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ORIGINAL SCIENTIFIC RESEARCH

Opportunity Recognition and Growth Dynamics of an MSME Unit – A Case of Women Entrepreneurship in India



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ABSTRACT

This case study showcases the initiative and hard work of a woman entrepreneur from India, who was conscious of the growing concern for pollution, caused by the plastic bags and had a passion to establish a venture to produce and market jute products. This case study discusses in detail the education acquired by the entrepreneur, her vision, initiative, development and operation of the venture, growth enjoyed in the last few years and the plans for future expansion. It also showcases how this woman entrepreneur was successful in creating innumerable jobs in the society, besides earning a livelihood for herself.

KEY WORDS: *social exclusion, women entrepreneurship, opportunity recognition, business operations, organizational structure, growth dynamics*

Introduction

Social exclusion and discrimination refer to the process and outcome of keeping a social group outside the power centers and resources. It is the manifestations of physical inequity, societal prejudice, social discrimination

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and economic biasness in the society. Women are generally perceived as homemakers with little to do with trade or economy. Even as women are receiving education, they face the prospect of unemployment. The prospects open for them to develop into business professionals is an area still quite unexplored and needs lots of attention and the transition from homemaker to sophisticated business woman is not that easy. But there is a gradual change in the current scenario. It has been observed that in recent times, more and more women are taking up entrepreneurial activity and are contributing in promoting economic development, reducing poverty, increasing employment opportunity and self dependence.

Literature Review

Globally women are considered as weaker gender physically and emotionally Wenckers, (1999) and India is no exception. The discrimination against women reflects not only in the social, political, cultural and educational arena, but also in commerce and economic field. McClelland's theory of the need to achieve suggests that individuals with a strong need to achieve often find their way to entrepreneurship. Entrepreneurship plays an important role in exploring the knowledge and utilizing it to provide goods and services.

Acs and Armington , (2006) define entrepreneurship as "the process by which agents transform knowledge into wealth through new firm formation and growth, and then reconstitute wealth into opportunity for others". According to Marlow, (2002) entrepreneurship is not just confined to any one gender, the multi-faceted economic pressures borne by women have forced them to retrospect and realize that the survival of their families and their own potential is possible only if they move shoulder to shoulder with the men. The need for achievement and autonomy, risk-taking, control of business and self-efficacy are other vital characteristics of women entrepreneurs (Shane, 2003).

Women entrepreneurship is expanding around the world and generations of women from very different backgrounds are showing very encouraging sign of entrepreneur spirit. Delmar, (2000). Overpowering the challenges of business world is more grueling, strenuous and arduous for women rather than for their male counterparts. They undergo innumerable steepchases to achieve success in their business. Allen Truman, (1993). Fortunately technological advancements have opened up new avenues for wom-

en. It has facilitated them to explore their potential aptitude, and also to identify and exploit new business opportunities. Carter, (2001). Studies have shown that women owned businesses comprise between one-quarter and one-third of businesses in the formal economy and are likely to play even greater role in informal sectors. Over two hundred million women are employed across all industry sectors, with half of this number is in developing countries. Gem report, (2007).

In recent years female entrepreneurship has been attracting increasing attention, because of the concrete evidences of new business creation by them, which has enhanced the economic growth and development (Acs et. al., 2005; Langowitz and Minniti, 2007). Not only does female entrepreneurship contribute to economic growth and employment creation, (Verheul et al., 2006) but it also provides avenues for female expression and potential fulfillment (Eddleston and Powell, 2008). It is to be hoped that governments at all levels will work to provide an environment in which this spirit may flourish.

This story is about a women entrepreneur named Anjali Singh who was aware of the growing concern for pollution caused by the plastic bags and strict action being taken by the countries across the globe including India to ban the use of plastic bags. So Anjali decided to create a venture to produce and market jute bags and other jute products.

Methodology

The methodology adopted includes the following: visiting the project site, conducting series of interviews of the entrepreneur and interacting with the other stakeholders. A questionnaire was drafted and then those questions were administered on the entrepreneur and the other respective groups. A rough draft was prepared and then it was refined. The entrepreneur's endeavours, experiences, hardships, success and other nuances of business have been developed by way of a case and the vital learning's drawn have being illustrated by way of figures and diagrams.

Findings of the Study

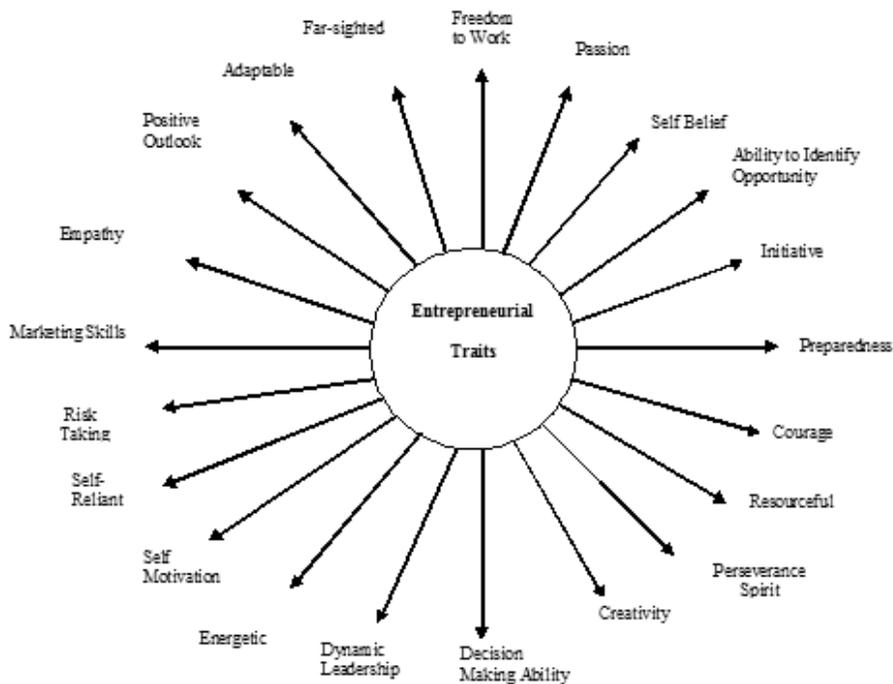
About the Entrepreneur

After completing her graduation in arts Anjali decided to pursue Masters in Business Administration. After completing her post graduation she

took up a marketing job. For nine years she worked in service industry and looked after marketing of services and customer support division. Her basic task was to promote the product, evolve new strategies to tap the right people and convince them about the product and finally sell the product to them. The learnings drawn during the process were (1) that the buyers/customers are no fools, (2) customer satisfaction is vital for success (3) developed the skill to convince the customers (4) positive outlook was a pre-requisite for success. The job helped her to become candid and instilled in her lots of confidence.

Though initially she did get job satisfaction, but eventually she felt an inner urge to create a venture of her own, which would render social benefits and also help her to earn livelihood. As there was no one in Anjali's family who ever did business she had a little hesitation. But on doing self assessment she realized that she had innovative ideas, initiative, courage, firm determination and was also good in marketing and sales etc, and these attributes would surely help her to become a successful entrepreneur.

Figure 1: Entrepreneurial Traits in Anjali



Entrepreneurial Vision

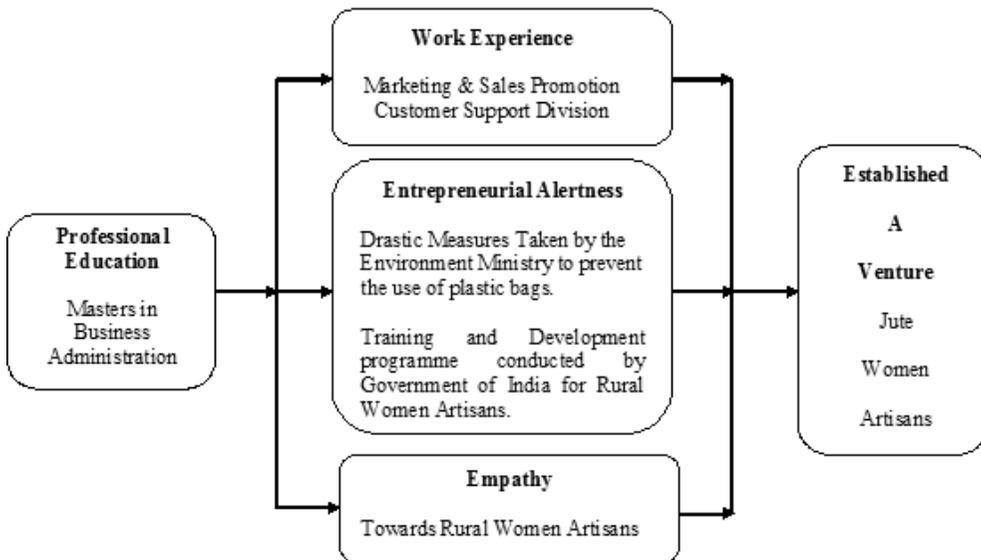
Planet earth is becoming increasingly contaminated by the unnecessary use of plastic carry bags. It is difficult and costly to recycle all such bags and the result is that most end up on landfill sites, where they take years to photo degrade. Besides choking drains, contaminating soil and water, if burned they release highly toxic cancer-causing gases. Paper, jute and cloth are eco-friendly and are considered as suitable substitute for the plastic. Though paper bags are cheaper yet they are less durable. Cloth bags are durable but are expensive too. Jute is one of the strongest natural plant fibers, which is durable and re-usable. It is a 100 % natural material that consumes carbon dioxide and releases oxygen into the atmosphere. Fabric made of jute fibers is therefore carbon dioxide neutral and are naturally decomposable.

Anjali Singh was fully aware of the growing concern for pollution caused by the plastic bags and strict action being taken by the countries across the globe and especially India to prohibit the use of plastic bags. Anjali first found out that paper, jute and cloth are eco-friendly and any of these can be used as substitute for plastic. She further analyzed that though paper bags would be the cheapest they were least durable. Cloth bags were durable and reusable but they were very expensive. Jute bag was the most viable option in terms of durability and cost. She knew jute had immense scope in domestic as well as international market. She was able to foresee that with the increasing thrust on reducing pollution, going green, and adopting measures of sustainable growth, there would be a huge demand for jute products. She was also conscious of the fact that jute industry was labour intensive and the increase in demand for jute products would have immense potential of enhancing the employment opportunities in jute industry and would also open new avenues for rural artisans, who were skilled in producing jute products.

Since childhood she saw her father, work in NGO sector. His work was to develop vocational skills in the rural women and help them to generate livelihood for themselves. He organized training programme for rural women to teach them tailoring, food preservation, making soft toys and jute bags etc; educated them about micro finance facilities; helped them to form Self Help Groups; assisted them to fetch necessary funds and thus made them capable of earning their livelihood. Though the rural women became skilled and could produce different products, yet they did not succeed in selling those products. The major impediments were - low level of educa-

tion, lack of general awareness, lack of proper networking and lack of marketing skills. So every effort done for them and by them was a total waste, because it did not improve their financial and economic condition. Anjali decided to engage such women in her venture.

Figure 2: Route to Entrepreneurship Adopted by Anjali



Anjali planned to establish “Jute Women Artisans” an organization for the manufacturing and sale of jute bags and she decided to employ skilled rural women artisans in her venture. Thus she decided to embark upon two of the most pressing issues in the Indian society - first pollution and second unemployment of rural women.

Business Proposition

Anjali contacted number of women artisans, who were trained in tailoring and making of jute bags, and wooed them to join her project. She was successful in convincing these women and started her venture in the name of “Jute Women Artisans”, in her residence. With an initial investment of INR one hundred fifty thousand, a small set up was created which comprised of a mini workshop and an office. Anjali decided that in preliminary stage she would manufacture simple products, which did not require much technicali-

ty, and then gradually she would create the products that required greater intricacy and classiness.

In India jute manufacturing was concentrated in West Bengal so Anjali procured jute from jute mills in Kolkata and the accessories from Lucknow and Kanpur markets. She employed rural women, who had undergone training and development programme conducted by Government of India under 'Jute Mini Mission III'. Though these women had the basic skill-set, they did not have practical experience. Anjali knew very well that two things were important for success of any business Quality and Timeliness. So from the beginning, she made it a point to keep a check on quality of the product and also timely delivery of the same. She procured all the raw-materials directly from the suppliers and avoids the intermediaries; this helps her to get the superior quality raw material at reasonable cost.

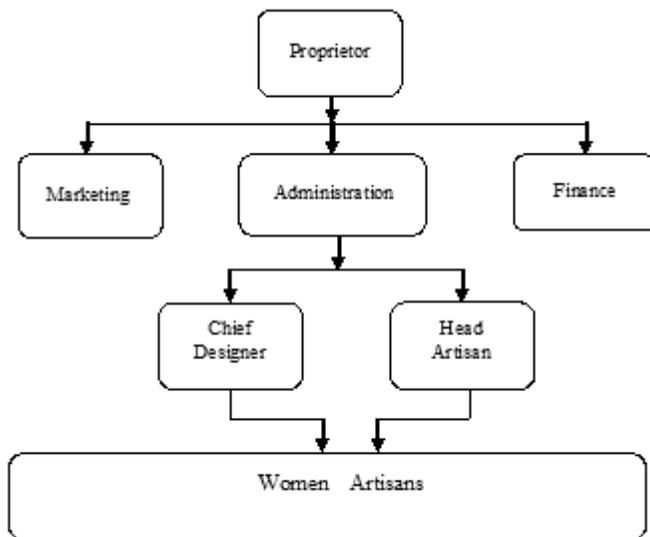
To commence with she decided to contact local offices government as well as private to check the requirement for bags and folders for seminars, conferences etc. Her target was to visit atleast one-two clients per day and show them the samples designed by her. This continued for two-three months and she met approximately two hundred people in three months time. Besides this, she distributed thousands of pamphlets through courier services and postal services, to all such locations where physical visit was not feasible. She also advertised in local directories but unfortunately, though there was not much success. The USP of her products was that they were bio-degradable and eco-friendly and were reasonably priced. So her products appealed to the clients and whenever she approached them they were quite receptive and forthcoming. Her project took off well because besides targeting financial profits, it also aimed to address two social problems which were increase in environment pollution and unemployment. It (1) promoted the use of jute bags and thereby discouraged the use of polythene bags which contributed in controlled the pollution caused by polythene bags and (2) gave employment to rural women artisans, thus promoted inclusive growth in the country.

To begin with she designed a few samples which she displayed to her potential clients. Often clients specified their requirement and the design they were looking for, this also lead to new product development. Eventually she hired a fashion designing graduate as in-charge creativity and innovation. Initially Anjali tapped Uttar Pradesh, then she moved towards NCR and Delhi and recently she has bagged several foreign orders as well. Till date has procured orders from and delivered goods to approximately innu-

merous institutional clients in India and several institutional clients from Asia ,Europe and America.

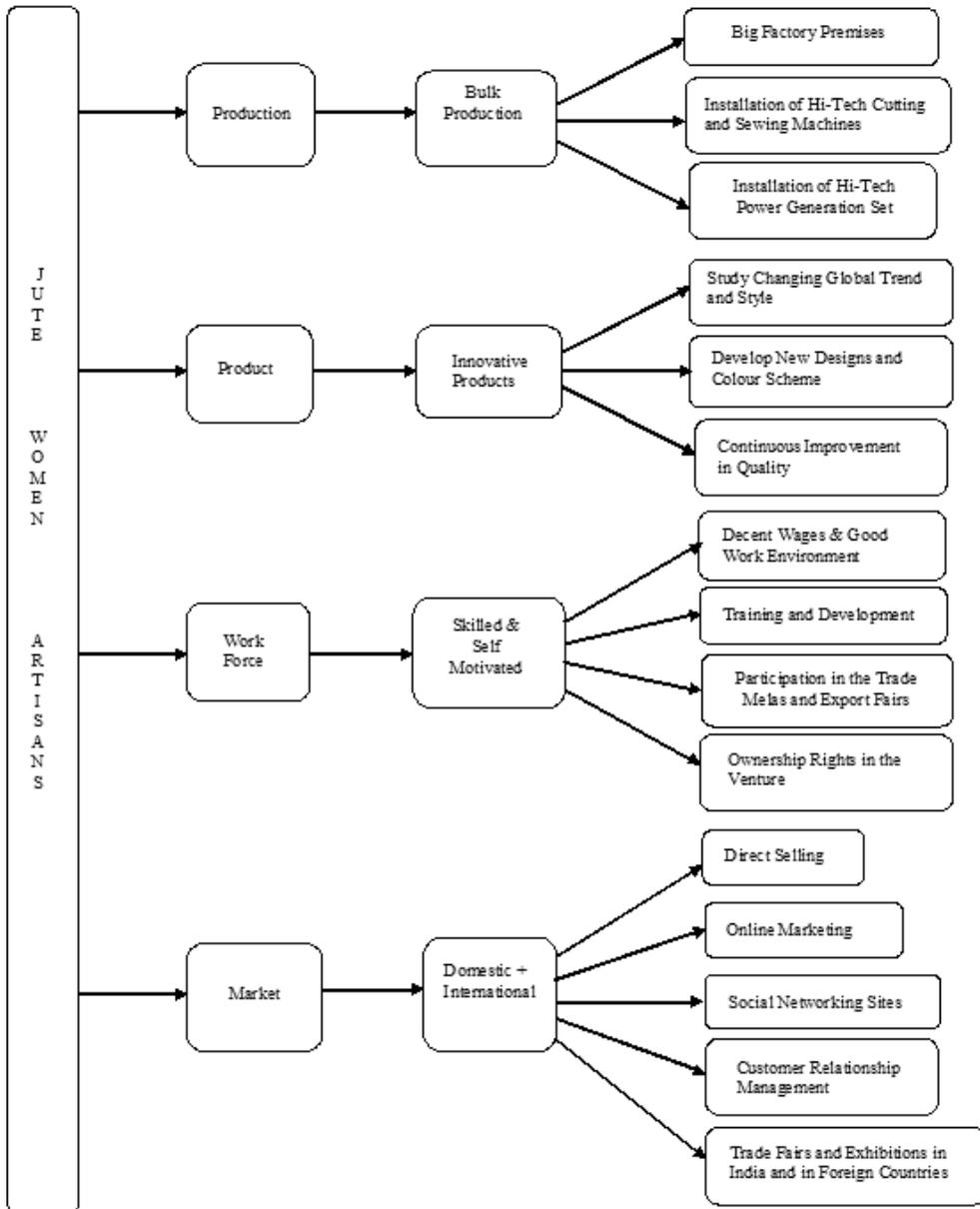
Anjali has a well-designed organization structure wherein there are three different level at which people operate. Anjali being the proprietor and head of the organization looks after the marketing of products; procurement of order, arrangement of raw material, human resource management, arrangement of funds, quality management and customer relationship management. There are two people who work under her, they are the chief designer and the head artisan. The Chief Designer is responsible for developing new designs and products; supervising the worker to prepare those products and checks the quality of production. The Head Artisan ensures that the workforce arrives at work place on time, does efficient production, fixes the problems faced by floor workers, and ensures availability of raw material and the maintenance of machines.

Figure 3: Organizational Structure at ‘Jute Women Artisans’



Workers are provided good working condition and environment. Along with good salaries, the staff also gets good incentives as well. Social get together are arranged for workers and gifts are distributed to them on festivals. Best performer of the day is announced every day and this is taken into account at the time of annual appraisal. Workforce is considered as

Figure 4: Growth Dynamics of Jute Women Artisans



family member and treated with empathy. Anjali personally visit their homes ensure the children of these artisans attend schools and procure basic education. If necessary she moves an extra mile and arranges such facility

for the children. Also organizes family picnics for her team. So the artisans are majorly content and satisfied.

Special measures taken by the organization for the training and development of the workers includes taking membership from National Centre for Design & Product Development, New Delhi , which educate the artisans in the latest global technology and design .Anjali sponsors such programs every quarter. Besides infusing new skill and expertise such programmes also help in the enhancing the motivation and confidence of the workforce. The workers are also provided with opportunities to participate in the Trade Melas and Export Fairs organized in the national capital. This makes them aware of the products required across the globe .They come to know about the standards of quality and designs are required to meet the expectation level of International buyers.

The venture which started in the form of a mini workshop within the house with five workers and a few sewing machines has grown in size and stature in the last few years. Anjali established a full fledged workshop at Chinhat, at the outskirts of Lucknow city, so that rural artisans can easily reach their work place. This workshop has four fabric cutting machines and more than seventy sewing machines and employs approximately hundred workers. Starting with a small annual turnover of INR one hundred thousand, today she has reached a mark of INR four million. Anjali says that satisfied and self-motivated employees are the most precious assets for the organization. She claims that by providing employment to the rural women she has assisted them to lead a respectable life. These rural artisans have become self-dependant, strong and confident. They could easily meet the basic necessities of life, give their children good education and save for contingencies.

Agenda for Future Growth

Anjali plans to establish a factory which would have approximately four hundred women jute artisans. Replace the conventional sewing machines with sophisticated hi-tech sewing machines and install a genset for power generation. Keep in touch with the constantly changing trend and style; design novel utility products with improved quality, develop new designs and color schemes; introduce innovative methods of sales and promotion; tap overseas buyers by participating in the trade exhibitions and trade fairs organized in India and foreign countries; make use of online marketing portals and social networking sites to improve the outreach.

Anjali wants that when the company grows the staff should also grow with it. She thus plans to offer to the workforce ownership rights in her venture, so that it creates a better bonding with the organization and they work with a greater zeal and enthusiasm.

Learnings Drawn

According to Anjali the basic traits required by a potential entrepreneur are self belief; initiative; energetic; perseverance; hard work, innovation and excellent marketing skills. In order to succeed it is important that the entrepreneur offers a good-quality innovative product which is rationally priced; has positive attitude; has ability to keep staff motivated and satisfied; has the capability to handle change; has the ability to cope with failures and to learn from his mistakes. Anjali was greatly inspired by Shiv Khera's word "Winners don't do different things, they do things differently" and she also believes that there are no short cut to success. If one works religiously with an idea and also has social cause in mind one would surely succeed. Anjali's organization is an ideal example of social entrepreneurship on one side it provides a substitute to poly bags and thus helps check soil pollution on the other hand it generates employment opportunities for hundred of rural women and thus help them enjoy the basic amenities of life.

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Prepoznavanje prilika i dinamika rasta malog biznisa - Slučaj ženskog poduzetništva u Indiji

APSTRAKT

Ova studija slučaja pokazuje inicijativu i naporan rad žene preduzetnice iz Indije, koja je bila svesna rastućeg zagađenja nastalog zbog upotrebe plastičnih kesa i stoga je želela da pokrene biznis i proizvodi kese od jute. Autorka u studiji slučaja detaljno raspravlja neophodno obrazovanje preduzetnice, njenu viziju, inicijativu, radne poduhvate, razvoj biznisa, kao i planove za buduću ekspanziju posla. Ona takođe prikazuje kako je ova žena preduzetnica bila uspešna u stvaranju bezbroj novih radnih mesta u društvu, osim što je zarađivala za sebe i vlastiti život.

KLJUČNE REČI: *socijalna uključenost, žene preduzetnice, prepoznavanje prilika, poslovanje, organizaciona struktura, dinamika rasta.*

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