

## Fostering Empowerment through Entrepreneurship

When the word empowerment comes to mind, we as professionals immediately think about being a manager in an organization with a certain set of responsibilities etc. I feel the greatest potential of fostering empowerment is by encouraging entrepreneurship outside an established organization.

The biggest employer and economy driver in the US is small business and that is what I feel we should promote in India. According to the Small Business Administration's Office, 44 percent of new jobs in the United States are created by startup companies, 55 percent by the growth of existing firms, and only 1 percent by relocation. These startup firms create about 70 percent of new economic growth.

Contrary to popular misconception, most new businesses don't fail. According to the U.S. Small Business Administration, 66 percent of new businesses survive for two years or more. Many are sold to other firms or morph into different enterprises as they outgrow their original structure and seize new market opportunities.

Some of the benefits of small business include fostering the growth of local economy, creation of local jobs and development of local infrastructure. All these benefits are something that rural India needs badly to offset the exodus of people into the now bulging cities and develop the C and D class towns and villages into economic centers. Needless to say that such a possibility has other effects on the infrastructure where private – public enterprises start looking at such areas and start development programs to gain a foothold on emerging markets.

One example where an infrastructure company has done well in the rural market is Aircel Ltd which is a mobile service provider in Tamil Nadu. Who thought when they bought the license for rural Tamil Nadu that this company would be super successful in their rural circle?

Circling back our biggest labor force is in the rural areas and it is very important that we empower our youth in India and show them the ropes on how to become responsible entrepreneurs and thereby help India develop our local grassroots economy where it's needed most.

There are a couple of ways in going about the same. The first is of course by encouraging our agricultural sector which has enormous potential to be more efficient in supply chain thereby providing more benefit to the farmer and the second being in terms of enhancing the output of our farmlands thereby helping our small farmers be more self-reliant vs the current trend of them going deeper in debt and slide towards becoming laborers.

Fortunately for India over the last few years there has been an explosion of Micro Finance NBFC's which are providing an opportunity to the poor and needy to develop small businesses to sustain their families. These Micro Finance organizations are steadily helping lift our rural and urban poor from poverty. In fact the mission statement of one such organization Ujjivan ([www.ujjivan.com](http://www.ujjivan.com)) is "Provide financial services

for customers to enable them to be free of poverty within five years of starting their relationship with Ujjivan “.

Besides these there are some other interesting rural entrepreneurship encouraged by multinational corporate which are definitely helping. Two good examples of this MNC-Rural Entrepreneurship philosophy at work are:

The first example is how HOV Services has developed their “Business Associate” program all over south India to train and empower people with minimal capital and infrastructure to start Mini BPO centers. Under this initiative it developed a model where HOV personnel will provide guidance to set up a center and provide training to the local organizations work force. Additionally HOV guarantees a base amount of work in return for adherence of their global accepted quality standards.

Over the last ten years HOV Services has developed thirty plus business associates in various C and D class towns and has helped these entrepreneurs build sustainable businesses through this partnership.

Another example is how Hindustan Lever developed Shakti, a program that trains rural women to operate as entrepreneurial distributors of consumer products in villages of fewer than 1,000 people. This effort generates annual sales of roughly \$250 million in villages that would otherwise be uneconomical to serve. Hindustan Lever's Shakti program provides annual cash flows of roughly \$25 million to its female distributors.

The business model—“scalable, embedded distribution”—reduces costs and promotes a company's reputation by enlisting trusted community members to provide the distribution infrastructure for goods. Hindustan Lever’s Shakti program has expanded from 50 villages with 150 rural women in 2001 to 80,000 villages with 25,000 women entrepreneurs today, has created a four-week training program for all participants and employs some of the company's leading entrepreneurs as trainers.

All the above go to show that we can empower our rural youth build sustainable enterprises by providing the right resources and guidance.

Therefore my friends the next time you are approached by someone with a business plan, give them your help, support and if possible their first opportunity to demonstrate their services as this will help develop our nation into a thriving economy based on highly motivated and talented entrepreneurs.