Framework/s to improve entrepreneurial potential in developing countries

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Overview
Overview

• Requirements for a developing nation
  1. Growth
  2. Wealth Creation
  3. Employment
  4. Social Welfare

• UN Millennium Goals
  1. Eradicate poverty
  2. Maintaining proper healthcare
  3. Environmental sustainability
  4. Developing global partnership

• Solution: Entrepreneurship (Innovation)
  1. Technical
  2. Non-technical
India
Second largest and fifth fastest growing economy in the world with an overall growth rate of 8.63% over the past five years

More than 70% population below $2.50 per day (PPP)

650 million dependant on weather-based agriculture sector & forest products

Bottom of the Pyramid (BoP) (Professors C.K. Prahalad and Stuart L. Hart in 1998)

May not be monetarily beneficial to the multinationals Karnani (2005)

View the poor as producers Kuriyan (2008)
Existing Framework/s
1995 IIMA working paper - Comprehensive theory by exploring the environmental and organizational aspects related to an entrepreneurial venture (non-technical)

2000 - Shane and Venkataraman's (S&V) (Discovery, Evaluation and Exploitation (DEE) framework extends on the work of economists such as Schumpeter (1934), Hayek (1945) and Kirzner (2000) on development of innovation and diffusion

2004 – Baker (below) nation’s social context as the core component to S&V’s existing framework

Established on February 28\textsuperscript{th} 2000 by the Department of Science and Technology (DST)

**Main objective:**
To help India become an innovative, creative society and a global leader in sustainable technologies by

1. Scouting
2. Spawning and
3. Sustaining grassroots innovations

Hence aiding them to transition into self-sustaining ventures

Source: [http://www.nif.org.in/bd_mvif](http://www.nif.org.in/bd_mvif)
• Established by the Department of Science and Technology (DST) and Lockheed Martin Corporation for Indo-US Growth Program

• Overall goal of the Program is to accelerate the launch of Indian early-stage technologies into the global marketplace

Source: DST - Lockheed Martin
NASSCOMM
- Interface between Indian software and Indian BPO
- Concentrates on technological solutions

New Technology Advancement/Start-ups/Market Facing/Process Innovation

1. Degree of Innovativeness
2. Market Potential
3. Competitive Advantage
4. Background of the Firm and Growth Vision
5. Impact of the firm
6. Impact of the existing and new customers

Nokia
- NRC collaborates with college universities and research institutes
- Modus Operandi: Open Innovation™
- Focus: Sensing and data intelligence, user interface, high performance mobile platforms, and cognitive radio

Marico Foundation
- Formed in 2003
- CSR initiative
- Creates innovation ecosystem
- Concentrates on FMCG
- Product evaluated on:
  1. Innovativeness
  2. Impact
  3. Sustainability
### Conversion Factor

<table>
<thead>
<tr>
<th>Name of the company</th>
<th>Area</th>
<th>Recognition provided</th>
<th>Patents provided</th>
<th>No of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marico Foundation</td>
<td>Business, Policy, Non business and industry</td>
<td>Yes</td>
<td>No</td>
<td>29</td>
</tr>
<tr>
<td>National Innovation foundation</td>
<td>Rural area, Technology</td>
<td>Yes, 10000 Honey bee network</td>
<td>Yes, 512</td>
<td></td>
</tr>
<tr>
<td>Nasscom Innovation Foundation (Emerge 50 initiative start up from 2007)</td>
<td>Start ups, IT &amp; BPO, Services, Product, Growth, market</td>
<td>Yes</td>
<td>No Mentorship programme, Funding provided</td>
<td>250</td>
</tr>
<tr>
<td>Jamnalal Bajaj Foundation</td>
<td>Application of Science and Technology for Rural Development Upliftment and Welfare of Women and Children</td>
<td>Yes</td>
<td>No</td>
<td>72 products and 3 people</td>
</tr>
<tr>
<td>The DST-Lockheed Martin India Innovation Growth Program</td>
<td>Social innovations</td>
<td>Yes</td>
<td>No</td>
<td>Recognised 120 candidates, winners 24 for final workshops</td>
</tr>
</tbody>
</table>

Source: Collected from respective web-sites and articles
Innovations
Processes
Limitations
Limitations – Products & Processes

Products
• Gap between products in market and requirement of market
• Reiteration of same products
• Limitation in application (Agricultural products)
• Limitation in exposure to market and penetration

Processes
• Role of interlinking processes
• Limited role as consumer only
• Alignment of processes towards people’s benefits
Limitations – Government Policies

• Centralized planning

• Bureaucratic interference

• Political interference

• Business facilitating processes not available

• Funds directed towards sick industries

• No linkages between government ad private players
Limitations – Financial, Socio-cultural

Financial Aspects
• Disconnect in funding agencies
• Rural entrepreneurship – viable funding?
• Positive role towards business development

Socio-Cultural Factors
• Entrepreneurship acceptance as a profession (Family)
• Perception about entrepreneurs needs to change
• Community driven entrepreneurship
Suggested Framework
Suggested Framework

Government Seed Capital / Personal Finance / Angel Investor

NIF/Lockheed Martin/NASSCOM/Marico Foundation/Idea Lab

Entrepreneur/Family Finance / Venture Capitalist / Angel Investors

Venture Capitalist

Innovation

Pilot Project

Recognition

IPR

Innovator

Innovator/Mentor/Entrepreneur

IPR & Govt.

Entrepreneur/Finance / Venture Capitalist

Business Plan/Marketing

Pilot Testing

Mass Production

Innovator/Entrepreneur

Innovator/Entrepreneur/Venture Capitalist
Suggested Framework

- **Entrepreneur/Family Finance/Venture Capitalist/Angel Investors**
- **Business Plan**
- **Pilot Testing**
- **Marketing**
- **Mass Production**
- **Marketing**
- **Innovator/Entrepreneur/Venture Capitalist**

The diagram outlines a process involving various stages and stakeholders such as business plan development, pilot testing, marketing, mass production, and finance, highlighting the interactions between different roles and stages.
Conclusion
Conclusion

- Partnership between government and public players
- Single window operations
- Customized financial help
- Development through Education system
- Social acceptance of entrepreneurship as a career
- Modified role of entrepreneurs
- Market friendly but regulated financial funding policy
Thanks