

Framework/s to improve entrepreneurial potential in developing countries

Indian Institute of Management, Ahmedabad

December 2011



Contents

- **Overview**
- **India**
- **Existing Frameworks**
- **Innovations**
- **Limitations**
- **Suggested Framework**
- **Conclusion**
- **Future Work**



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

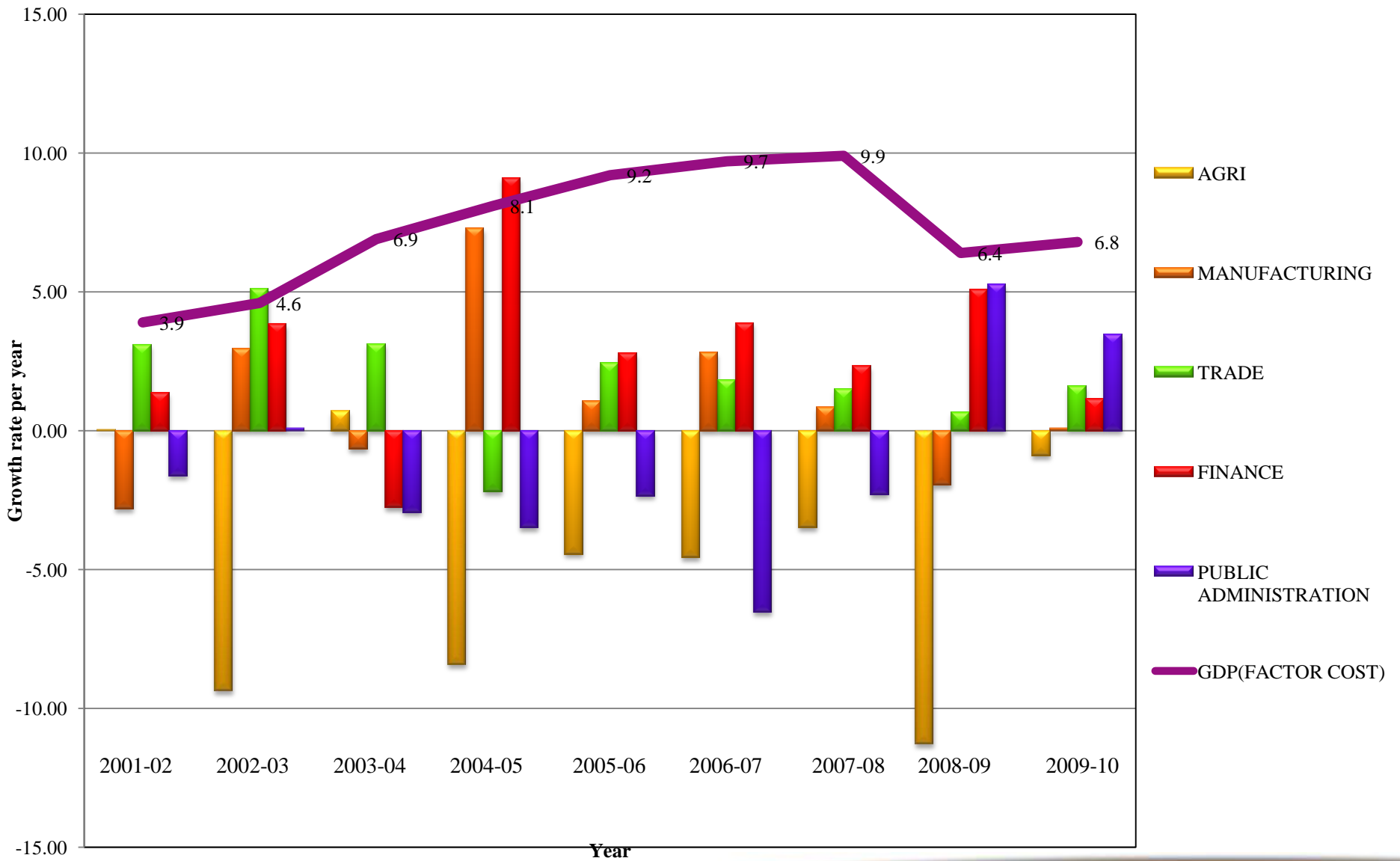


India

- **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)



India



Existing Framework/s

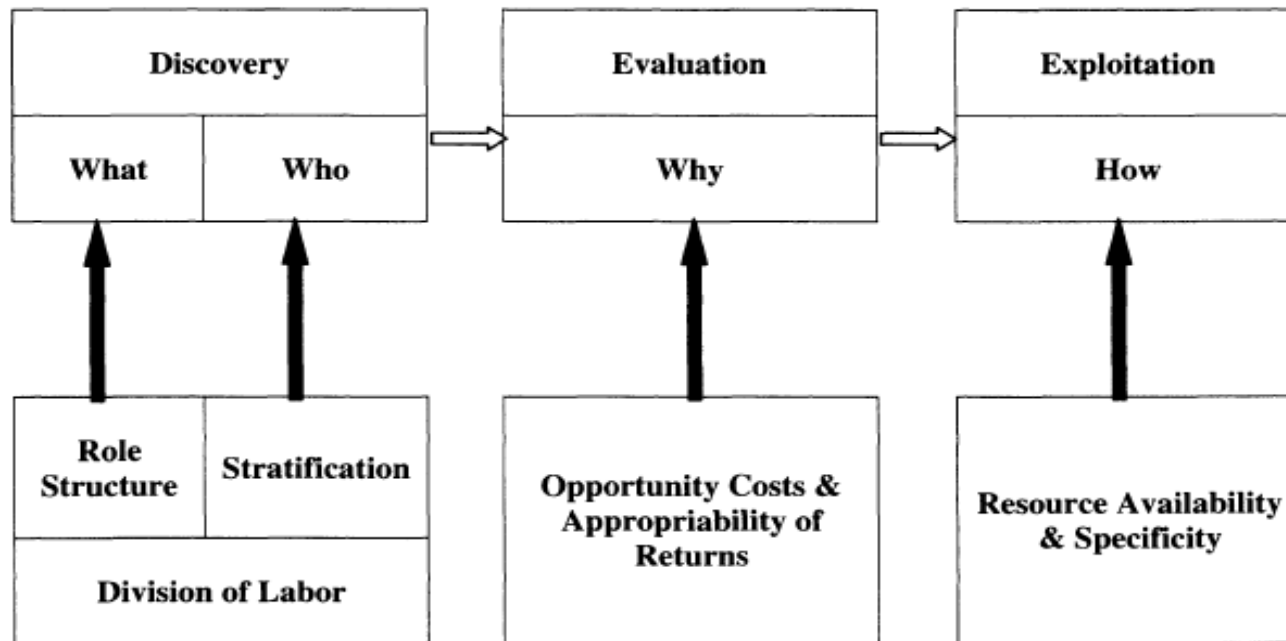


Existing Conceptual Framework

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



National Innovation Foundation

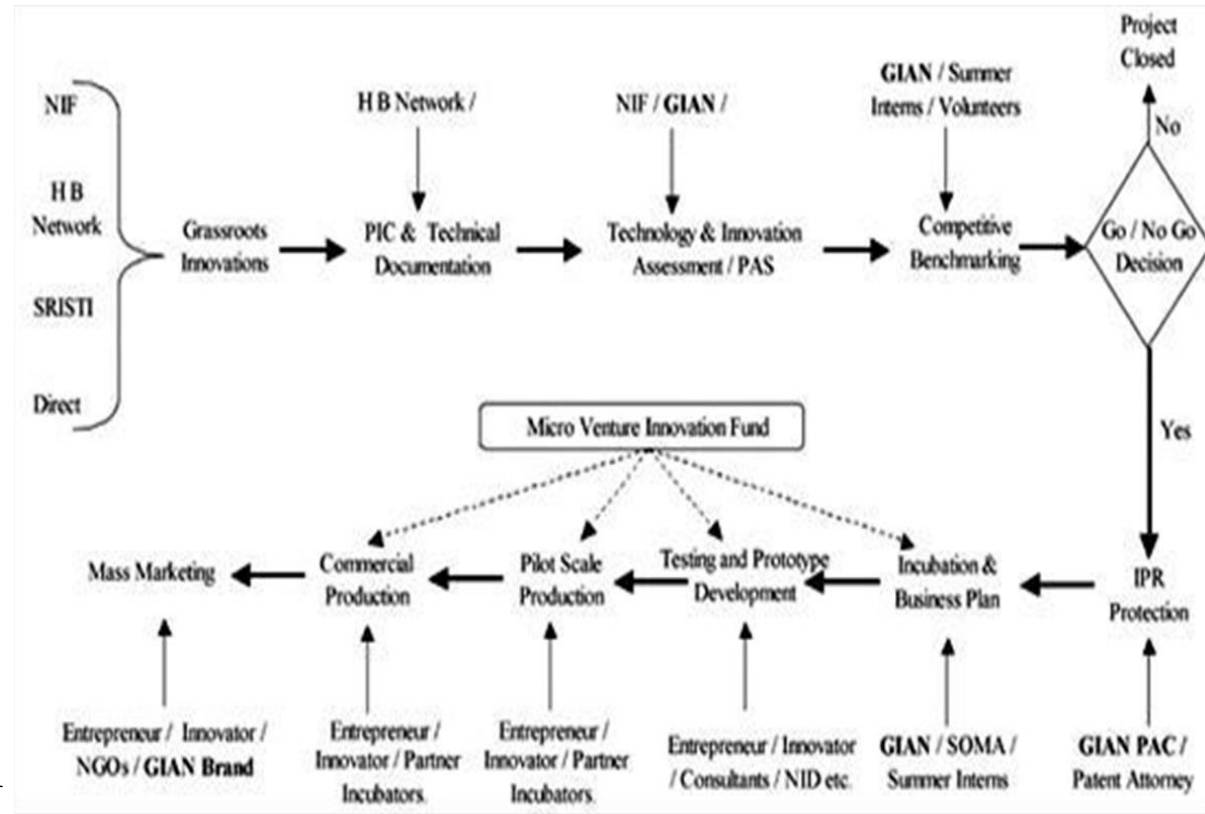
Established on February 28th 2000 by the Department of Science and Technology (DST)

Main objective:

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

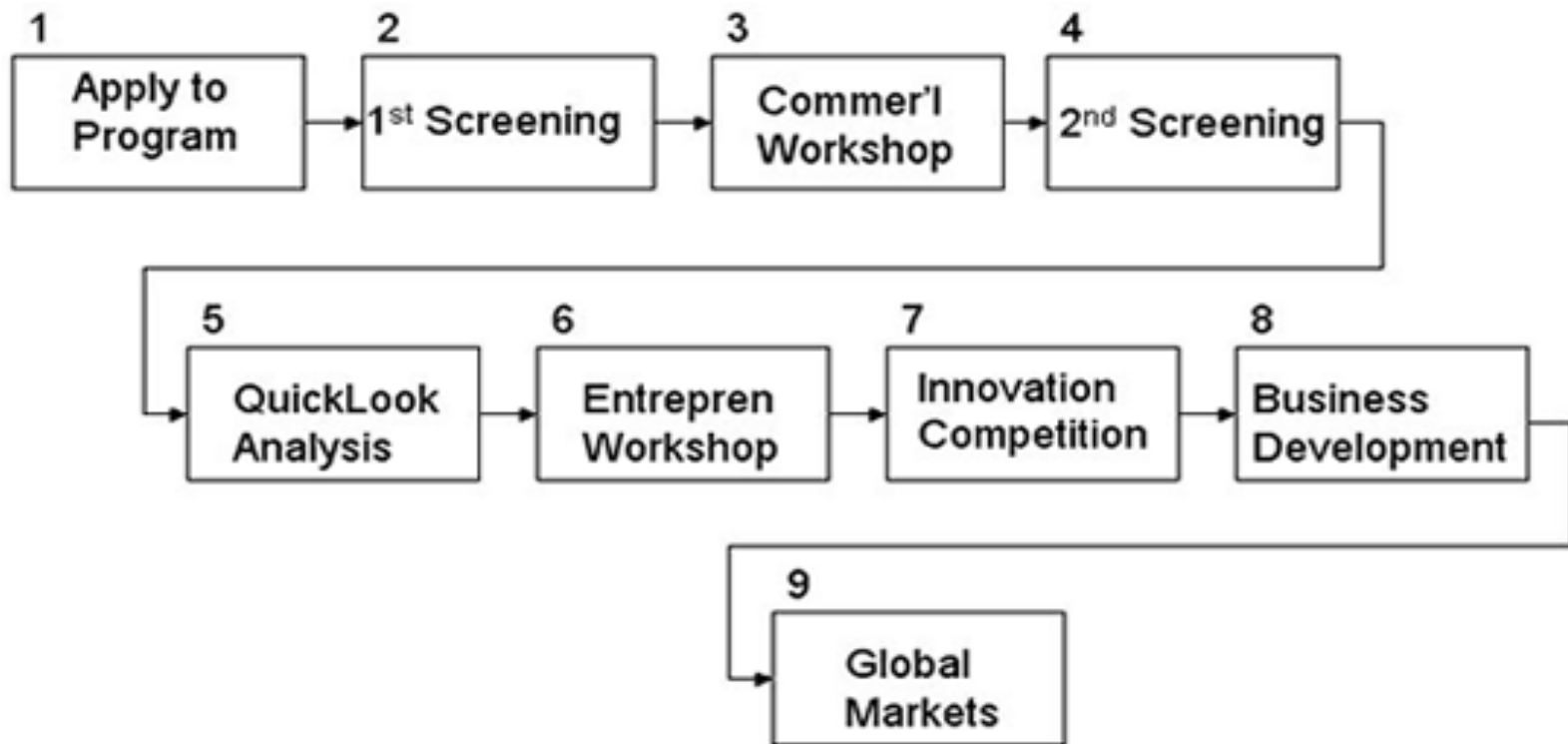
1. Scouting
2. Spawning and
3. Sustaining grassroots innovations

Hence aiding them to transition into self-sustaining ventures



DST-Lockheed Martin

- 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



NASSCOMM, Nokia, Marico

NASSCOMM

- Interface between Indian software and Indian BPO
- Concentrates on technological solutions

New Technology Advancement/Starts- 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

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



Innovations



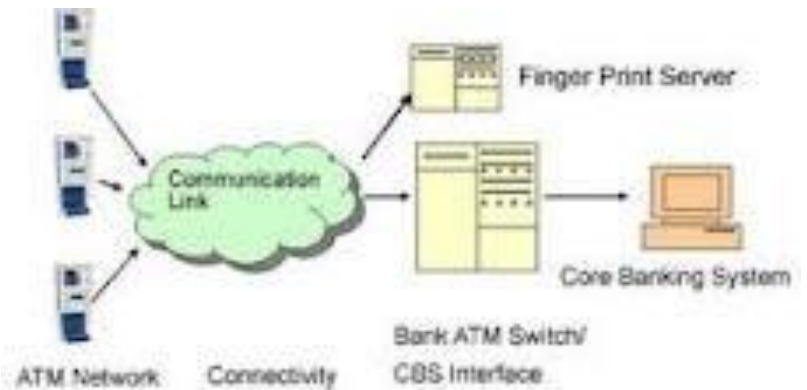
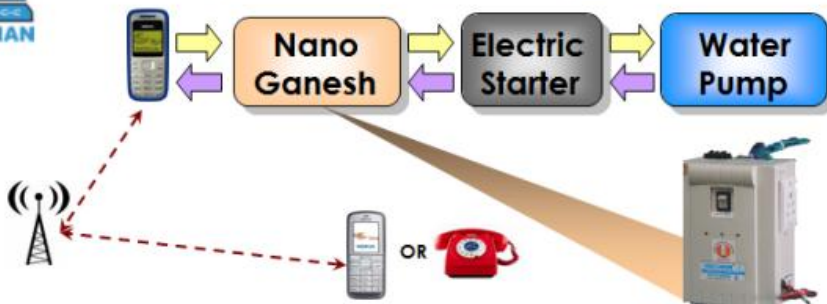
Products



OSSIAN

Technology

Block Diagram & details of Functioning

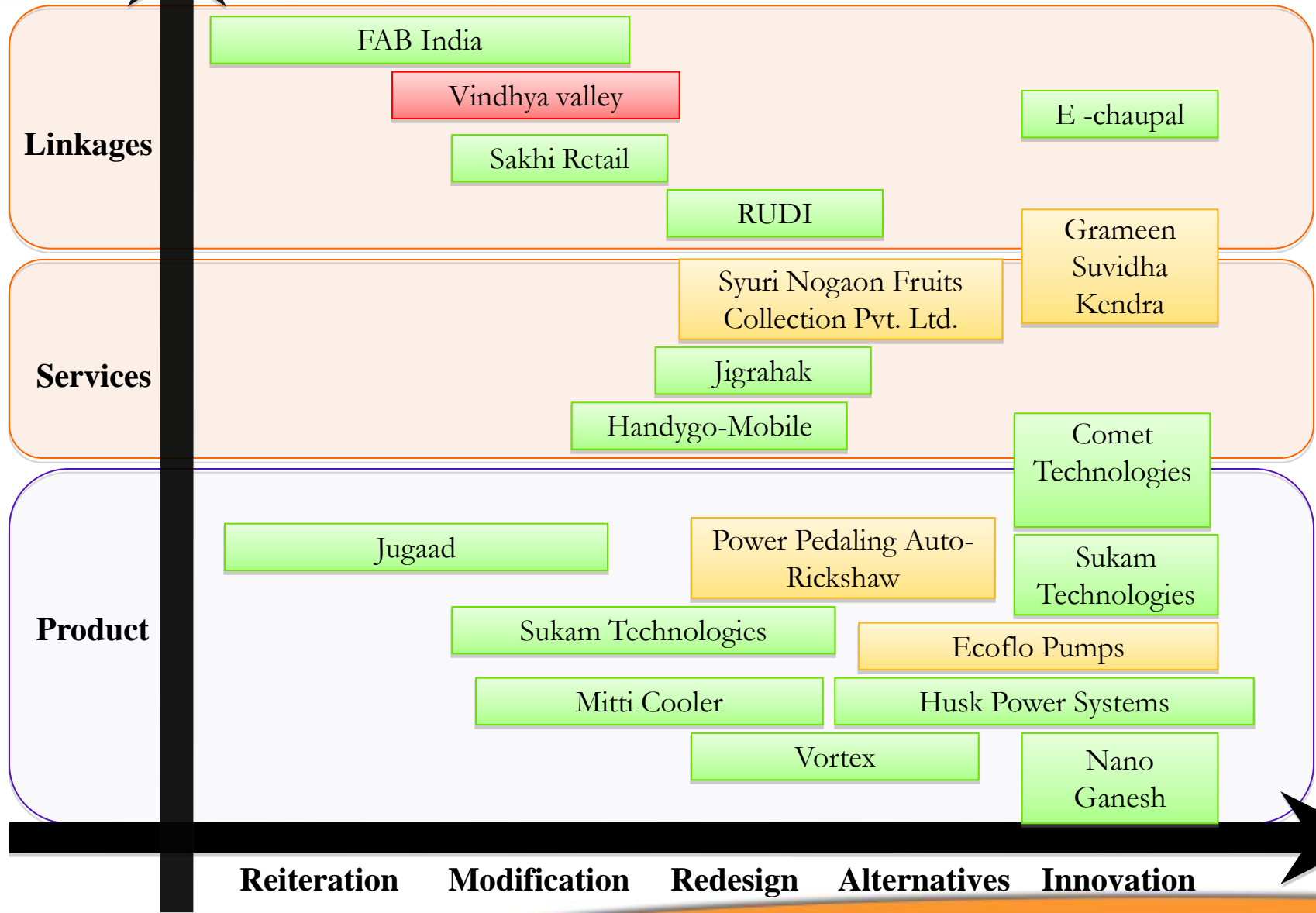


Processes



Innovations

Innovative Target



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 and private players



Limitations – Financial, Socio-cultural

Financial Aspects

- Disconnect in funding agencies
- Rural entrepreneurship – viable funding?
- Positive role towards business development

Socio-Cultural Factors

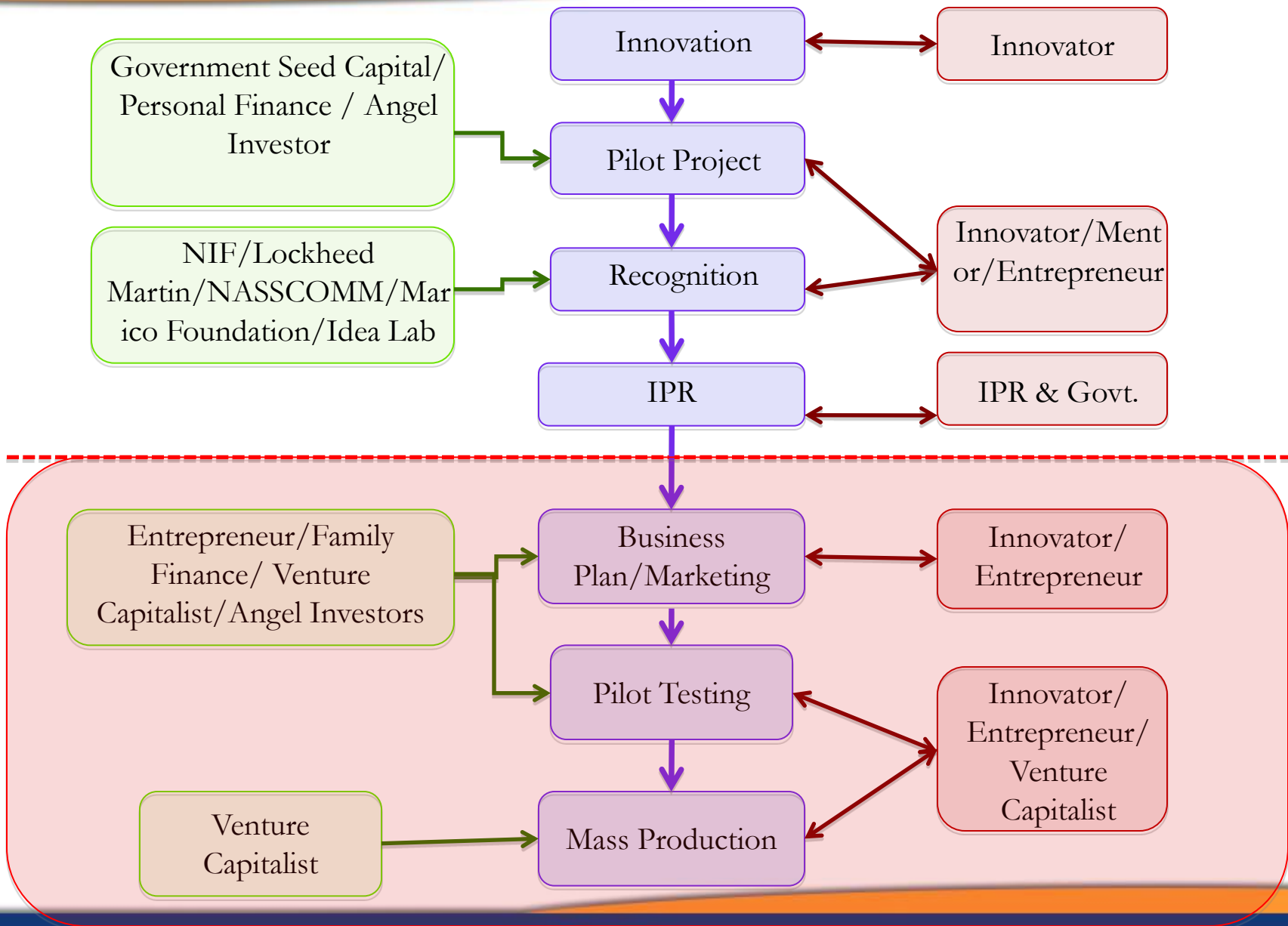
- Entrepreneurship acceptance as a profession
(Family)
- Perception about entrepreneurs needs to change
- Community driven entrepreneurship



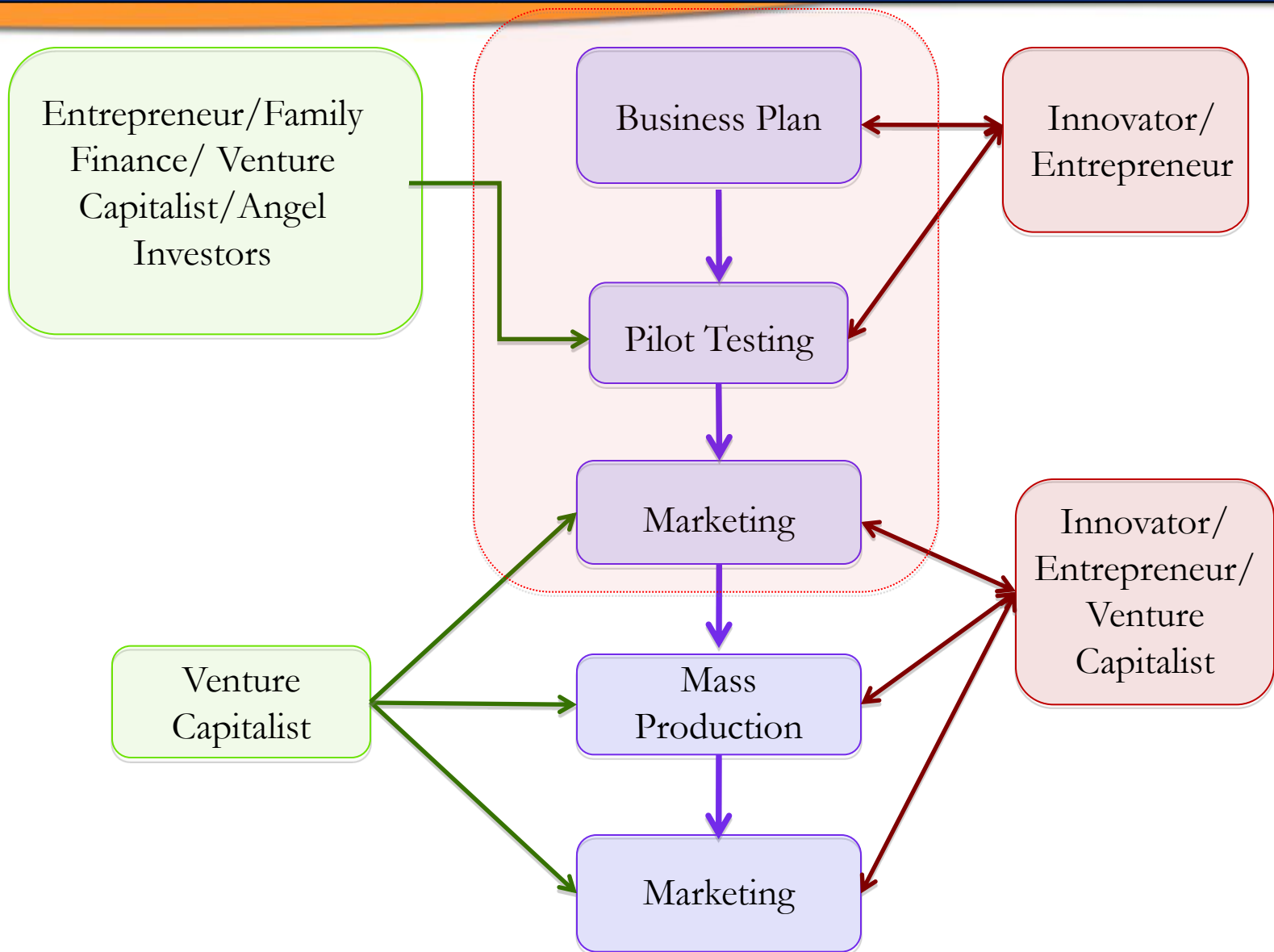
Suggested Framework



Suggested Framework



Suggested Framework



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

