



Report Submitted to the
Department of Industries, Government of Bihar



Gender Inclusion in the Bihar Startup Policy 2017

Key Policy Points:

- State initiatives on Startup Eco system through policy, support structures and practices has allowed more participation of younger work force and women entering into startups. But the participation of women is still very low.
- The Startup Policy 2016 of the State of Bihar defines a start-up Unit having 100 per cent stake/ownership of Women. However, the definition by Startup India relates this to as a unit having more than 50 per cent stake.
- In order to reflect the nature of women's participation (harnessing gender capital) in start-ups, and to reform the entrepreneurship eco system, we find it advisable to update the definition of women entrepreneurship into the policy and putting it in line with Startup India Policy.

The Challenge

Globally most startups have little access to support such as finance and equity, and often financial authorities do not lend the same support to women entrepreneurs compared to men. Female start-up founders are missing out on investment- due to specific barriers faced by female-led firms. The UK VC & Female Founders report found that for every £1 of venture capital (VC) investment in the UK, all-female founder teams get less than 1p. By comparison, all-male founder teams get 89p and mixed-gender teams get the remaining 10p (British Business Bank, 2019)

“Many of today’s companies are still run by male-only teams and they are in danger of myopia when it comes to risk.” Francesca Lagerberg Global leader for tax services and sponsor of women in leadership Grant Thornton

Using our previous research on how gender is key to financial behaviors, social networking and capital accumulation (Arun et al 2016 and 2010), we find that Gender capital plays a great role in how women and men how run their business differently due to debt, equity, risk taking preferences and managing work-life balance.

As per the Bihar Startup Policy 2017, start-up is defined as a company which could be an entrepreneurial venture or a new business, a partnership or temporary business organisation designed to search for a repeatable and scalable business model. India is amongst the top five countries in the world in terms of number of start-ups. However, past research focuses on certain problems that includes, unorganised and fragmented Indian market, lack of clear and transparent policy initiatives, lack of infrastructure, lack of knowledge and exposure, complications in doing business, etc. (DIPP, 2017).

Through the concept of Gender Capital, the project aims to focus on the manner in which women and men are positioned differently in the entrepreneurship (start up) eco system, as they deploy different kinds of capital/resources, which has a strong bearing on their structural constraints and agency. The project uses the innovative concept of ‘gender capital’, based on Arun (2017) to understand persistent gender inequalities. This concept allows us to move away from a homogenous definition of gender. To ask a very simple question, despite higher educational attainment, why is it we still find fewer women in the formal labour markets, and much lower financial and business leaders? We cannot deny that much policy thrust is put into improving gender equality in many spheres, so a deeper understanding on gender dynamics is key to this project.

The Solution

Fact 1: The amount of startup capital is a function of Networking and Liaising which gets negatively affected by profiling characteristics such as risk taking ability, part time nature of job and work life balancing pressures.

Fact 2: The extent of Gender supportive Environment is a function of Networking and orientation of work life balance .

Fact 3: Firm Sustainability is a function of Risk taking attitude, Networking and Liaising and gets negatively affected by part time nature of job irrespective of type of organization. Gender significantly affects the same .

The collaborative work on Gender and Start Ups in Bihar was a part of Manchester Metropolitan University's (UK) MetroPolis Fellowship (2017-18). The purpose of the prestigious MetroPolis Chancellor's Fellowship (overseen by the Chancellor, Lord Peter Mandelson), scheme is to allow for quality research to be embedded in policy and practice environments.

- Research Setting: Our sample consist of firms supported under the Bihar startup policy 2017.
- Sample: Out of 104 policy supported firm, we obtained data from total 77 firm till date. It consists of 5 women entrepreneurs. Out of remaining 71, 22 more qualifies to be called as women led enterprises as per the definition of Gol.
- Hence, the ratio of Female: Male promoted enterprise is as, 27:50.
- Our research model intends to access the direct effect and indirect effect of gender on three dependent variables i.e., Financial Management (amount of capital), Equal Employment Opportunity and sustainability of the firm (debt equity ratio).
- We find that positive gender capital accumulation is a function of liaison, Networking and orientation of work life balance.
- This reflects nature of women's participation in enterprises, networking patterns and sustainability management.
- Hence definition of women led start ups should reflect nature of gender capital exhibited through type of enterprise, nature of skills and attributes, financial control and work-life balance

Based on our primary research we found that at the commercialization stage of innovation, entrepreneur require early stage funding support.

A special incentive may be given to all the startups that support gender supportive work environment. As gender play a significant role into it (Result-2), female promotor may be further incentivized to adopt it (mentioned in 10.5.2.c of policy).

As access to startup capital is a function of Liaising(Fact 1) and women found difficulty in getting access to state led investment opportunities (negatively correlated), a success fee of 5% of total investment may be provided to women enterprises as an incentive in spite of 2% as mentioned in current policy.

Conclusion

Presently, the Policy defines a start up Unit having 100 per cent stake/ownership of Women. 5.23 **Woman Enterprise:** *An enterprise headed by woman where 100% stake is owned by woman. Partial shareholding of Woman in an enterprise shall not be treated as Woman enterprise. (as stated on page number 6 of the startup Bihar policy)*

. However, such a definition by Startup India relates to as a unit having more than 50 per cent stake.

Furthermore, in order to reflect the nature of women's participation (harnessing gender capital) in start ups, and to reform the entrepreneurship eco system, we find it advisable to update the definition of women entrepreneurship into the policy and putting it in line with Startup India Policy

Resources

Round Table on Gender Capital and Start ups-
<https://mmusylviapankhurstgenderresearch.wordpress.com/2018/06/20/round-table-on-gender-capital-leadership-and-start-ups/>



Transforming Policy- <https://mcrmetropolis.uk/wp-content/uploads/2019/02/MMU2495-Transforming-Research-Brochure-Document-V9.pdf>

About MetroPolis:

MetroPolis exists to promote evidence-informed policy based on Manchester Metropolitan University's world-class research. For more information, visit our website:
<https://mcrmetropolis.uk/>

Research References

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