



Supported by IKEA Foundation

MODEL THREE

MICRO-ENTREPRENEURSHIP



WHAT IS THIS MODEL?

This model aims at creating a network of mentors that will help women start and grow a small business.

Why is this model important?

The 'Needs and Aspirations' study released by Ernst & Young during the inception phase of the Disha programme, clearly demonstrates the direct correlation between the age group, civil status, education level of women and their preferences in terms of employment or entrepreneurship.

The younger, unmarried and well educated women prefer, by far, getting into formal employment while the older, married women with low level of education take the entrepreneurship route. This is, unfortunately, not by choice but by necessity. Women from rural areas, barely literate and with children to take care of, know that they do not have the required skills and competence to get into formal employment. On top of this, most of their time is already consumed by the unpaid, unrecognized domestic care work and they are aware of their incapacity to work on a full-time basis.

When asked, all of them were interested and willing to become financially independent (or, at least to provide additional income to the household). Nevertheless, they might have a few spare hours during the day. Most of them do not realize that there is a possibility to start their own business. They just need support in terms of business skills development, access to finance and access to market.

At the start of the Disha programme, it was felt that women should be able to create a sustainable business, catering to the needs of the local economy with access to business skills development and financial mechanisms.

However, Disha pilots (and especially the study released by IDF on the Humana pilot) showed a very different picture:

- ✔ Women have some time to spare to start their own business. The domestic unpaid care work consumes a good part of a woman's day. As soon as their children go to schools, they get spare time, which can be utilized for income generation activities. Some of this unpaid work could also be transformed into a business opportunity through innovative thinking (a woman could, for example open a small laundry shop, thus generating income and at the same time saving two hours in the lives of other women).
- ✔ Access to finance to start up a business relies mostly on informal network (savings, loan from family or relatives) and women are reluctant to access formal financial institutions to start with. This can be done at a later stage when the business needs to grow. Women entrepreneurs, then need someone who can help them in accessing these formal banking institutions
- ✔ There are numerous Entrepreneurship Development Programmes (EDP), like the ILO SIYB (Start and Improve Your



Own Business), and Disha has much value to add. However, these EDPs are generally very short (2 or 3 days) and do not include a mentorship component. While business skills are important, the psychological support that a woman needs to start and sustain her business is critically needed. She will have to face a lot of hurdles along the way, some of them linked with social norms, her own perceptions and her capacity. More than an EDP trainer, she needs a mentor who can build her confidence, constantly motivate her and create backward and forward linkages for her business.

- ✔ While it was perceived that market access will be a certainty as it relies on local economy, it does not seem to be that simple. Women often restrict their choice of business to small retail shops or a beauty parlour. While there might be many more opportunities to create profitable businesses, they are not

With the right training, women from the community have the potential to become agents of change.

aware and thus limit themselves to basic options. Disseminating more information to aspiring entrepreneurs could help in expanding market possibilities

- ✔ By providing the right kind of support at all stages (awareness, access to finance and market, business skill development and psychological support), it can be ensured that women become entrepreneurs, not as the last refuge, but by choice.

How will this model work?

Mentorship thus, seems to be the key for most of the problems encountered by women aspiring to become entrepreneurs. The mentor will be able to provide necessary awareness so women in the community understand the value of entrepreneurship. The mentor will also help in providing backward (with financial institutions for example) and forward (with more lucrative business ideas and market) linkages. Moreover, the mentor will provide the aspiring entrepreneur with much-needed psychological support to face all the obstacles that prevent women from starting or sustaining their own business.

Disha strongly believes in creating endogenous capacity to handle developmental issues. With the right training, women from the community have the potential to become agents of change. The idea will be to identify from the community, potential mentors and groom them, so that they can play their role to the fullest. This will ensure the programme is started at the earliest as the mentors have already gained the trust of the community and understand the dynamics within the group. Moreover, it will create a much stronger sustainability element as the mentor, coming directly from the community itself, will not move away as soon as the project ends.



The Disha programme is thus creating a robust mentorship curriculum that will have the following components:

- ✔ **How to conduct an Entrepreneurship Awareness Programme (EAP):** The mentor will be trained to deliver a half day presentation on the value of entrepreneurship
- ✔ **How to conduct an Entrepreneurship Development Programme (EDP):** The mentor will be trained to deliver a two to three days business skills development programme, like the SIYB from ILO
- ✔ **How to provide the right support to entrepreneurs:** The mentor will be trained on a few critical skills (persuading, influencing, negotiation skills, etc.) that will help them support effectively, the entrepreneur on a more long-term basis (this curriculum is being designed by TISS – Tata Institute for Social Sciences and will be endorsed by NIESBUD– National Institute for Entrepreneurship and Small Business Development).
- ✔ **How to provide backward and forward linkages:** The mentor will be trained in networking skills, where she will have access to a wealth of information including, but not limited to, government schemes on women entrepreneurship (like Mudra and others), portfolio of possible businesses at local level, etc.

What are the results we are expecting from this model?

As part of the Theory of Change of this model, the main expected outcome is:

- ✔ Women entrepreneurs have increased income.

The main outputs leading to this outcome are the following:

- ✔ Women skilled for enterprise

- ✔ Women started enterprise
- ✔ Mentors create the right support system for entrepreneurs to thrive

What are we testing to create the final blueprint of this model?

The iterations of this model which needs to be tested over the course of the next one year depends largely on where the mentorship will happen. There is a need to find the right network for these mentorship services to be rendered so they are accessible to women aspiring to become entrepreneurs. At the same time, the right business model for these mentors needs to be created. For their work to be sustainable, one cannot rely solely on a volunteer network. Mentors should receive the right compensation for the time they spend with the entrepreneurs

Three different iterations of the same model are now being tested:

- ✔ Building capacity of mentors within existing networks (for example, the Internet Saathis network and federation like MAVIM). These networks are community based and do not have any physical infrastructure. The mentor goes door to door to provide her services.
- ✔ Working with existing government infrastructure and network (like CEDOK or the CSC – Common Service Center network) to provide mentorship services to the community. In this case, the mentor mostly sits in a defined infrastructure and women entrepreneurs come to that center to receive services
- ✔ Working with more informal network, building the capacity of women in the community who have agreed to become a mentor on a voluntary basis, providing these services to their neighbours/ friends for free.