

REPORT

Women Entrepreneurs' Resilience in Times of Covid-19

Experiences and Responsive Measures
Taken by Women Entrepreneurs in India



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



HER empowering
women
entrepreneurs
&NOW



Published by

Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH

Registered Offices

Bonn and Eschborn, Germany

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Courage Within

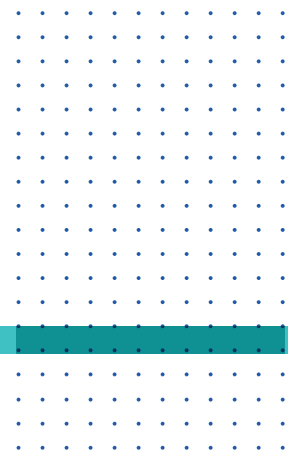
On behalf of Federal Ministry for Economic
Cooperation and Development (BMZ)

In cooperation with Ministry of Skill Development
and Entrepreneurship (MoSDE), Government of India

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June 2021, New Delhi



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Introduction



When India's first case of COVID-19 was confirmed in January 2020, it marked the beginning of a socio-economic downturn. In late March 2020, a nationwide lockdown was imposed by the government until July 2020. While the pandemic had a strong impact on all areas of society, it disproportionately impacted women and girls¹. Already underrepresented in India's economy, women business owners now additionally experienced the adverse effects of this global crisis.

According to the International Labour Organization (ILO), only 27% of women in India are currently employed, and barely 14% of Indian businesses are run by women². Most of these are in the informal sector. The United Nations report that women currently contribute only 17% to India's Gross Domestic Product (GDP)³.

Various socio-economic factors are at the root of the low rate of women business ownership:

- 01** Social norms and patriarchal views on the role of women with regards to marriage, work and household duties constitute barriers. These apply to the place of work, mobility, time, safety, unpaid care responsibilities, family support and social attitudes to women's economic participation.
- 02** Women entrepreneurs in India find it particularly difficult to obtain funding for their businesses, as banks and investors frequently rate a business run by women as riskier.
- 03** In contrast to their male counterparts, women often have lesser access to business networks which are almost always male-dominated. This significantly restricts their market access.

1 Bhargava, 2021

2 Women at Work Trends, 2016

3 UN-IBF, 2018

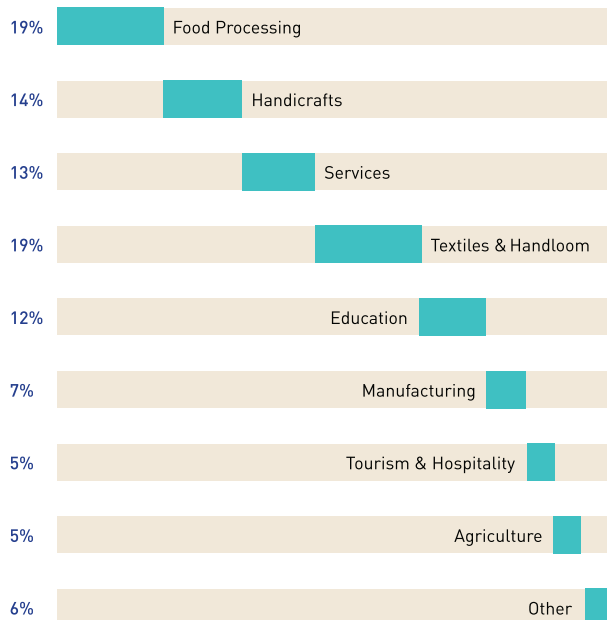
The International Monetary Fund estimates that equal participation by women in the labour market would increase India's GDP by 27%⁴. Entrepreneurship presents a crucial opportunity to increase the participation of women in the economy and to realise India's growth potential.

The first COVID-19 wave in 2020 crisis posed severe challenges to women-led businesses, widening pre-existing gender gaps and diminishing developments achieved in the past decades⁵. It is thus imperative to understand the ways in which women-led businesses responded to the pandemic. What measures did they take to keep their businesses alive? Are there differences between sectors or regions?

Within this report, we shed light on the operational disruptions which women entrepreneurs experienced throughout the pandemic and discuss in detail the measures they took to build back better.

This report covers the period until December 2020. Thus, statements and findings do not take into account any subsequent developments of the COVID-19 pandemic in India.

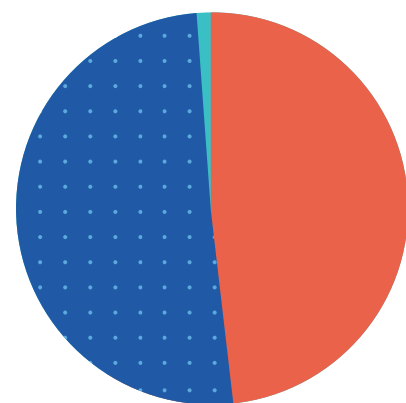
Business sectors of surveyed entrepreneurs (n = 211)



About the report

Findings of the report are based on a study conducted in December 2020. Data is based on reports of 211 women entrepreneurs from Rajasthan (84), the North Eastern Region (NER) of India (125) and Telangana (2) operating in a broad field of sectors.

- Northeast - 59%
- Rajasthan - 40%
- Telangana - 1%



To identify the main impacts of the pandemic on women entrepreneurs as well as the responsive measures they took to combat the crisis, respondents were asked the following three questions:

- 01 What is the impact of the COVID-19 pandemic on your market segment and customers?
- 02 What are the specific business needs deriving from the impact?
- 03 How do you adapt your business model and operations to stabilise the business and adapt to market changes?

Based on the answers given within the individual reports, a framework was developed structuring impact and responsive measures in different categories and subgroups. The framework provides an elaborate overview on single factors and allows to derive best practices, learnings and opportunities for the wider ecosystem of women entrepreneurship in India and beyond.

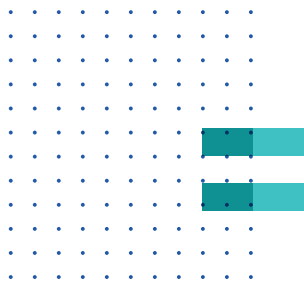
⁴ Women, Work & the Economy, 2013

⁵ Kumar, 2020.

Impact of Covid-19 on Women Entrepreneurs



To understand how women entrepreneurs were impacted by the pandemic in 2020, a framework was developed, differentiating between areas of operational disruptions. Customer demand was most affected, followed by issues relating to working capital and operational processes. Several women entrepreneurs struggled with accessing the marketplace, maintaining employees, and receiving supplies in time. A smaller share further experienced negative impacts relating to inventory. The following chapters provide in-depth information on each category, further evaluating differences between sectors, regions and levels of business maturity.



Click on the sections below to learn more about each area of impact

[Declining demand](#)

[Diminishing working capital](#)

[Operational disruptions](#)

[Limited access to the marketplace](#)

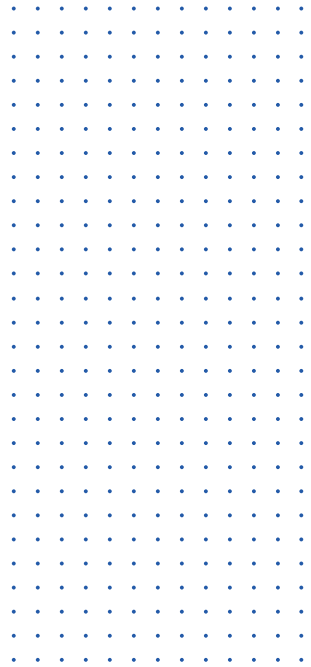
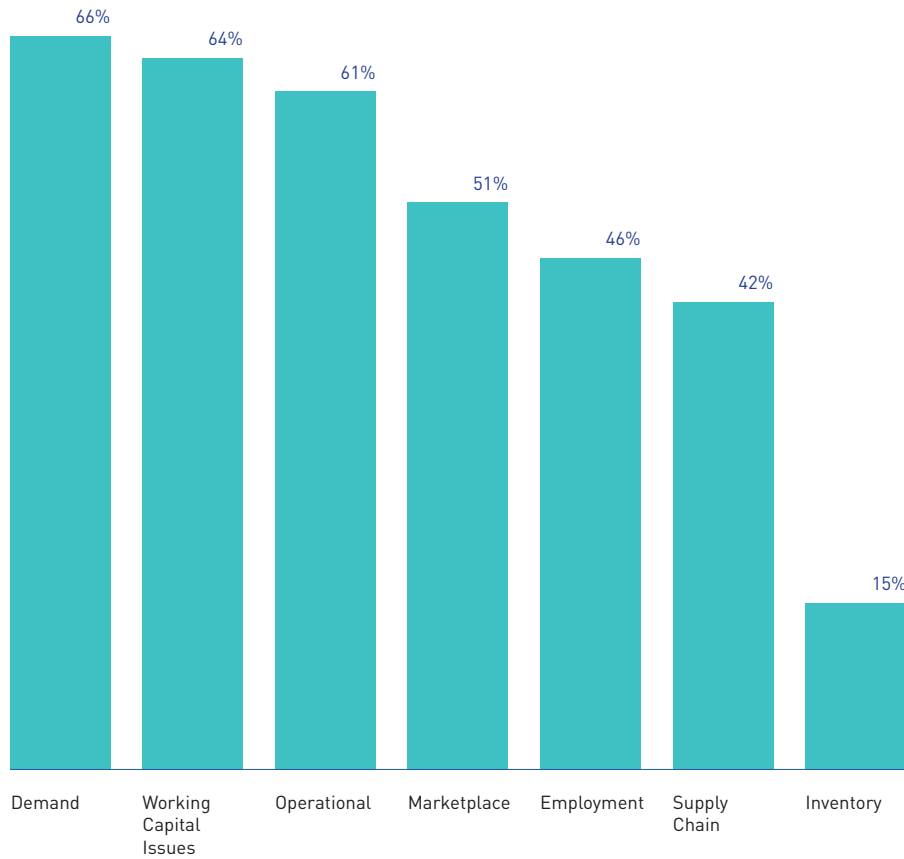
[Labour shortage & cuts in salary](#)

[Supply chain disruptions](#)

[Inventory-related issues](#)

[Beyond operational disruptions](#)

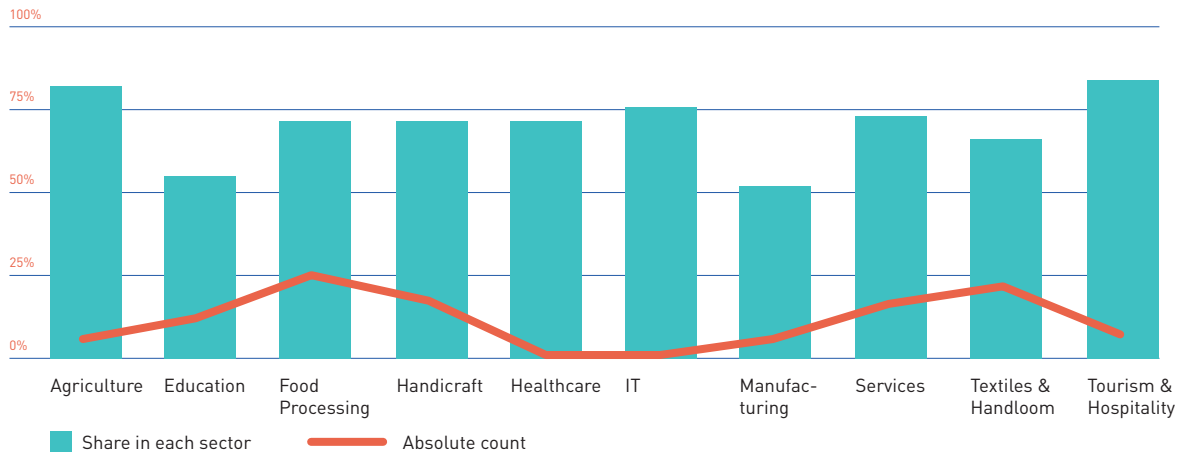
Areas of operational disruptions (n = 211)



Declining demand

The primary economic impact of COVID-19 on women entrepreneurs was found in changing demand patterns of customers. The entrepreneurs faced reduced demand in 66% of cases, referring to shrinking numbers of customers as well as reduced size and frequency of orders. 9% even reported that the demand collapsed entirely.

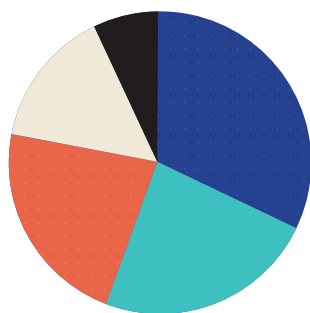
Impact on demand compared in different sectors (n = 140)



Decline was driven by the non-essential nature of the product or service offered by women entrepreneurs. In the tourism and hospitality sector, 82% of the entrepreneurs experienced a significant dip, and in many cases, a complete lack of demand because of national and international travel bans. Similarly, gym sessions, toddler schools or nurseries could not be shifted online and customers of textile or handcrafted items would often want to touch and see the material before making a purchase.

Some of the other factors that affected demand were delivery constraints, a crowded online marketplace, and changed customer preferences.

Top 5 reasons for negative impact on customer demand (n = 140)



- Non-essential product - 41%
- Reduced purchasing power - 29%
- Fear of infection - 28%
- Movement restrictions - 19%
- Inability to operate - 9%

Very few women entrepreneurs (8%) benefited from changing demand patterns caused by the pandemic. Stable customer demand was only reported in 3% of cases.

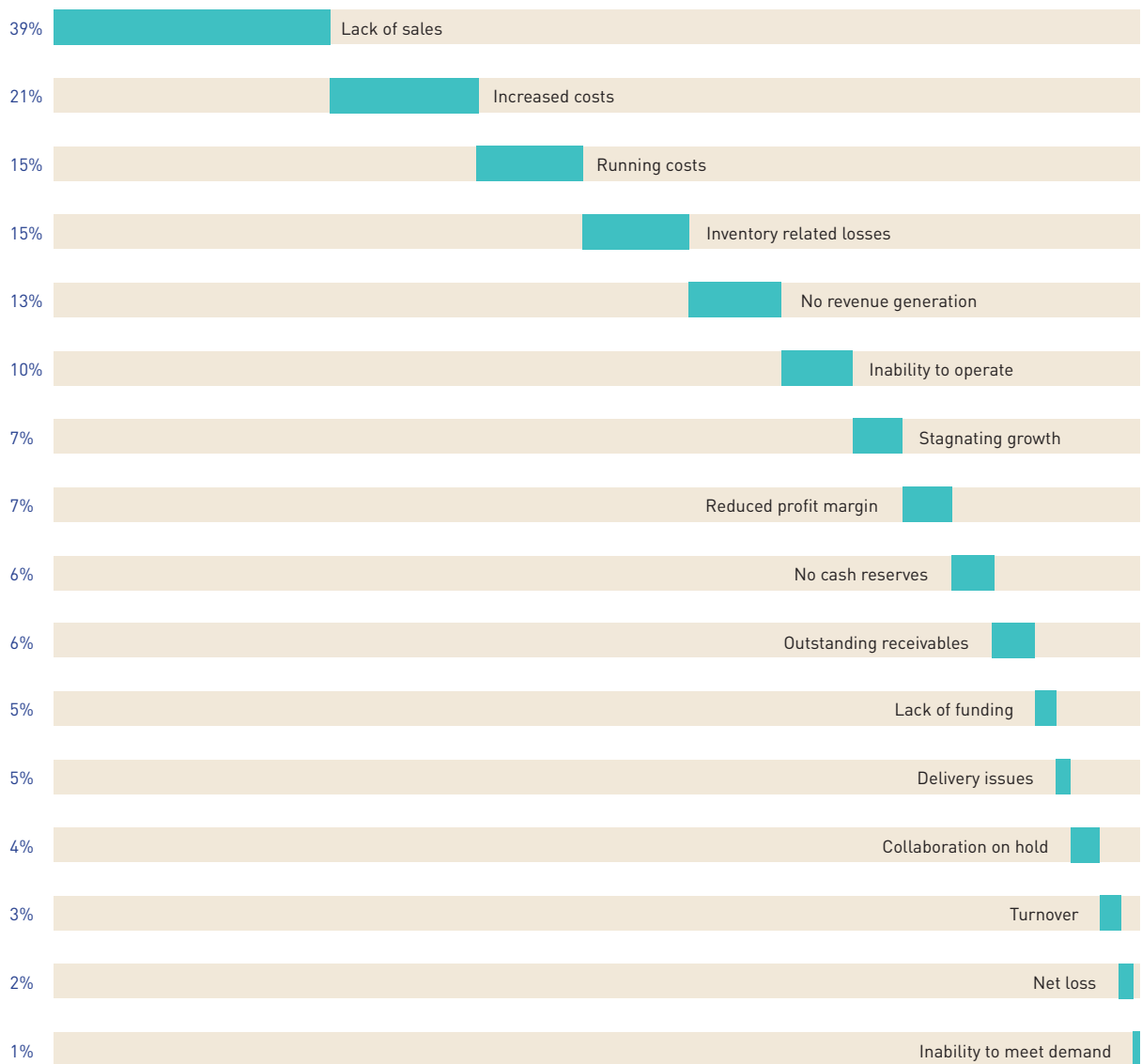
Diminishing working capital

Pandemic or not - women usually earn less than their male counterparts for the same work and are more likely to be affected by income shortages due to the positions and sectors they operate in traditionally.⁶⁷ Many end up with little or no savings, as they either transfer earnings to other family members or spend it on care-related issues. The pandemic had a strong impact on financial ability of women entrepreneurs. It created a cash flow crunch, limiting working capital, the ability to cover expenses and to remain operational. 65% of businesses surveyed experienced negative impact on their working capital.

6 Deepshikha & Jain, 2020.

7 Mastercard, 2020.

Sources of financial instability (n = 136)



Women in the NER were more significantly affected. Due to geographical and infrastructural conditions in the region, the ease of doing business is lower compared to the other states. Thus, disruptions caused by the pandemic hit harder. The main driver of financial instability was found in reduced or entirely lacking sales. Women offering tangible products faced inventory-related losses, mostly referring to perished food produce or unsold items.

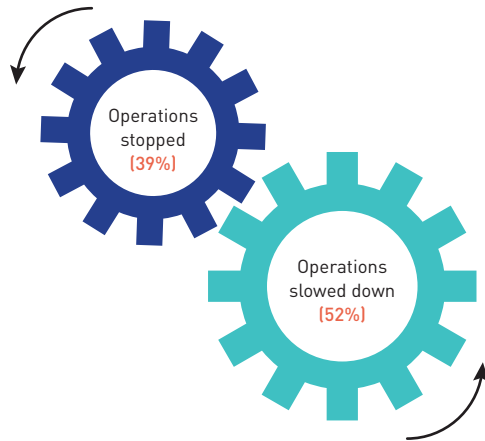
The unfavourable financial setting of women entrepreneurs made it more likely for them to draw on private or family cash reserves compared to their male counterparts.⁴ Only a small share of women participating in the study relied on personal savings to make up for financial losses caused by the pandemic. As found in a separate survey⁸, one third

of women entrepreneurs had no cash reserves at all, while half of them had enough savings to keep their business afloat for a maximum of three months. With financial reserves drying out, some women entrepreneurs were not able to cover all costs, resulting in increasing outstanding payments such as repayment of loans and credits.

⁸ Conducted in July - August 2020 by Project Her&Now with women entrepreneurs from the program (n = 98).

Operational disruptions

The COVID-19 pandemic left no area of business untouched, disrupting operations in most women-led businesses (91%). In response, many entrepreneurs decided to slow down operations to keep costs at a minimum until the situation improved. Some suspended their operations entirely.



The lockdowns and movement restrictions aside, there were several factors that contributed to operational disruptions. Decentralized containment zones kept many entrepreneurs from their offices and manufacturing units. In other cases, operations could not proceed because of shortage in supply, lack of demand, inadequate working capital, and absence of employees. Shifting to remote work became essential to commence operations and ensure safety of employees. Yet, it also proved difficult to keep up communication, particularly with employees in remote areas due to issues of connectivity and accessibility.

Operations in the tourism and hospitality sector were hit most severely: 100% of women entrepreneurs were impacted, most of them (73%) being forced to stop operations entirely while approximately one third (27%) were able to commence on a reduced level. Due to international and national travel bans,

hotel bookings were cancelled with no new clients expected for several months. Restaurants were no longer open to public and had to find ways to attract customers with takeaway and delivery options. Healthcare (80%), agriculture (66%), food processing (66%) and services (60%) were further found to be the top five sectors facing operational disruptions.

Women entrepreneurs further faced challenges beyond impeded operations. Some had to shift their workspace home, as they could no longer pay rent for facilities (5%). Others, particularly women in education and services sectors, faced issues relating to operational quality (5%).

Limited access to the marketplace

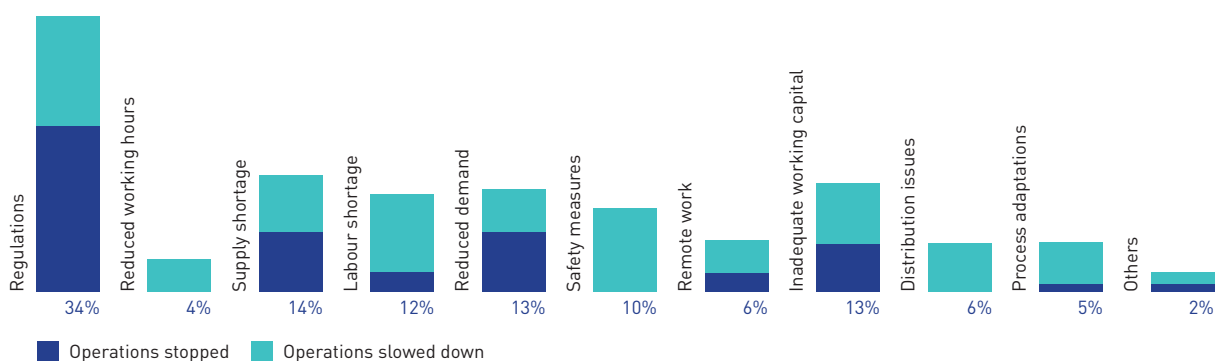
Several studies found that lockdown and social distancing measures, as well as changes in purchase behaviour led to insufficient market-access for women entrepreneurs^{9,10,11}. Results of the survey supported these findings. 51% of participating women entrepreneurs experienced difficulties in accessing their regular market. Many of them traditionally relied on physical distribution channels to provide products and services to their customers. In 66% of cases, the pandemic and regulations that came along with it, hampered these channels, making it impossible for them to access their regular market.

9 Tiwari, 2020.

10 Chawla, Sahn, & Sadhwani, 2020.

11 Valenti, et al., 2020.

Sources of operational disruption (n = 128)



Many entrepreneurs operating in the handicrafts and textiles sector who would typically distribute their products in fairs and exhibitions, could not do that anymore. Those operating in the services or tourism and hospitality sectors could no longer serve their clients in-house and switching to online sessions or trainings proved difficult. Delivery services posed another obstacle in market access. Most delivery channels and partners were completely overbooked, shipments were stuck, and many were lost in transit. In several cases, customers rejected parcels due to delays.

The top five sectors in which women-led businesses experienced limited market access were healthcare (80%), services (61%), food processing (61%), handicraft (60%) and agriculture (56%).

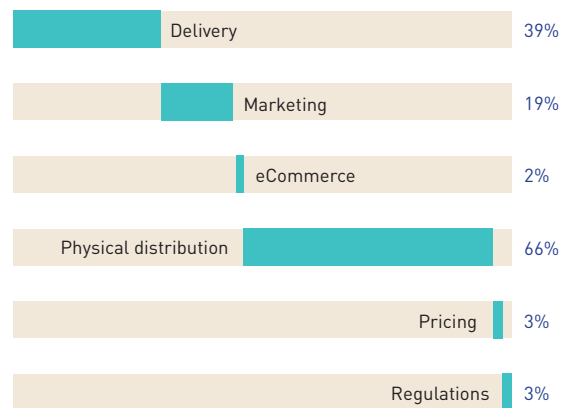
However, given the long duration of the pandemic-induced restrictions, one third had to reduce salaries to ensure business survival. Others had to send their employees on unpaid leave or even put salaries on hold completely. For a small share of entrepreneurs, costs became unbearable, and they had to take the tough call of laying off some employees to ensure business survival.

Beyond financial limitations, employment was further impacted by external factors. More than half of businesses faced labour shortage, which further hampered business operations and survival. As the pandemic struck the cities, a wave of migration arose within India. Informal wage workers migrated to their home villages and towns to seek shelter and sustain their families. Their indefinite absence

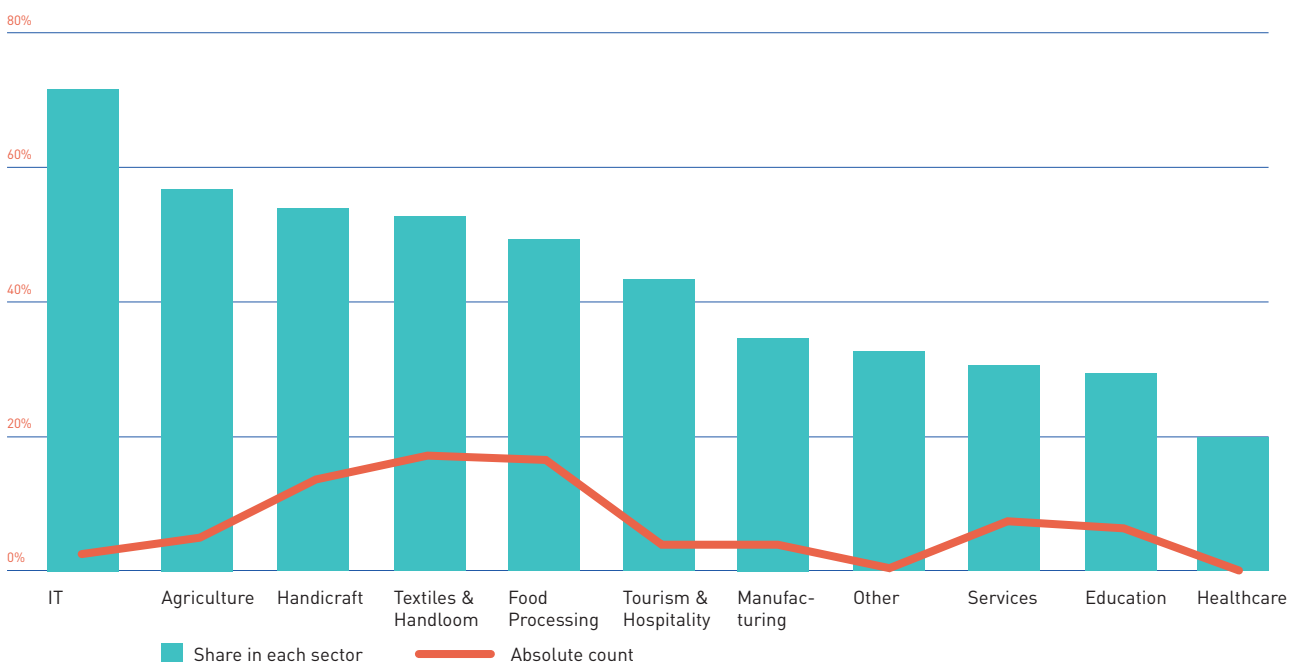
Labour shortage & cuts in salary

A business cannot function without its employees. The feeling of responsibility towards their employees in difficult times remained very high among women entrepreneurs, with many of them stating that continuous employment and payment was one of their main concerns throughout the pandemic. But with stagnating business operations and lack of demand, issues relating to salary payment became inevitable. Many used personal savings or redirected personal salaries to ensure continuous payment to protect the livelihoods of employees.

Areas of market place disruption (n = 108)



Sectoral comparison in labour shortage & cuts in salary (n = 97)



created operational struggles for many women entrepreneurs. Public transport was on hold for a long period and prices for gas skyrocketed at times. In cases when salaries were cut, employees resigned or remained home until further payment. Financial shortcomings and movement restrictions made it difficult for the entrepreneurs to recruit new employees to overcome labour shortages.

Businesses operating in sectors that could not easily be shifted to remote work saw the highest impact on labour by the pandemic. This refers to entrepreneurs operating in agriculture, handicraft, textile and food processing. Their artisans, weavers, and farmers had to work on-site, using machinery or other equipment which made a shift to remote work impossible.

Supply chain disruptions

Almost 50% of the entrepreneurs faced supply chain disruptions, mostly related to transportation issues. During lockdown, national as well as international trade and transport were on hold which resulted in supply being stuck or even lost in transit.

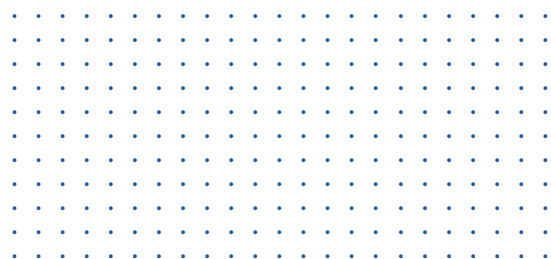
Businesses in the NER were particularly affected. Limited regional infrastructure and lack of regulation and competition in transportation services made it difficult for the entrepreneurs to connect with the rest of the country. In many cases, raw material was not available as suppliers would put their production on hold. Women handling food items faced significant issues with supply as the harvesting season got dismissed during the lockdown, leaving the crops to perish in the fields.

Inventory related issues

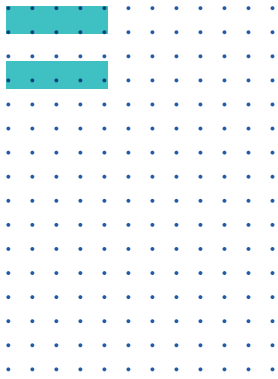
Inventory management posed another challenge, affecting 15% of the women entrepreneurs surveyed. Issues relating to inventory management mainly impacted the entrepreneurs working in the sectors of food processing (34%), textiles & handloom (20%) and handicraft (20%).

In times of lockdown, low demand and limited market access made it difficult for the entrepreneurs to sell their produce and stock up new items. Lockdowns were imposed at short notices, leaving no time for the entrepreneurs to secure their inventory. They were not able to access their warehouses for regular inspections, which resulted in a wave of perished food products as well as fabric and yarn being demolished by rats and humidity. 63% of women affected by supply chain disruptions reported such inventory losses.

Inability to sell products did not only result in piled up inventory and overcrowded warehouses (34%) but also cut down liquidity of the entrepreneurs. With limited space and financial resources, it was difficult for them to re-stock inventory and reinvest in operations (6%).



How was inventory affected in different sectors?



TEXTILES

Orders at a textile business providing school uniforms were cancelled once schools closed. As orders were personalized, they could not be sold elsewhere and had to be piled up in warehouses; posing heavy losses and need of liquidity.



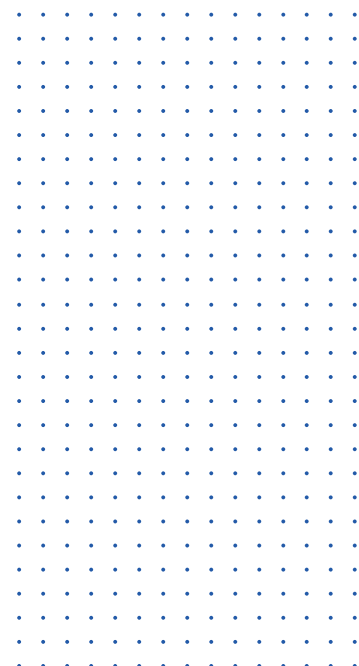
AGRICULTURE

At a pig breeding farm, space constraints increased as demand declined. As a result of overcrowded pigsties, costs of livestock feed increased and disease broke out.



FOOD PROCESSING

At a mushroom farm specialized in growing and processing oyster mushrooms, the team was no longer able to access the cultivation site. Being sensitive to temperature and humidity, most of the yield perished.



Impact beyond business operations

Need for external support

The consequences of COVID-19 were drastic and led several women entrepreneurs to seek external support to sustain their businesses. Once the pandemic hit, access to direct cash relief became the most preferred and inevitable, yet non-accessible form of support needed by the entrepreneurs.¹²



We approached a couple of banks for funding, but with uncertainty about the markets and weak demand from the buyers, they were not ready to give us the loan.



PRAMILA CHOUDHURY

Entrepreneur from the North Eastern Region

When comparing data of different surveys conducted throughout the pandemic, it became evident that from the very beginning, most women entrepreneurs did not apply for financial assistance. In a separate survey conducted in April 2020¹³, only 5% applied for government schemes, while 69% did not and neither did they plan on doing so in the future. In another survey conducted in July and August 2020¹⁴, 12% of the participants received financial assistance while 57% did not need a loan at all, and 23% did not apply as they perceived it as non-beneficial.

Limitations due to a digital divide

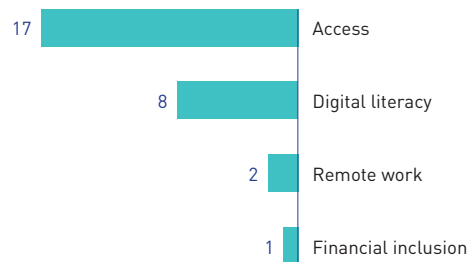
Despite a stark digital (gender) divide found in global and national reports, only 9% of women entrepreneurs participating in this study re-reported digital constraints during the pandemic. Limited digital access due to low or no internet connectivity and lacking hardware among women entrepreneurs, their employees and clients were the most reported challenges. Low digital literacy among employees and clients further hampered online business operations and digital service provision. Transfer to remote work operations proved difficult due to lack of equipment and know-how and a small minority further faced limited financial inclusion wherein female employees were not able to set up their bank accounts to transfer salaries online.

¹² Dubey & Sahu, 2020.

¹³ Survey conducted in April 2020 by Project Her&Now with women entrepreneurs from the program (n = 77).

¹⁴ Survey conducted in July and August 2020 by Project Her&Now with women entrepreneurs from the program (n = 98).

Areas of digital divide (n = 20)

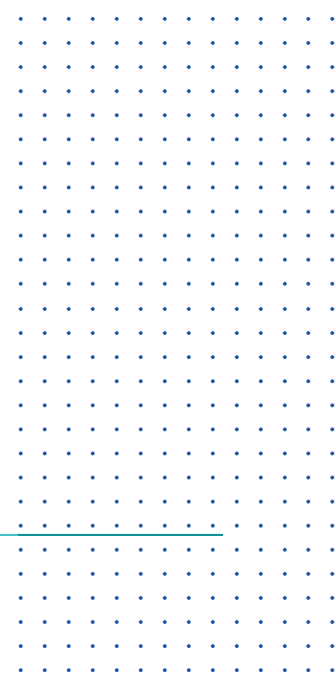


Socio-cultural disadvantages

There is a pre-existing gender disparity in business in India. Women entrepreneurs are held back by social norms and gender roles. They are disadvantaged in terms of digital skills, financial literacy, access to education and domestic duties. The COVID-19 pandemic further intensified such socio-cultural drawbacks¹⁵.

The COVID-19 pandemic had an extremely disproportionate impact on women. There was an unprecedented increase in their domestic responsibilities and unpaid labour in the form of household chores. Commencing business and commuting to work during this time when there was a societal expectation from them to be caring for their family also impacted women entrepreneurs' motivation and mental health. In some cases, there was domestic violence that had to be dealt with.

¹⁵ Deshpande, 2020.





There was the stigma associated with my moving in and out of my house to the production unit. I adhered to strict Covid-19 protocols and tried my best not to be bothered by the societal stereotypes, since I knew the importance of keeping the unit running to protect livelihoods of my employees.



LAISHRAM PRABHA DEVI

Entrepreneur owning a food processing business in the North Eastern Region



In order to survive post pandemic, there is only one way: adapting and evolving.



ALAKA PATOWARY

Entrepreneur from the North Eastern Region



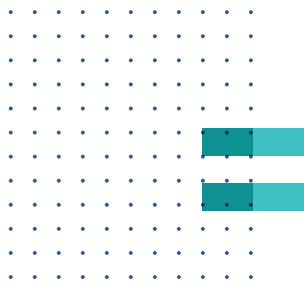
Responsive Measures



Given the disproportionate impact of the pandemic on women, it is imperative to understand how they responded to the above mentioned impacts. Which measures did they take to counter operational disruptions? Were they able to turn the changes in their business environment into opportunities? Literature suggests that the recovery of women-led enterprises will be slower, considering the gender-related conditions in which they operate.¹⁶

The following chapters provide an insight into the responsive measures taken by women entrepreneurs, including examples of successful alignment.

¹⁶ Valenti, et al., 2020.



Click on the sections below to learn more about each area of response

[Digital marketing efforts](#)

[Diversifying distribution channels](#)

[Adjusting the product/service offering](#)

[Strengthening the workforce](#)

[Readapting operations](#)

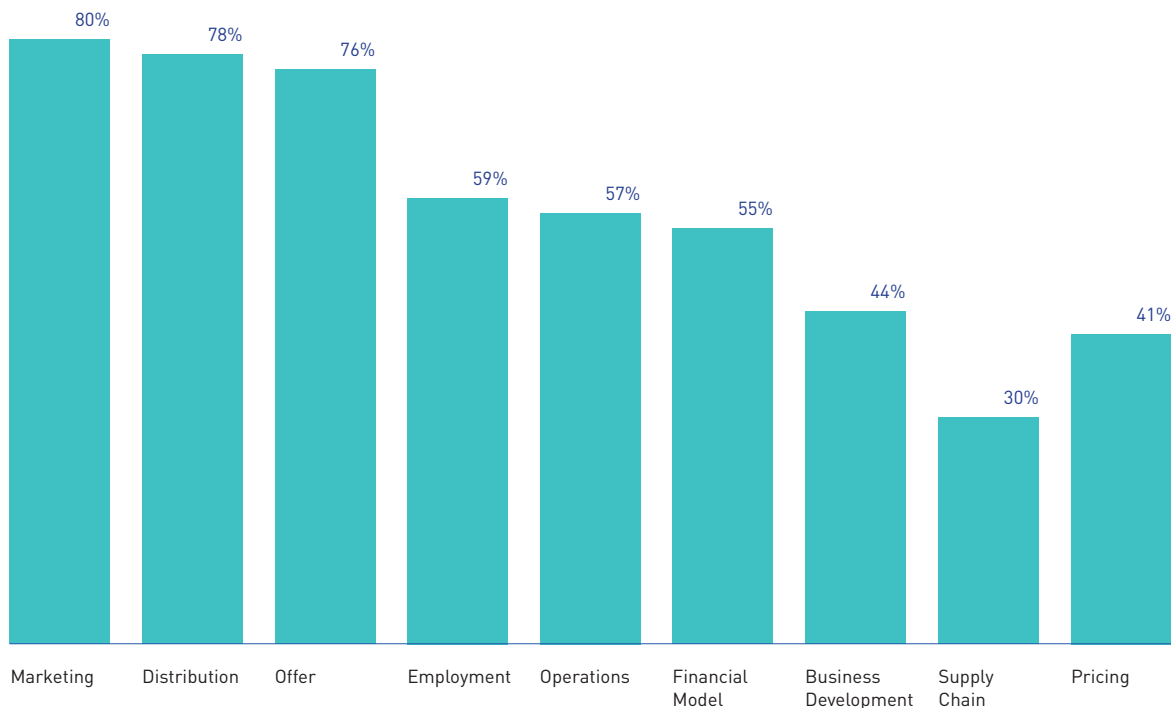
[Revising the financial model](#)

[Investing in business development](#)

[Optimising the supply chain](#)

[Revising the pricing strategy](#)

Categories of crisis response (n = 211)



Digital marketing efforts

Extending marketing activities to additional channels was the number one remedial measure for 80% of the surveyed participants. Out of these, 82% of women entrepreneurs reworked their marketing strategy to include new digital solutions. Those who did not have a social media presence before the pandemic, created new accounts on platforms such as Facebook, Instagram and YouTube to get in touch with their customers and expand their reach.



We spend most of our time and energy educating our customers. Thanks to the social media, which became a saviour, we started sharing knowledge sheets on Facebook, Instagram, and Twitter. This gave us good exposure, and orders for oyster mushroom began trickling in.



PREETHI RATHORE

Entrepreneur owning an oyster farm in Rajasthan

Several women further set up a business website to provide detailed information on their business, and products or services offered. With physical

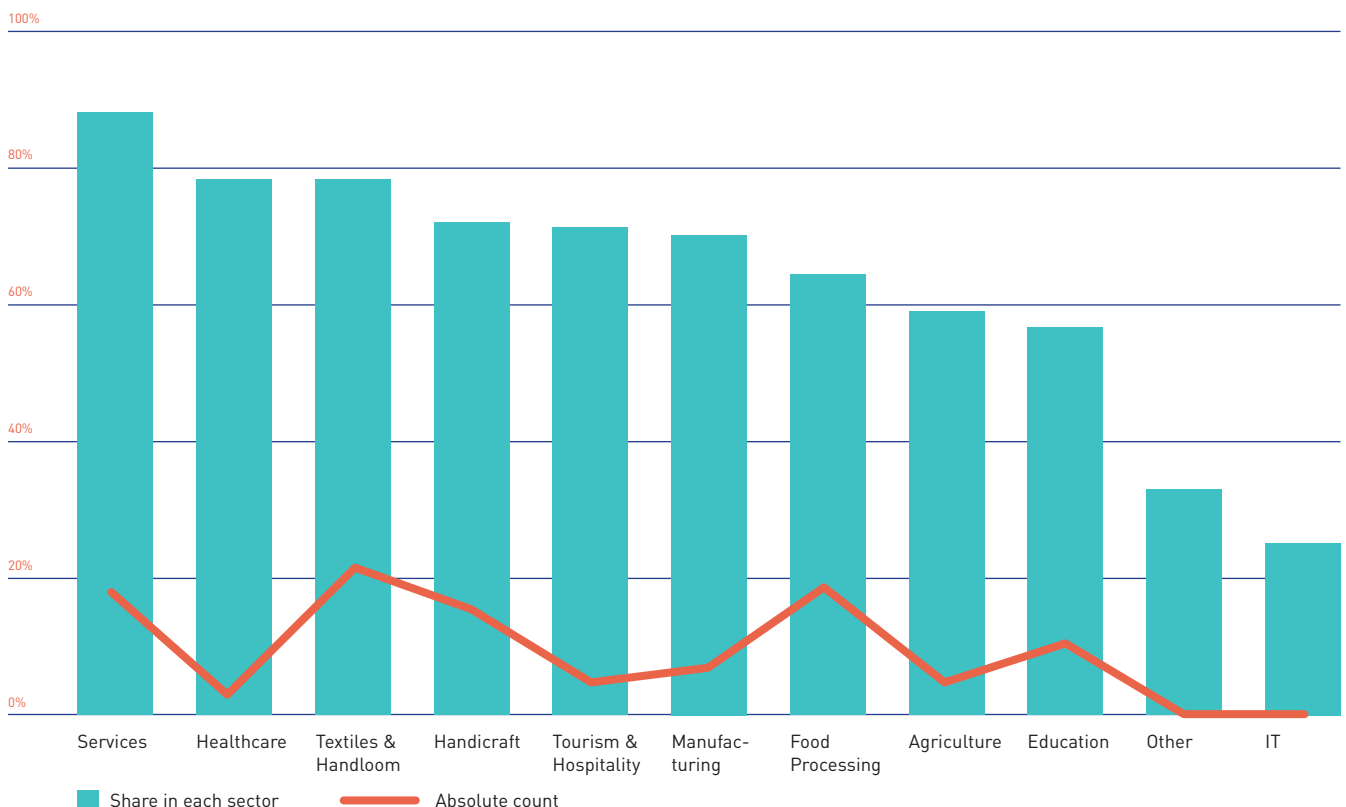
contact and word of mouth marketing becoming close to zero, the clear focus of most women entrepreneurs became extending their online marketing opportunities – evolving their online presence from pure existence to an active marketing tool. Undoubtedly, despite all hardships caused by the COVID-19 pandemic, it also enabled women entrepreneurs to understand and harness the power of online marketing.

Brand collaborations with local partners or other women entrepreneurs were identified as an opportunity to increase brand awareness through cross-selling and marketing. Despite movement restrictions, a small share of entrepreneurs kept directing their marketing activities to traditional channels like TV, local newspapers, radio or word of mouth.

Stronger emphasis was put on customer education. Customers were taught how to use a product, how it stimulates health and mind or how a purchase would benefit a community or the environment. Women entrepreneurs particularly in the services sector invested in customer education, attempting to destigmatize topics such as mental health support or raising awareness for soft skills.

Furthermore, businesses focused on customer testimonials and feedback to understand needs better and to market their business better.

Marketing-related crisis response in different sectors (n = 150)



Diversifying distribution channels

Redesigning the distribution strategy was essential for most women entrepreneurs to guide their businesses through the pandemic (78%). Unsurprisingly, digital channels were the most prominent approach of ensuring a stable distribution strategy (65%). A majority of the entrepreneurs pivoted to online distribution channels. Social media turned out to be their number one approach for selling products or services. Instagram, Facebook and WhatsApp were the most prominent platforms due to the ease of transaction and high usability of customers.

Beyond social media, several women entrepreneurs created their own online store. It enabled them to serve customers on a more structured approach, providing a clear overview of the product range, options for online payment and transparency on terms and conditions.

Collaborations with e-commerce platforms served as another approach for continuing and extending distribution networks. Partnering with Etsy, Amazon, Flipkart and other platforms provided the opportunity to extend business reach, to serve customers pan-India and reduced the level of technological knowledge required compared to hosting a private website. A small share of entrepreneurs, mostly in the education sector, introduced mobile apps to ease customer access to services.



Our premises are fully under CCTV camera surveillance, so we can easily offer live classes to students who do not opt to come to school even once the physical schools open.



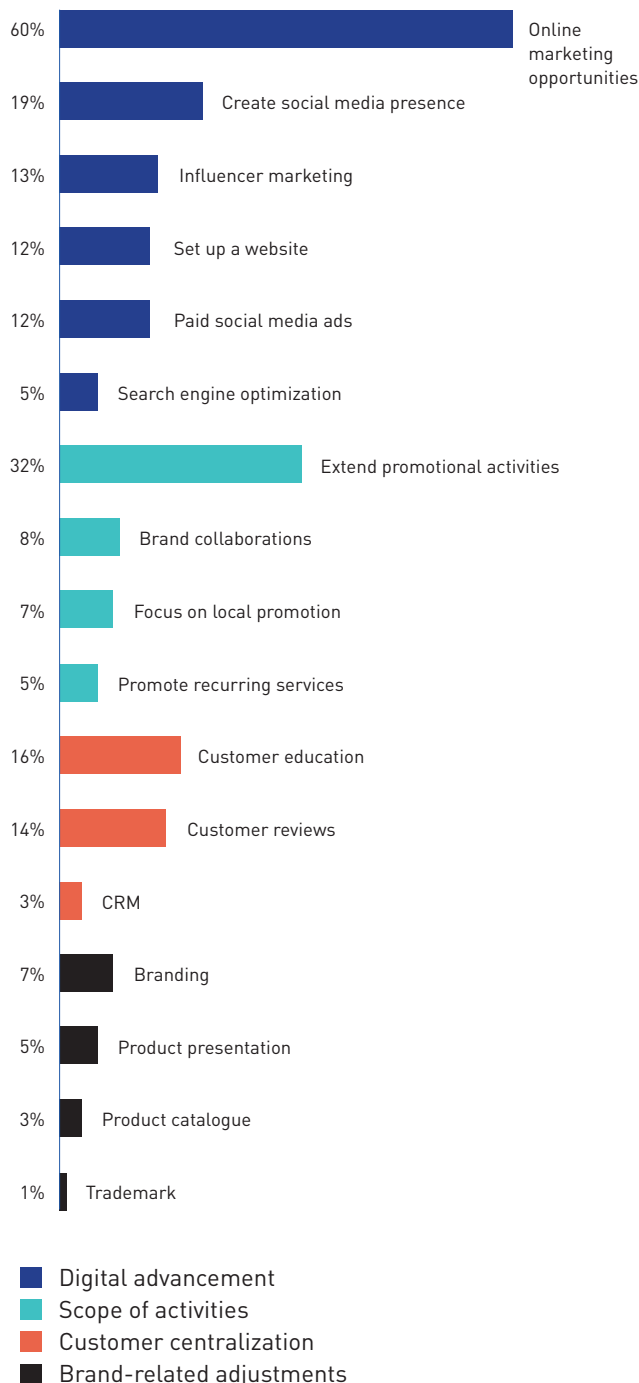
LUCKY KIKAN

Entrepreneur leading a school in Rajasthan

Beyond digital development, general adaptations to the distribution system were key to ensuring access to the market despite limitations caused by the pandemic (51%).

By expanding distributor networks, women entrepreneurs could serve new districts or regions, reduce risks through diversification and overcome disruptions caused by the pandemic. Several women collaborated with business partners as alternative channels of distribution. They partnered with hotels, NGOs or tour operators to display and sell products

How women entrepreneurs pivoted their marketing strategy (n = 150)



on a profit-sharing basis. Several women entrepreneurs further redesigned their distribution strategy, by relying on blended distribution. Stepping away from one-dimensional distribution, they started to serve both, online and offline customers, to drive up sales as much as possible. Other businesses decided to serve B2B and B2C customers to benefit from an expanded customer base.

A significant share of women entrepreneurs invested in delivery optimization (38%). Almost one third of them introduced doorstep delivery for customers, either directly or in cooperation with delivery agents. It proved to be an essential measure to take, enabling businesses to serve customers at home when they were not able to make a purchase in-person. In cases where delivery was disrupted due to crisis, the entrepreneurs focused on improving and smoothing processes. An entrepreneur from the North Eastern Region managed to overcome business limitations caused by infrastructure disruptions in the region by setting up an additional warehouse close to New Delhi; this enabled her to secure delivery channels and offer shipment of orders pan-India irrespective of the situation in the region.



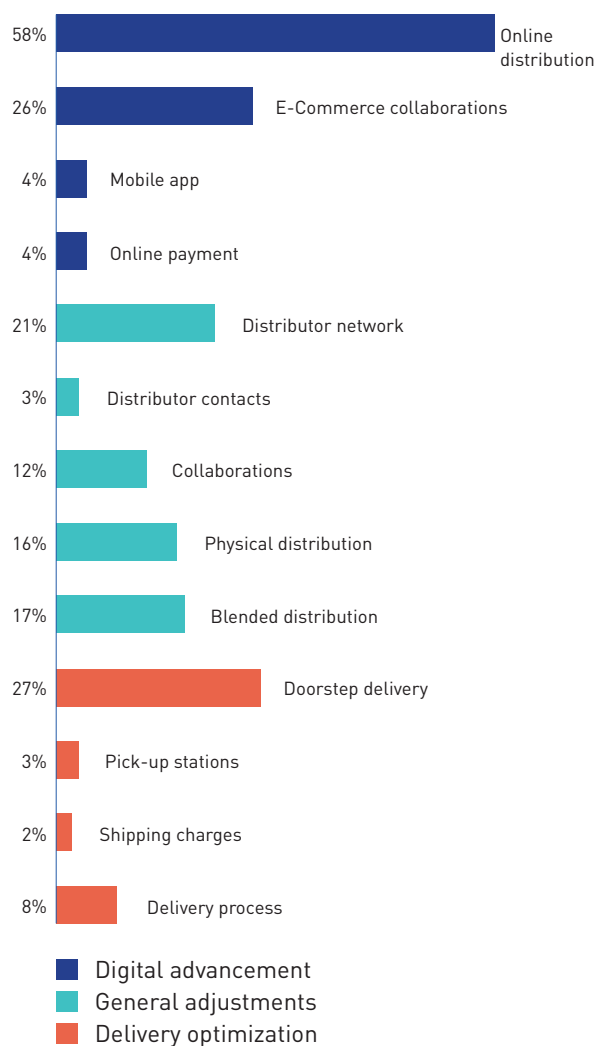
Since people were quite hesitant to move out of their houses but were concerned about their fitness, Pink Pedals provided the option of doorstep delivery. We initiated the concept of monthly rentals at a bare minimum price. For doorstep delivery, we invested and purchased one battery operated vehicle which can easily carry /transport 12-15 cycles at a time.



POOJA VIJAY

Entrepreneur owning a bicycle rental in Rajasthan

Areas of distribution-related adjustments (n = 146)



Adjusting the product/ service offering

In every sector studied, women introduced new features, designs or product lines to attract a broader range of customers. Diversification ranged from new baking flavours to contemporary clothing collections, from plant nurseries to digital bootcamps, from a home décor series to teaching aid sessions.



In the month of November, in order to increase revenues and diversify, we introduced black rice based products, in line with uplifting local grown produce. We were able to capitalise on the gifting season, and hence the actual product revenue turned out to be close to double of prior FY 19-20 average monthly revenue.



ELIZABETH YAMBEM

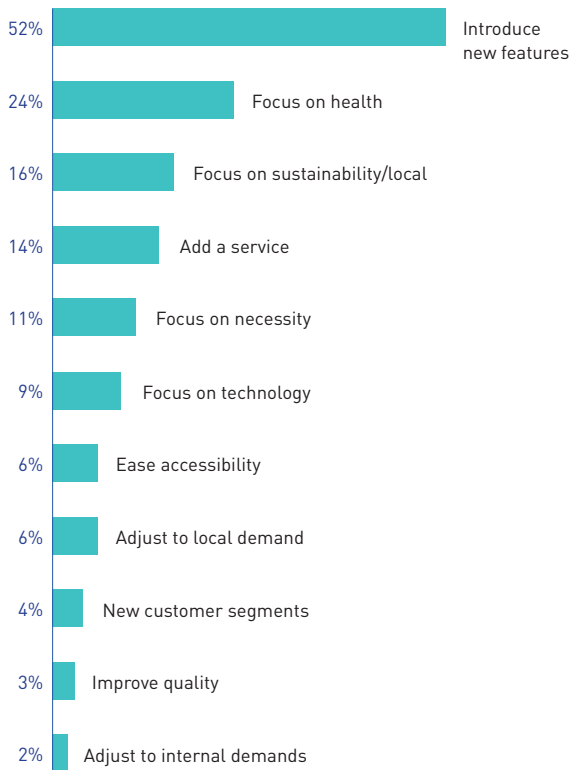
Entrepreneur owning a food processing business in the North Eastern Region

Besides diversifying the product range, many entrepreneurs optimized the existing offering – updating features to ensure high quality and compliance with demand. Health became a very important factor for customers throughout the pandemic. Many businesses responded accordingly, offering immunity boosting or healthy food items, hand sanitizers and face masks, mental health sessions for students or yoga treatments to address anxiety.

Considering the amount of time customers spent at home, many women focused on home décor items or shifted from festive fashion to daily loungewear. Some introduced new services relating to their products, like those in agriculture began skill training and soil testing services for farmers or online plant workshops for organic gardening. In line with the need for digital development within the society, several women entrepreneurs focused on technology-based services. They introduced digital trainings for students and parents, webinars on digital marketing and social media, and online cooking classes.



Reasons for adjustment (n = 142)



“ We need to rethink, redevelop and redesign products to serve both - the purpose of decoration and more importantly, utility, so that they can find a place in the essential commodities segment. ”

ANJANA BHATTACHARJEE

Entrepreneur owning a handicrafts store in the North Eastern Region



Strengthening the workforce

59% of women entrepreneurs participating in the study invested in their workforce to mitigate operational disruptions. A majority of those actions were directly related to the workforce structure (83%). Hiring new employees was the most important measure to take. The entrepreneurs either rehired employees which they had to lay-off during the hardships of the pandemic, or they attempted to expand their workforce to scale up operations. Focus was on recruiting digital marketing experts to create a strong online presence for the business. Women in the textiles and handloom sector grew their workforce – drawing on social media experts and designers to improve their collections.

Collaborations with agencies and external experts were an alternative approach of labour extension, enabling women entrepreneurs to remain flexible with regards to labour cost and division of labour. In response to high rates of labour shortage due to the migration of workers, several entrepreneurs specifically focused on hiring local employees.

Besides workforce extension, training of existing employees proved essential in surviving the pandemic. They provided training on using digital devices and platforms and enhanced their leadership qualities and technical know-how.

Women entrepreneurs typically cared a lot about their employees' personal wellbeing. About 32% of them invested in extensive employee support to ensure business stability by improving employee satisfaction. Safety measures were introduced to protect employees from infection at work.



We started our operations during the pandemic, when the artisans were facing a severe fund crunch. We worked with them to make new products, enabled their reach pan India, and helped them stand tall and proud. Today each artisan, most of whom are women, earns much more than what they used to, and have therefore been able to contribute to their family income in a significant manner.



NOOPUR KESHAN

Entrepreneur owning a handicraft store in the North Eastern Region

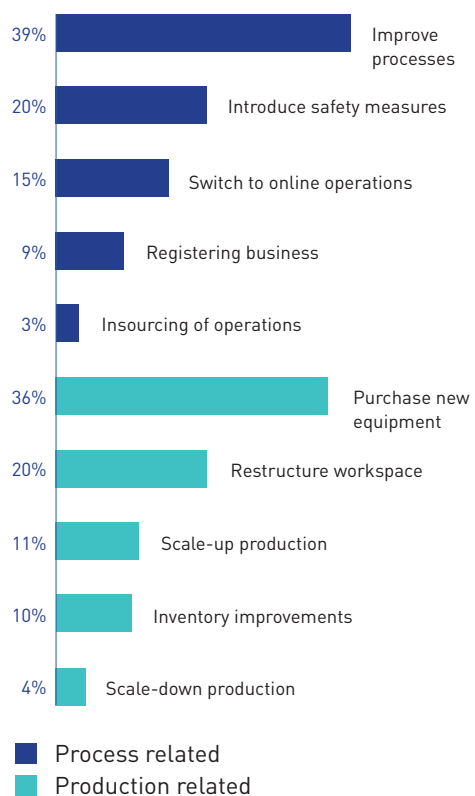
Employee satisfaction and engagement was further increased through additional measures in the form of physical, mental or financial support. Some women entrepreneurs increased transparency, keeping their employees in the loop on business decisions. Others introduced bonus programs. Despite movement restrictions and operational disruptions, only a small share of the entrepreneurs introduced flexible or remote work opportunities. The lack of regional technological infrastructure and employees' digital illiteracy were potentially the biggest obstacles.

In spite of the financial constraints, a handful of businesses were able to increase salaries, redesign compensation structures and pay out arrears to their employees.

Readapting operations

The harsh operational disruptions caused by the pandemic led to redesigning of internal processes to ensure continuous business flow. 69% of the women entrepreneurs reported adjusting their operations for business efficiency. The majority of them focused on improving and simplifying them. This included streamlining of production or improving communication channels via digital platforms.

Areas of operational adjustment (n = 107)



Women entrepreneurs in the tourism sector improved booking processes while others in handicrafts developed moulds for designs to speed up production. In education, entrepreneurs limited the teacher-student ratio and introduced pick-up protocols to reduce the risk of infection among students and teachers. Despite all difficulties in digital advancement, several entrepreneurs switched to online operations, communicating with team members or partners through video conferences. To ease business operations, several women entrepreneurs registered their businesses officially.

Regarding product-related adjustments, the majority of the entrepreneurs invested in new equipment. Several further invested in digital devices to enhance online business operations. An entrepreneur in the handicrafts sector distributed old smartphones among artists to enable smooth communication. Many restructured the workspace, arranging production or distribution facilities in accordance with social distancing regulations or even moving to new office facilities to improve accessibility for employees and customers.

Revising inventory management was essential for the entrepreneurs offering tangible products. They improved the monitoring system, extended inventory space or invested in cooling systems to avoid perished or piled-up stock in the future.

Most common attempts of driving revenue generation (n = 61)



- Increase sales - 23%
- Add revenue stream - 21%
- Pricing strategy - 9%
- Sell off inventory - 5%
- Other - 5%

Revising the financial model

Operational disruptions caused by the pandemic destabilized working capital structures, requiring adjustments to the financial model to keep a business afloat. Entrepreneurs with more mature businesses showed a high rate of response to working capital management.



Women entrepreneurs who evolved their financial strategy mostly focused on increasing revenue generation (59%) through bestselling products, introducing new product lines and investing in online marketing. Several added new revenue streams to reduce the risk of financial dry-out. Entrepreneurs in the tourism sector started selling pottery from local artisans or offered hiking tours for the local community while bookings for their guest houses remained on hold. In textiles, an entrepreneur started selling running meters of fabric to B2B customers to counter low demand from B2C customers. Another adjusted the pricing strategy to regain financial stability. Some further focused on selling piled up inventory at lower prices to create warehouse space and increase liquidity to cover [outstanding] costs.

Besides generating revenue, reduction of costs was found to be essential in regaining financial stability (40%). Most women entrepreneurs reduced costs related to production, for example, by introducing spatial intelligence to plan cost-effective production, or by incorporating recycling measures or by shifting the office space closer to production sites. Several reduced costs of supply by investing in bulk orders or by identifying and replacing raw material with higher risks of supply disruptions. Some businesses further attempted to renegotiate fixed costs and increased flexibility by moving towards a variable cost model.

Before the pandemic, very few women entrepreneurs considered unforeseeable events for financial planning. Now that they experienced financial implications of the crisis, one third of them dedicated more time and resources to financial planning. Many revised their budget, reassessing cost structures, re-valuing KPIs to monitor financial progress, and anticipating hidden or unforeseeable expenses to avoid future financial shortcomings. Some created cash reserves to be able to survive and better respond to crises in the future. Others conducted sales analysis to focus on growth areas or extended their value chain to develop multipurpose products. Few businesses opted for exploring or extending external funding to finance operations and ensure liquidity.

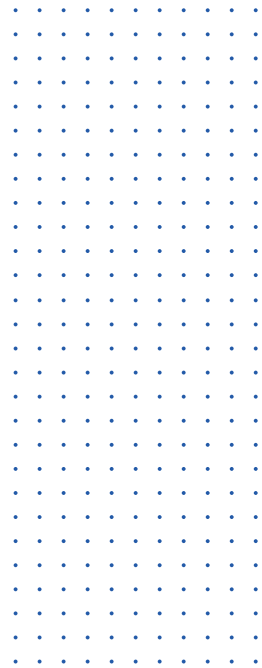
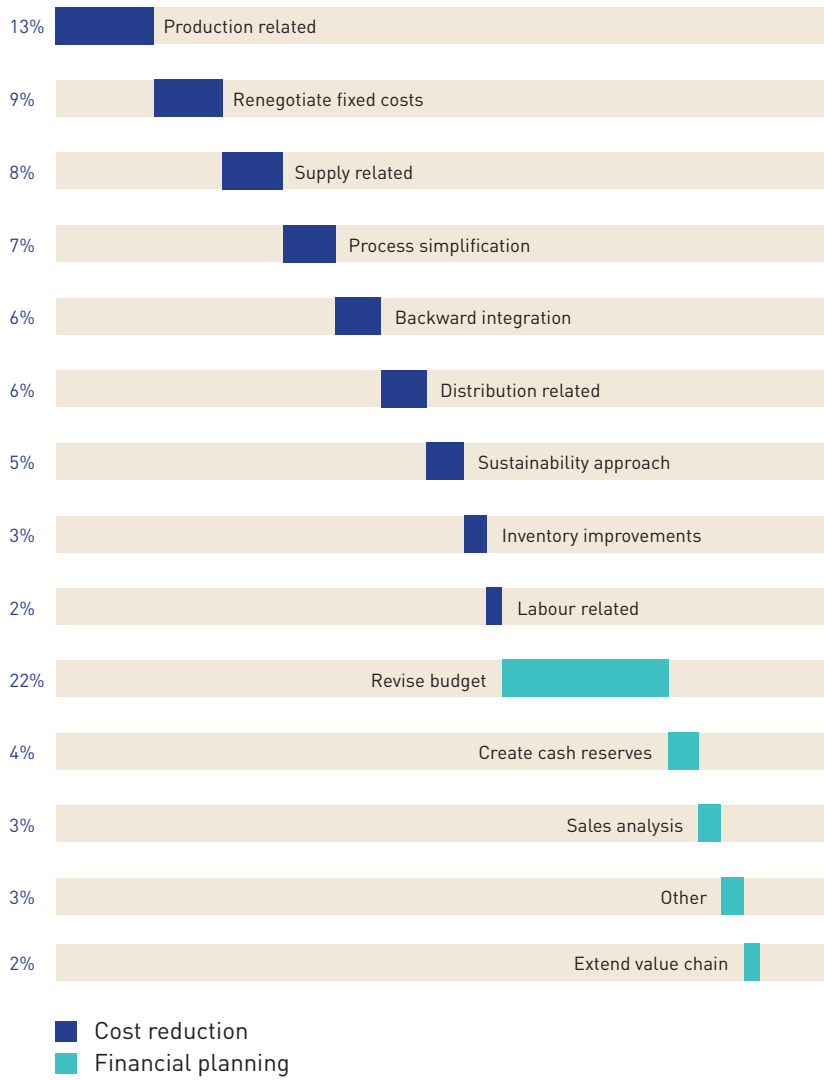
Investing in business development

Several women entrepreneurs used the lockdown to conduct a market analysis, while others performed a business analysis. Was the business model still adequate considering the 'new normal'? What scenarios should be prepared to guide the business through the pandemic? They reworked their revenue-generation strategy, set up marketing plans and reassessed their competitive advantage. Exploring new business opportunities helped identify new revenue streams, customer segments or modes of delivery.

In some cases, women entrepreneurs ended up revising their business model to remain profitable and competitive in the market. Some aligned secluded parts, for example by switching from B2C to B2B businesses to avoid direct customer contact, or from producing to solely trading to reduce costs and disruption of supply. Others shifted towards an entirely new business sector.



Areas of financial adjustment (n = 103)



From piglets to poultry

An entrepreneur owning a pig breeding farm in the North Eastern Region struggled to keep her piglets alive due to overcrowding and diseases.

She ended up selling the remaining pigs and pivoted into a poultry farm, breeding and selling ducks and geese. Besides breeding, she now offers training for small scale farmers to set up livestock farms for poultry and mushrooms. By realigning her business model, she was not only able to reduce costs and add a new revenue stream but also identify an underserved market demand – as only a handful farms in the region sold poultry.

Optimizing the supply chain

To combat supply chain disruptions caused by the pandemic, women entrepreneurs made internal, strategic adjustments (63%) and revised their supplier relations (51%).



We plan to have a contract or agreement with one or two suppliers or agencies wherein the price will remain the same whether there is pandemic, general strike, bandh and any unnatural issue.

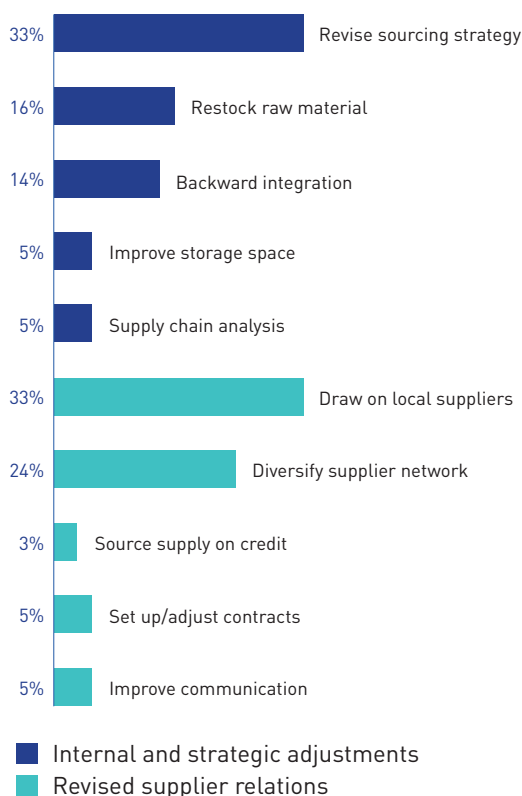
So, this will minimise the problem of frequent disruption in the cost of raw materials and also makes it easier to have a fixed standard quantity and specific price throughout the year.



CHINGAKHAM INAKHUNBI LEIMA

Entrepreneur owning a food processing business in the North Eastern Region

Most common activities of supply chain optimization (n = 76)



Internally, most revised their sourcing strategy, for example by sourcing material at higher quality and lower prices, by ordering in bulk to reduce costs and avoiding shortages, and by constantly aligning supply with demand patterns. Backward integration, that is, taking over the production of once externally sourced items, proved to be a valuable strategic adjustment to overcome increased cost and unavailability of supply or raw material. In the hospitality sector, a woman entrepreneur set up a gardening unit to avoid shortages in supply of vegetables in the future.

In crisis, relations with suppliers turned out to be essential to keep the business afloat and ensure continuous reception of material. While many women entrepreneurs relied on a single supplier before COVID-19, post the pandemic, they diversified their network to reduce the risk of supply shortages or rising costs of material.

Transportation and delivery issues were one of the main factors causing supply chain disruptions, especially in the North Eastern Region. In response, one third of women entrepreneurs decided to draw on local suppliers to shorten transportation routes and thereby reduce the risk of such disruptions. Efforts of strengthening supplier relations further included the introduction of fixed supplier contracts and the focus on improving communication with suppliers to minimise unforeseen risks and disadvantages. A smaller share of entrepreneurs conducted a supply chain analysis to identify prevailing risks and to elaborate how to ensure stable sourcing. Especially in remote areas, supply shortage remained a critical factor due to poor regional infrastructure and the scarcity of local suppliers.

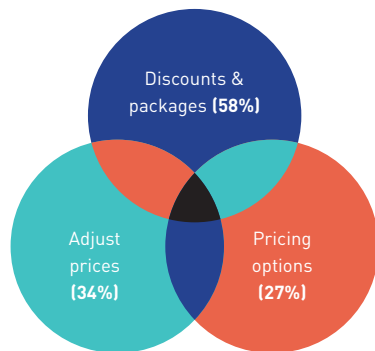
Revising the pricing strategy

One third of women entrepreneurs revised their pricing strategy in response to shrinking revenue, increasing costs and changed customer behaviour caused by the pandemic. The majority of them introduced discounts or created product or service packages to attract clients and encourage purchase behaviour.

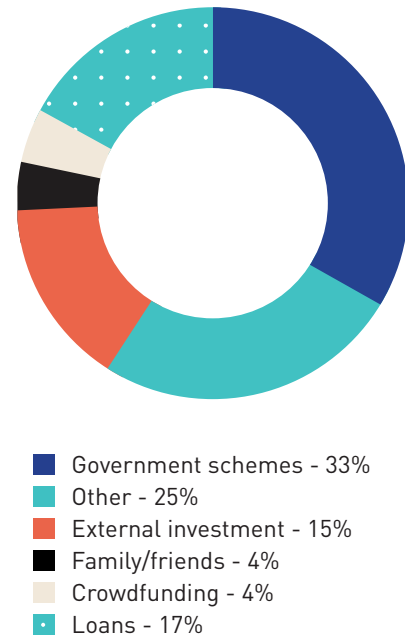
Entrepreneurs offering intangible products in the services, tourism and education sector relied on introducing service packages to increase the attractiveness of the price and the offering itself. Some reduced their prices at cost of revenue to secure at least some customer purchases and create liquidity. To serve more customer segments, almost one third of the entrepreneurs introduced differential pricing options. A low cost or premium line enabled

them to draw from different customer segments, thereby increasing their profit margins and customer base.

While the entrepreneurs across all business sectors revised their pricing strategy, it was found to be the most prominent among those operating in services, tourism and hospitality. This could be due to the higher level of flexibility on price and profit margins compared to sectors such as handicraft, food processing and textiles.



Forms of financial assistance (n = 39)



Responsive measures beyond business model alignment

While adjustments to business operations were the most essential response measures to the COVID-19 pandemic, women entrepreneurs engaged in activities beyond that to promote their business and serve the communities.

External support

Despite all responsive measures, some entrepreneurs sought external support to keep their business afloat (23%). They applied for government support schemes and loans, followed by external investment and alternative sources of liquidity. Only 4% sought financial support from family members or friends. A smaller share further dipped into novel ideas of financial assistance like crowdfunding campaigns.

Various factors can explain the comparably small share of women entrepreneurs who sought external support. It was observed that women in India refrained from monetary assistance, especially debt. Scepticism prevailed, as many would not consider themselves to be eligible for loans, would not trust the funds and would fear compliance requirements which come along with loan payments.

The ecosystem does not provide a lot of credit linkages for women, and distribution and access to government schemes remains unequal. As found by the Mastercard Index of Women Entrepreneurs 2020, women would rather draw on personal or family

cash reserves or slow down production than seek debt-causing monetary assistance.¹⁷

At the same time, many women feel uncomfortable borrowing money from family and friends due to lack of support and belief in their businesses. Being an entrepreneur is perceived as secondary while their primary role remains in caregiving at home.¹⁸

One third of inquiries for external support were related to non-financial needs. Most entrepreneurs sought technical support from external experts to improve business processes or family and friends to manage distribution and delivery during lockdown.



Sometimes, all I need is psychological support from someone who can motivate me not to feel scared while running this company especially during a pandemic.



ZENITH DEVI LAIRIKYENBAM

Entrepreneur in IT from the North Eastern Region

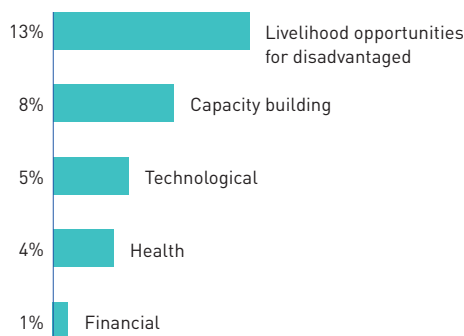
¹⁷ Mastercard, 2020.

¹⁸ Kumar, 2020.

Supporting livelihoods through community engagement

The pandemic hit everyone hard. Beyond ensuring the survival of their own business, women entrepreneurs actively engaged in supporting other women and marginalized communities (12%). Many of them committed to creating livelihood opportunities for disadvantaged social groups (52%). In the North Eastern Region, a woman entrepreneur and owner of a clothing brand collaborated with a local weaving SHG (Self Help Group) of a marginalized tribe. She raised funds to create a charity product line, benefitting marginalized weavers and tribes during the pandemic and beyond. Many entrepreneurs in the education sector provided medical check-ups to employees and students and counselling sessions. A woman entrepreneur from the North Eastern Region expanded her food processing business by providing training programs for farmers to grow herbs for contract farming.

Areas of engagement (n = 15)



Expanding the business network

Networking proved to be a way out of the pandemic for a small share of women entrepreneurs. They participated in online fora and collaborated with industry networks, cooperative groups, NGOs and civil society to stabilize and expand the business through alliances.



“
It is undoubtedly the need of the hour to prepare for a future that is sustainable and structurally more viable for living and working.

We have spent the last few weeks in response mode. Now is the time to turn our attention towards recovery, to ensure that our business is ready to thrive.

“
DAISY BRAHMA
Entrepreneur from the North Eastern Region

Conclusions

This report highlights how women entrepreneurs were impacted by the pandemic, and the responsive measures they took to guide their businesses through it. Several conclusions can be drawn from the findings:

01 The future is digital

With other waves of the pandemic being predicted, digital is here to stay. Online marketing and remote work facilities are key in creating stable business operations. They help increase reach, extend the customer base and ensure operational efficiency despite movement restrictions. Since women entrepreneurs in India, particularly in the North Eastern Region, are still impeded by lacking digital infrastructure, it is essential to close the digital gender divide by exploring opportunities and offering digital trainings to employees and customers.

02 Flexibility is the key to resilience

To conquer rising costs and fluctuating demand, it is essential for women entrepreneurs to keep their businesses as flexible as possible. Variable cost models and flexible employment structures allow for quick adaptations to the business environment.

03 Customer education drives engagement

Sharing information beyond the general marketing message on social media increases engagement and customer loyalty. While sharing knowledge on matters of health or sustainability, women entrepreneurs can promote awareness for their products or services, increasing customers' interest and willingness to purchase.

04 Diversification reduces risks

Diversifying the product or service offering, the supplier network, and distribution and marketing channels helps reduce risk. Without having to rely on a single mode of operation, they would be able to respond to the crisis in a more flexible manner.

05 Empowering the workforce stabilizes the business

Employee safety remains among the top priorities of the entrepreneurs. By providing extensive support and including the workforce in decision making processes, women entrepreneurs can not only support livelihoods but also improve operational efficiency.

06 Novel sources of funding are needed

Considering the unfavourable environment and lacking credit linkages of women-led businesses, it is essential to identify alternative sources of funding. Creating crowdfunding campaigns could help women entrepreneurs overcome obstacles related to traditional sources of financial assistance and become fruitful tools to create liquidity and drive growth.

Despite the hardships arising throughout the pandemic, the surveyed women entrepreneurs remained optimistic. Most were able to keep their businesses afloat, adjusting their business model according to newest developments. Some even identified opportunities to grow their businesses in times of crisis.

Nevertheless, it should be noted that the COVID-19 pandemic is not over and that most measures reported within this study reflect short-term responses by women entrepreneurs during the first wave of the pandemic in India in 2020. To keep their business afloat in the long term and recover from the losses imposed by the crisis, they need to monitor and adapt to changes consistently. A supportive ecosystem is key to overcome the pandemic in the long run. Government bodies and funding organizations alike should develop gender-specific support programmes to respond to women entrepreneurs' changing and evolving needs and enable sustainable economic and socio-cultural development in India.

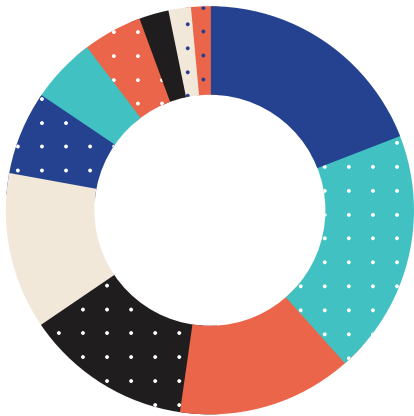
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Appendix

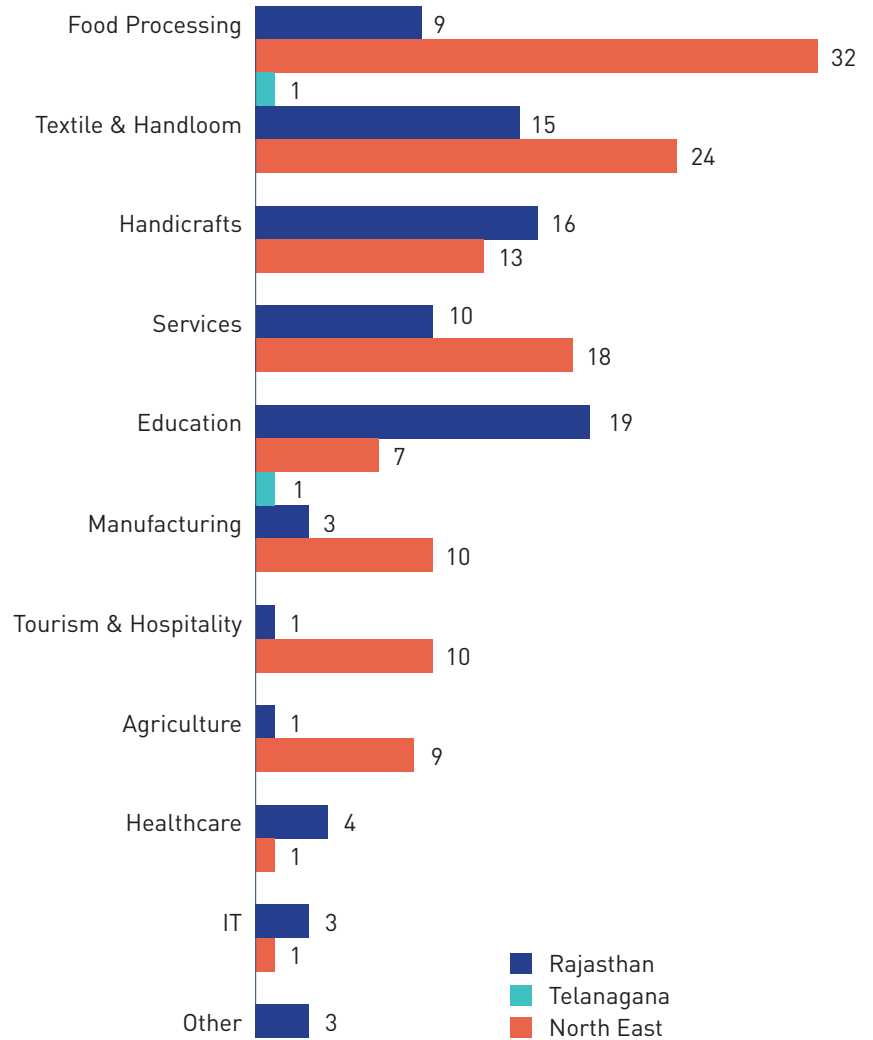
Appendix 1: Sample demographics

SECTORAL SPLIT OF PARTICIPANTS

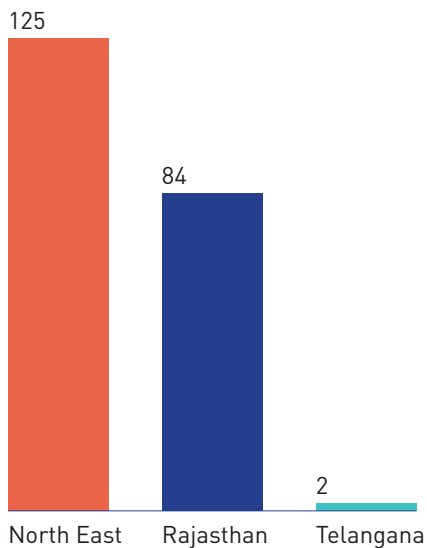


- Food Processing - 41
- Textile & Handloom - 40
- Handicrafts - 29
- Services - 28
- Education - 26
- Manufacturing - 14
- Tourism & Hospitality - 11
- Agriculture - 10
- Healthcare - 5
- IT - 4
- Other - 3

REGIONAL SPLIT OF SECTORS



REGIONAL SPLIT OF PARTICIPANTS



Appendix 2: Overview of impact data

Category of impact	Total	Share of women entrepreneurs impacted in each sector										
		Agriculture (n = 10)	Education (n = 26)	Food Processing (n = 41)	Handicraft (n = 29)	Healthcare (n = 5)	IT (n = 4)	Manufacturing (n = 14)	Services (n = 28)	Textiles & Handloom (n = 40)	Tourism & Hospitality (n = 11)	Other (n = 3)
Reduced demand	140	80%	54%	71%	70%	40%	75%	50%	71%	65%	82%	67%
Supply chain disruptions	88	60%	8%	71%	43%	60%	25%	57%	7%	50%	36%	0%
Employment-related issues	97	60%	31%	51%	57%	20%	75%	36%	32%	55%	45%	33%
Operational disruptions	128	70%	50%	73%	60%	60%	50%	57%	64%	48%	100%	0%
Inventory losses	32	10%	0%	34%	20%	0%	0%	7%	7%	20%	9%	0%
Inadequate working capital	136	70%	35%	76%	70%	60%	25%	64%	71%	60%	73%	67%
Marketplace disruptions	108	50%	31%	61%	60%	80%	75%	50%	61%	50%	36%	0%
Beyond operational disruptions												
Need for external support	26	20%	8%	15%	13%	20%	25%	7%	18%	5%	18%	0%
Socio-cultural drawbacks	18	10%	4%	7%	10%	40%	50%	0%	11%	5%	9%	0%
Digital divide	20	0%	46%	2%	3%	20%	25%	0%	4%	8%	0%	0%

Appendix 3: Overview of resource data

Category of response	Total	Share of women entrepreneurs taking responsive measures in each sector										
		Agriculture (n = 10)	Education (n = 26)	Food Processing (n = 41)	Handicraft (n = 29)	Healthcare (n = 5)	IT (n = 4)	Manufacturing (n = 14)	Services (n = 28)	Textiles & Handloom (n = 40)	Tourism & Hospitality (n = 11)	Other (n = 3)
Business development	82	50%	46%	39%	37%	60%	0%	43%	43%	30%	36%	33%
Product/ service adjustments	142	90%	65%	56%	73%	80%	75%	57%	71%	65%	91%	33%
Supply chain optimization	76	60%	4%	46%	50%	60%	50%	36%	7%	40%	45%	67%
Labour support	110	50%	46%	37%	60%	40%	75%	36%	57%	75%	45%	0%
Operational adjustments	107	40%	50%	54%	33%	80%	75%	36%	57%	55%	55%	67%
Stabilization of financial model	103	70%	38%	44%	53%	60%	50%	50%	43%	55%	55%	33%
Revise pricing strategy	59	10%	27%	22%	17%	0%	25%	29%	50%	30%	45%	33%
Revise distribution channels	146	60%	81%	61%	77%	40%	50%	57%	68%	75%	73%	100%
Extend marketing efforts	150	60%	58%	66%	73%	80%	25%	71%	89%	80%	73%	33%
Beyond business model alignment												
Capacity building	20	10%	8%	5%	13%	0%	0%	0%	11%	18%	0%	33%
Community engagement	25	20%	23%	5%	17%	40%	25%	0%	7%	8%	18%	0%
Networking activities	14	10%	0%	5%	13%	0%	0%	7%	18%	3%	0%	0%
External support	48	50%	12%	12%	20%	40%	50%	21%	18%	35%	27%	33%



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