their behaviour at the workplace. For example, they may be idle, avoid unpleasant tasks, or make critical errors without being asked to account for it. As the company grows and the family finds that they can't hold all the positions, some non-family professionals are recruited to hold these top positions. However, they are not empowered to make decisions. Instead, they act as mere implementers of decisions taken by other family members. As such professionals feel underutilized and powerless, it becomes a challenge to retain their services.
- **Change management:** Change is something that does not happen very often in family-owned businesses in India, and when it does happen, it is usually very slow. Amidst rapid changes in the global business environment, however, family businesses must learn to face the challenge of quickly adapting to the changing environment.
- **Decision making:** The majority of family-owned companies operate like extended family units. All decisions are centralized and taken behind closed doors and guarded from everyone. The management of the business is closely held by a few members of the family, which means that decision making may be biased.

4.4 DABUR—FAMILY MANAGEMENT TO PROFESSIONAL MANAGEMENT

In 1997, the Burman family that owns Dabur India commissioned a study of their business by consultancy firm McKinsey & Co. which told them that for the business to grow better, family members should give up executive roles. It was startling advice, but the Burmans took it, leaving Dabur entirely to professionals. Since then, only the chairman and vice chairman's positions have been held by the family. Further, neither of them draw salaries, their income coming only from dividends. These two roles are also rotated within the four branches of the Burmans by the family council.

As per the constitution, none among the new generation gets an easy entry into the Dabur India board. Younger family members are, in fact, encouraged to set up

independent ventures and create another Dabur. Only select members representing the family can occupy board positions.

The family council reviews the strategy of Dabur India. A structured meeting is held every quarter where various independent business ventures are discussed. The council's role is to look into the broader business strategy and vision of Dabur India. Family members also meet every Friday over an informal lunch at their Delhi office. The weekly luncheon is what binds family members together. Family members discuss everything, from business ventures to family matters to kids' education. Everything is brought up before the family elders and their guidance sought.³⁰

- **Succession planning:** Succession planning is almost absent in family-owned businesses in India. This may lead to huge problems of succession after the death of the leading individual. In India, Reliance Industries Limited was torn apart after the death of Dhirubhai Ambani due to the absence of a clear succession plan.

SUCCESSION IN FAMILY BUSINESS

How best to pass on the business to the next generation is the greatest challenge for a family business. There is a need to make the right decisions for the family and the business. The succession process involves preparing a succession plan, choosing a successor, grooming the successor, and handing over the business.³¹

- **Preparing a succession plan:** Every succession plan is different. It is essential to hire the most competent advisors to facilitate the succession planning process. The succession planning should include key goals for the succession process, a schedule of the transition stage, and contingency plans (strategies to counter the death or incapacitation of key managers from the family). The schedule should furnish the details of when a succession may occur. It is important that the family members know the succession plan. Over a period of time, the successor will begin to make business decisions and may have to take the business in different directions due to changes in the business environment.
- **Choosing a successor:** It is essential to evaluate a competent successor who can fulfil the family and business mission. The family council can help in the choosing of a successor. The succession process does not happen quickly and may take several years to complete. It is important, while the person heading the company is still alive, to spell out succession plans as family quarrels over succession may have several adverse consequences for the company.
- **Grooming the successor:** Grooming primarily involves passing on leadership skills, business secrets, and various skills required to run the business. During the grooming stage, some authority must be granted to the successor to enable on-the-job learning before the actual passing on of the baton. At this stage, the successor should become familiar with the nature of the business and should be introduced to the various stakeholders and business associates. The successor's progress in developing skills and competencies should be extensively measured and documented by advisors on a regular and continuous basis.

- **Deciding on the role of the founder:** The role of the former founder after stepping down from the business should be clearly stated. The company also should make sure that the retiring business founder will have everything necessary to live a comfortable life. The founder should work with advisors to ensure that the business is transferred to the successor in as tax-efficient a manner as possible. For this, it is essential to carry out business valuation. Business valuation also enables buying shares from and selling shares to family members and tracking the progress of business plans toward the achievement of results. It is essential to agree upon future boundaries for the founder before the succession is formalized. Clear documentation of all agreements among constituents will lead to clear ideas of rights and responsibilities. A very important document is the will of the founder, which determines the shares of the family members.

- Family quarrels over succession can have several adverse consequences for the company.
- It is important, while the person heading the company is still alive, to spell out the succession plans.
- Family councils can discuss the business issues and draw up a family constitution.
- It is important that the family members know the succession plan.
- The succession plan in a family business should include the key goals for the succession process, a schedule of the transition stage, and a contingency plan.
- Succession planning should be overseen by someone who is not a member of the family or an employee of the company.



SNAPSHOT

DISCUSSION FORUM

- Explain the challenges faced by a family business.
- Discuss in small groups the importance of succession planning in a family business.

IMPROVING THE PERFORMANCE OF A FAMILY BUSINESS

Some family businesses are successful, having a long-term history of consistent profitability, while others are less successful. Let's discuss some common characteristics that professionally-managed successful family businesses share⁶:

- **Promoting family values across the organization:** The family's core business values are crucial to its performance. In a well-managed family business, family values are reflected in the way family-owned enterprises are run. These values are considered to be the foundation of major business decisions. The family should establish charitable foundations to promote the concretization of family values across generations.
- **Shared vision:** Conflicting visions about the direction of the business among family members involved in the business may lead to internal conflicts and adverse effects on the performance of the business. On the other hand, a shared vision will lead to wholehearted participation of the family members in the business.

- **Professionalism:** Family firms should be run professionally. Family members should participate actively and serve the business. For that it is essential to train both family and non-family members in the organization. It is also essential to encourage family members involved in the business to work in a different company for some time in order to gain experience and exposure. The family firm should hire external talent and retain them as per requirements. There should be career development plans and management development plans for family and non-family members in the family business.
- **Good governance:** Family-owned businesses should develop an ownership structure that provides sufficient capital for growth while allowing the family to control key parts of the business. The top management in a family business comprises the family council, advisory board, board of directors, and management team. The board of directors and management team should develop the vision, mission, and strategy of the company and strive to implement it. The top management should stimulate, provoke, and challenge leaders. The advisory board should include outsiders and must focus on the company's long-term plans. There should be good governance by family members by creating family constitution through the family council when the family and business grow.

4.5 ACHIEVEMENTS, ACCOLADES, & AWARDS

- Dabur ranked among the Iconic Brands of India 2017, by The Economic Times.
- Dabur India Ltd bags the award for Best Risk Management Practice in the FMCG category, by CNBCTV18 (2017).
- Dabur India Ltd honored with Zee Media Family Business Legacy Award (2017).
- Dabur ranked as a top brand in the Best Indian Brands 2016 league table, by Interbrand India (2016).
- Dabur Toothpaste, Hajmola biggest gainers in Brand Equity Most Trusted Brands 2016 List.
- Odorous campaign bags Silver Effies Award (2016).
- Dabur India CEO Mr. Sunil Duggal named Best CEO in FMCG Category for the second year in a row (2016).
- Dabur bags AsiaStar 2016 Packaging Award for Dabur Ratnaprash.
- Dabur moves up six places; ranked 39 in BT500 ranking of India's Most Valuable Companies for 2016.
- Dabur bags the prestigious BrandZ Award; ranked amongst the Top 50 Most Valuable Indian Brands 2016.
- Dabur ranked Best Healthcare Brand in Alternative Medicines category, by WCRC magazine (2016).
- Dabur India Ltd ranked 26 in the list of Best Indian Brand for 2016.
- Dabur in Forbes' list of India's Super 50 Companies (2016).
- Dabur bags Outstanding Partnership Award-Asia (2015).
- Dabur Bags Greentech CSR Gold Award 2015 for its sanitation initiatives.
- Dabur promoter Burman Family ranked 16th in the latest Forbes India list of 100 Richest Indians (2015).
- Dabur's promoters, Burman family, ranked amongst Asia's Top 50 Business Clans, by Forbes Asia (2015).
- Dabur named Outstanding Indian Company in the US, by Indo-American Chamber of Commerce (2015).¹⁴

Identification of Business Opportunities

6

LEARNING OBJECTIVES

Upon completion of this chapter, you should be able to:

1. Identify the sources of business ideas.
2. Explain methods for generating new business ideas.
3. Understand the difference between a business idea and a business opportunity.
4. Identify various entrepreneurial opportunities.
5. Understand the nature of the occupational and geographical mobility of entrepreneurs.
6. Discuss business opportunities in India.
7. Explain the Ramp Model and Mullins's Seven-domain Framework for evaluating entrepreneurial opportunities.

INTRODUCTION

A business opportunity may be defined as a set of favourable circumstances in which an entrepreneur can exploit a new business idea that has the potential to generate profits. Business opportunities have the following four fundamental features:

- They create or add significant value to the customer.
- They solve a significant problem by removing pain points or meeting a significant want or need for which someone is willing to pay a premium.
- They have a robust market, margin, and money making characteristics that will allow the entrepreneur to estimate and communicate sustainable value to potential stakeholders.
- They are a good fit with the founder(s) and management teams at the time and marketplace along with an attractive risk-reward balance.

What Defines a Good Business Opportunity?

An idea is a thought or a concept that comes into existence in the mind as a product of mental activity. A business idea is an idea that can be used for commercial purposes. There can be many sources of business ideas, including the following¹:

- A resolved problem faced by an actual or potential entrepreneur.
- An unmet customer need discovered by an actual or potential entrepreneur at a place of employment.
- Changes in the business environment.

6.1 SANJEEV BIKHCHANDANI

Sanjeev was born in the year 1963 and his family does not have a background in business. His father was a doctor in the government service and his mother was a homemaker. His brother is a management graduate from the Indian Institute of Management Ahmedabad (IIMA) and a PhD. from Stanford University, California. After completing his bachelor's degree in economics from St. Stephens, Delhi, Sanjeev joined Lintas and worked as an executive trainee for 3 years. He then wrote the Common Admission Test (CAT) and joined IIMA in 1989. The courses he took at IIMA sparked his interest in entrepreneurship. After completing his post-graduate program in management at IIMA, he joined GlaxoSmithKline (then Hindustan Milk food Manufacturers) as a marketing executive. He also

worked in a senior management position at CMYK Printech Private Limited.

Even though he had a secure and decent paying job, but this certainly did not justify his talent or fulfilled the purpose of studying so hard. Clearly, he wanted independence from this monotonous life and wanted to do something that was more meaningful, more satisfying, and it definitely had to be a business. Though Sanjeev did not have a business background, he had a strong urge to be an entrepreneur. He wanted the independence that he could only get by being part of a business. Sanjeev wanted to be his own boss—doing his own things and fixing his own priorities.

Not all business ideas are found to be good business opportunities. This simple five-step framework helps screen ideas and find out whether a business idea truly represents a good business opportunity. An opportunity is characterized by the following:

- **Urgency of the market need:** The business idea should envision a product or service that satisfies a market need or a need of the customer. The market need has to be carefully assessed by consulting industry experts as well as potential customers. It is important to focus on the "need" of the customer rather than on the attributes of the offering and to evaluate the urgency of that need in order to gain the assurance that there are customers ready to purchase that product/service once it hits the market. The greater the market need, the greater the opportunity for a profitable business.
- **Adequate market size:** A business usually targets a particular market segment after assessing their demographic, geographical, and lifestyle factors. In order to make the business viable, a large number of potential customers should exist. There is a need to find out the potential market size for the product or service.
- **Sound business model:** In simple terms, a business model is a broad range of descriptions of various core aspects of business, such as purpose, strategies, infrastructure, organizational structures, marketing programmes, and operational processes and policies. In other words, a business model clearly gives the outline or the rationale of how the potential entrepreneur intends to satisfy a customer need and create value. A business model that presents a plan to generate profits within three to five years is considered to be relatively good.
- **Potential brand value:** The product/service being offered must be differentiated from those being offered by competitors to maintain a competitive advantage in the market. It is necessary to assess the potential brand value of the product or service envisioned in order to ensure a fair chance of survival against competition by existing as well as future products.
- **An able management team:** The ability and passion of team members to use a business opportunity is important to success. The team should have contacts among suppliers, competitors, and customers. The number and quality of contacts up and down the value chain is an important determinant of eventual business success. On the whole, the business should be big enough to make it worthwhile and the team should be looking forward to being involved with it for a long time.

6.2 BUSINESS IDEA TO BUSINESS OPPORTUNITY

While working at GlaxoSmithKline, Sanjeev noticed that his colleagues read Business India back to front instead of front to back. At that time, Business India carried the maximum recruitment advertisements for managers. The magazine usually carried over 40 pages of advertisements. Sanjeev realized that people were always looking for better job opportunities. A number of recruiters would keep calling employees at GlaxoSmithKline from time to time to convince them to change jobs. These jobs were never advertised in newspapers and magazines.

It was the Eureka moment. Even though people were working with the good company and good employer like GlaxoSmithKline, people were keen to track what else was out there. They may not be looking for a job but would look at a job. That was a valuable insight and Sanjeev knew it has an application. Sanjeev felt that if the huge fragmented database of jobs with

recruiters and HR managers were aggregated and kept current, it could prove to be a very valuable resource.

Now even though he had a secure and decent paying job, but this certainly did not justify his talent or fulfilled the purpose of studying so hard. Clearly, he wanted independence from this monotonous life and wanted to do something that was more meaningful, more satisfying, and it definitely had to be a business.

Sanjeev figured out that that the recruitment advertisements featured in the print media were simply the tip of the iceberg. The presence of thousands of recruiters, each with 4 or 5 clients and armed with 10 to 15 jobs, emphasized the massive fragmented database of jobs in the market. Conversations with headhunters also led to the realization that there were a lot of unadvertised jobs in the marketplace.

When is an Idea an Opportunity?

Usually business starts with the generation of the business idea. A business idea may not necessarily be a business opportunity; one needs to filter and sift through these ideas to realize whether they are real opportunities. An idea is like a seed, an impression of a concept or a notion that revolves around a seemingly successful product or service. A thought that needs some amount of commercial validation before it shapes into an opportunity.

A business opportunity is a set of favorable circumstances that create a need for a new product or service. A business opportunity is a proven concept that commercializes the business idea. In other words, a business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch. A business idea becomes a good business opportunity when it has the following five essential qualities:

- **Attractiveness:** The business idea needs to have market attractiveness. A promising business idea must offer a product or service that would be accepted by a large market.
- **Timeliness:** The business idea should be implemented within the time frame to get market acceptance. Timeliness is essential to gain first-mover advantage.
- **Durability:** The Business idea should last long and sustainable so that it is profitable in the long run.
- **Relevant:** The business idea must fulfil customer's need or solve the problem. The quality of being anchored in a product or service that creates or adds value for its buyer or end user.
- **Creative and Innovative:** The acceptability and profitability of a business idea hinge largely on how innovative the idea is. Every business idea should have a unique selling proposal. The next section provides detailed information on Creativity and Innovation which is an important component of Business Opportunity.

✓ How to Generate Business Ideas

Having business ideas is central to the task of identifying business opportunities. Let's discuss some ways to generate business ideas.

Brainstorming Brainstorming is a technique used to quickly generate a large number of ideas and solutions to problems. The brainstorming session is conducted to generate ideas that might represent business opportunities. Brainstorming works well individually as well as with a varied group of people. A group brainstorming session requires a facilitator, white board, and space to accommodate the participating people. Brainstorming works well with 8–12 people and should be performed in a relaxed environment. Participants are encouraged to share every idea that enters their mind with the assurance that there is no right or wrong answer. The brainstorming session usually starts with the

facilitator broadly stating the problem and setting the time limit (such as, say, 30 minutes) for the session. The facilitator clearly sets down the rules, discouraging criticism of any kind and encouraging a freewheeling approach, the voicing of as many ideas as possible, and a collective and constructive effort towards the improvement of ideas. Once the session starts, participants can informally present their ideas for possible solutions. The facilitator writes each idea down for everyone to see. Once time is up, the best ideas are selected, based on a few criteria decided upon in advance (such as, say, cost-effectiveness). The selection must be made on the basis of a consensus from everyone in the group. Next, a score (say, zero to ten points) is given to each idea depending on how well it meets the criteria. The idea with the highest score may be used to solve the problem. However, it is advisable for the facilitator to keep a record of the best ideas in case the chosen best idea does not work. The facilitator should make the session fun for everybody, with no one dominating or inhibiting the discussion.

Survey Method The survey method is used to collect information by direct observation of a phenomenon or systematic gathering of data from a set of people. The survey method involves gathering information from a representative sample population, that is, a fraction of the whole population under study that presents an accurate proportional representation of that population. Surveys generate new products, services, and business ideas because they ask specific questions and get specific answers. For example, Hindustan Unilever Limited undertook a market survey to explore the possibility of penetrating rural markets in India, and this helped the market research team to identify the idea of introducing shampoo sachets, which became an instant hit with people who would not buy an entire bottle of shampoo. Surveys may be of different types, such as general and specific surveys, regular and ad hoc surveys, preliminary and final surveys, and census and sample surveys.

Reverse Brainstorming This is a method that is similar to brainstorming, with the exception that criticism is allowed. It is, therefore, also called "negative brainstorming." In this technique, the focus is on the negative aspects of every idea that has been generated through brainstorming. Also called the "sifting" process, this process most often involves the identification of everything that is wrong with an idea, followed by a discussion of ways to overcome these problems.

The Gordon Method This is a creative technique developed by A. F. Osborn in his book *L'arte della Creativity* to develop new ideas. This method is similar to brainstorming. Collective discussion addresses every aspect of the planned product in an uninhibited solution-oriented way. For example, to devise a new pen-holder, the group discusses the "holding" theme and examines all possible meanings of this word and all possible examples of "holding" (such as items, nature, etc.). The group will later sit and study each idea to see if any of them may be useful for the planning of a new pen-holder. This discussion encourages a fresh, creative, and unusual approach to developing a new product.

What Leads to the Creation of Opportunities

Entrepreneurial opportunities often come into being because of certain external changes, such as technological change, regulatory and political change, social and demographic change, and economic change.¹

Technological Changes Technological changes lead to entrepreneurial opportunities because they make it possible for people to do things in new and more productive ways. Technological changes can take the form of five forms of business opportunity—new products and services, new methods of production, new markets, new ways of organizing, and new raw material. Some examples are given in Table 6.1.

Political and Regulatory Changes Political and regulatory changes lead to business opportunities by paving the way for new, more productive use of resources or a redistribution of wealth from one person to another. Statutory and regulatory requirements create opportunities for entrepreneurs to start firms that help other firms and the community to comply with the requirements. When the use of helmets was made compulsory by the government, helmets were reintroduced into the market with new features and the demand for helmets improved substantially. Similarly, political support for the country's infrastructural development, such as in the case of the construction of the Golden Quadrilateral, led to many business opportunities in the construction sector. Again, many firms were started just to help companies comply with the ISO 9000 Quality Management System, the ISO 14000 Environmental Management System and the Sarbanes-Oxley Act of 2002.

Table 6.2
Forms of
Business
Opportunity

Technological Change	Form of the Opportunity	Example of a Business Idea in Response to the Opportunity	Reasoning
Internal combustion engine	New product or service	Automobile	Used to power automobiles
Internet	New way of marketing	Online shopping	Allows people to buy and sell products without the help of retail outlets
Cold storage	New market	Fruits	Allows one to export fruits
Computer	New method of production	Computer-aided design	Allows one to design products without building physical prototypes
Sensor	New material	Security	Used in shopping malls, theatres, and public halls

Social and Demographic Changes Social and demographic changes, such as changes in family and work patterns, the ageing of the population, increasing diversity at the workplace, increasing focus on health and fitness, the increase in the number of cell phone and Internet users, and new forms of entertainment, lead to the creation of business opportunities because they alter people's preferences or demand for products and services, and consequently make it possible to

generate new ideas to meet new demands. For example, the ageing of the Indian population over the last 25 years generated business opportunities for entrepreneurs to make products and services for the elderly.

Economic Changes Economic forces affect business opportunities by determining who has money to spend.⁴ An increase in the number of women in the workforce over the last few decades and their related increase in disposable income is largely responsible for the number of boutique clothing stores targeting professional women that have opened in the past few years.



SNAPSHOT

A business opportunity has five essential qualities:

- Attractive
- Timely
- Durable
- Relevant
- Creative and Innovative

How to Identify a Business Opportunity

Several studies have shown that previous experience in an industry helps entrepreneurs to recognize business opportunities. In addition, the extent and depth of an individual's social network also affects the identification of opportunity. People who build a substantial network of social and professional contacts will be exposed to more opportunities and ideas than people with sparse networks. Studies have demonstrated that the identification of a business opportunity may also be a cognitive process or an innate skill. Some people believe that entrepreneurs have an intuition or a "sixth sense" that allows them to see opportunities that others miss. Creativity is the process of generating a novel or useful idea. Opportunity recognition may be, at least in part, a creative process as well.

It is important for entrepreneurs to grab a business opportunity before the market becomes saturated with competitors and the window of opportunity is closed to them. There are three general approaches entrepreneurs use to identify an opportunity. They are:

1. **Observing trends:** Entrepreneurs can identify business opportunities by carefully observing trends. The most important trends to follow are economic, social, technological, and political trends. For example, the development of the Internet and the miniaturization of electronics goods led to the development of e-commerce and laptop computers, respectively.
2. **Solving a problem:** Another approach to identifying business opportunities is to recognize and solve a pressing problem that customers are facing today. From an entrepreneur's point of view, every problem is a disguised opportunity. For example, one of the most pressing problems facing countries round the globe is finding alternatives for fossil fuels. As a result, a number of entrepreneurial firms have been (and are still being) launched to take on this challenge.
3. **Finding gaps in the marketplace:** A third approach to identifying business opportunities is to find a gap between what is needed by the customer and what is actually provided to the customer. Finding such gaps can help entrepreneurs develop new products and improve existing ones. For example, over three decades ago, the lack of toy stores focusing on a child's intellectual development resulted in the development of Discovery Toys, a California-based company specializing in educational toys.

DISCUSSION FORUM

- Identify a business opportunity and discuss its essential qualities.
- Explain the term "window of opportunity" with an example.