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**SELECTED ISSUES IN ENTREPRENEURSHIP TRAINING
FOR SMALL BUSINESS IN DEVELOPING COUNTRIES**

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I. Introduction

During the last decade, it has been increasingly recognised in policy making bodies of developing countries that small scale enterprises have potential for contributing meaningfully to the development process. The most important advantages are well known: a more equitable distribution of income through widely dispersed ownership and relatively labour intensive production methods which are locally appropriate; they could therefore be a major source of employment, especially in areas where few alternative options exist. This recent upsurge of interest has led to a host of supportive policy interventions aimed at promoting small business. A number of these, such as credit programmes, industrial estate programmes, marketing support and technological support, aim basically at strengthening enterprises through an improvement of the direct business environment. Secondly, there is a growing body of activities aimed at increasing the skills of the persons running such enterprises. Among these are vocational, management and entrepreneurship training.

The objective of this paper, within the context of a review of a variety of policy instruments, is to look at the recent developments in the area of entrepreneurship training in developing countries, and to discuss some major issues of relevance to small enterprise promotion which have emerged in this process. It is common in entrepreneurship development literature to incorporate activities aimed at the stimulation of small business at large, including not only vocational and management training activities but, for example, also credit programmes; however, the activities

reviewed in this paper have been deliberately limited to those which identify entrepreneurial ability as the key to starting and successfully operating a business. This approach has been taken mainly because the many different approaches to small business promotion cannot be covered adequately in a paper of this size, and also because it is these 'behavioural' entrepreneurship programmes which have been the subject of much debate as to their effectiveness and impact.

To clarify the concept of entrepreneurship, Section II of the paper reviews some important literature on this subject very briefly, with reference to both developed and developing countries. Section III then discusses the main way in which entrepreneurship training has been approached in developing countries. Section IV analyses issues relating to the impact and effectiveness of this approach, and Section V presents the concluding observations.

II. The Concept of Entrepreneurship

Since the early eighteenth century, economists as well as scholars from other social disciplines have tried to come to grips with the rather elusive phenomenon of entrepreneurship. From the economists' point of view, the concept is difficult to handle precisely because it is so closely interconnected with psychological and sociological elements such as personality traits of individuals and their socio-cultural environment. Not surprisingly, the debate over what exactly constitutes entrepreneurship is still ongoing.

As early as two centuries ago, economists began to single out the special contribution of the entrepreneur to economic development. For the purpose of the present paper, it is sufficient to mention briefly three basic approaches which have retained some validity up to today [1]: (i) the entrepreneur who is the fourth factor of production, within the context of the General Equilibrium Theory as expounded chiefly by Walras [2]; (ii) the entrepreneur who commits the capital and bears the risk under conditions of unpredictable change, described by F.H. Knight [3], and (iii) J. Schumpeter's innovating entrepreneur who conceives and engineers change, or in other words "carries out new combinations" [4]. These can be the introduction of a new good, the introduction of a new production method, the opening of a new market, the discovery of new raw material supply sources or the reorganisation of an industry.

In the field of sociology, mention is made of Max Weber who linked the driving force of the industrial entrepreneur with the Protestant ethic, which made achievement in worldly life a necessary precondition for progress on a spiritual plane [5]. Although Schumpeter and Weber look at entrepreneurship from different perspectives, their theories have much in common in that economic changes are set in motion by the innovating quality of entrepreneurial behaviour, be it in the form of a truly creative 'spark' (Schumpeter) or in the form of a thorough rationalisation of the functioning of an enterprise (Weber).

Relevance to developing countries

Whereas the purpose of these early theories was mainly to analytically explain the role of entrepreneurs in developed economies, the more recent interest in entrepreneurship in developing countries has emanated from a concern over an observed lack of economic activity and the realisation that entrepreneurship would be a vital quality for the emergence and sustenance of economic growth in these countries. This preoccupation with growth, combined with the radically different conditions obtaining in the developing countries now as compared to Western countries in the 18th and 19th centuries, makes for a limited applicability of the early theories today.

The contemporary literature on entrepreneurship relevant to less developed countries is extensive [6]. Essentially, three approaches can be distinguished in these mostly empirical studies. The psychological and sociological theories of entrepreneurial supply (notably those of McClelland, of whom we will talk more, and Hagen) have individual personality as their common focus of study [7]. Entrepreneurial behaviour is seen as resulting from attitudes which in turn are affected by the social environment (parental guidance, religion, belonging to marginal groups etc.) On the other hand, the 'economic approach' (exemplified by Papanek and Harris [8]) emphasises the importance of the economic environment which is either conducive or repressive to entrepreneurial activity. In this view, entrepreneurial activity responds to a change in 'demand' for entrepreneurs as evidenced by the economic incentive structure.

Peter Kilby, in his well-known article "Hunting the Heffalump" [9], finds it difficult to work with either of the two approaches. As he argues, the fundamental problem is that they are not empirically falsifiable, since it is impossible to ascertain whether a change in entrepreneurial activity is due to an increase in entrepreneurial effort, a change in the external environment or even a combination of both. He also criticizes these approaches for their exclusive concern with the supply of,

or demand for the quantity of entrepreneurs, whereas he maintains that it is the quality of entrepreneurship that is vital. Kilby attempts to get away from the supply versus demand controversy by looking at the performance of a typical Third World small scale entrepreneur in terms of an extensive list of 13 functions which he/she has to carry out, instead of considering underlying variables such as attitudes or a facilitating or constraining environment. His list covers exchange relationships, political administration, management control and technological functions. He points out that what are usually considered truly entrepreneurial functions are mostly limited to part of his exchange relationship functions, namely (i) the perception of market opportunities, and (ii) gaining command over scarce resources. The other functions are basically to do with production, financial and technical management. He then proceeds to examine the results of a number of empirical studies on the subject and comes to the conclusion that it is exactly these managerial skills that are in short supply in developing countries.

It would be difficult to strictly classify the many contemporary studies on entrepreneurship with a Third World focus in accordance with whether they follow the behavioural approach, the environmental approach, or Kilby's 'functional' approach. It would be more precise to say that, in most cases, they lean to a particular direction with respect to their focus and approach, but many borrow elements from the other approaches and add elements of their own. A few have also attempted an integration by way of a systems analysis [10].

Quite a few studies, while using one or the other modern approach, draw inspiration from the Schumpeterian innovation idea, even though the term is usually applied in a much wider sense than Schumpeter himself used it originally. The commonly recurring argument is that original innovation is not very widespread in the present day developing countries, and that the real challenge to entrepreneurs in this setting is to adopt, adapt and diffuse technologies which have come predominantly from the developed

countries into a new local context. This process is variously labelled 'derivative', 'adaptive', 'imitative' or 'meta' innovation [11]. Less common, but relevant in the context of developing countries, is the literature which emphasises (a variation of) Knight's idea that the crucial function of the entrepreneur is his decision-making capability under uncertain, often risky conditions [12].

Questions raised by the concept

It is not the intention of this paper to go into details as to the different ways in which the various studies have attempted to "trap the Heffalump". Rather, the present remarks should be seen as an attempt to gain a rough idea about the different dimensions of the entrepreneurial concept, which will serve as a frame of reference when we go into more practical issues relating to entrepreneurship development. Also, some of the points raised in the studies can pose relevant questions concerning the practice of entrepreneurship development and, more particularly, entrepreneurship training in developing countries.

One such point is that, in the main, the literature appears to agree that a small-scale businessman/woman must possess not only truly "entrepreneurial" qualities (the exact definition of the term depending upon the context in which it is used), but also the necessary managerial and organising skills. Some authors also consider sufficient capital, technical knowledge and experience to be vital for business success, and attribute the lack of entrepreneurship in some developing countries to a scarcity of the sort of person in whom all these skills are combined. This immediately raises many questions as to how entrepreneurship development can be tackled: Should assistance include the provision of a whole array of services (financial, technical, managerial, entrepreneurial and so forth) or should it confine itself to the supply of one critical input, namely entrepreneurship - assuming that entrepreneurship is the critical input? Or should it include not one, but several inputs which are deemed to be most critically

important for business success? Secondly, again assuming that entrepreneurship is vital, is the entrepreneurial function something that can be developed, e.g. through training? Or is it something that can be 'woken up' indirectly through a supportive and stable policy environment?

The literature on entrepreneurship does not give us satisfactory answers, except perhaps that entrepreneurship as described above in broad terms, i.e. distinctly different from management, is seen as a crucial element to ensure success in business. Apart from this, the conclusions one can draw largely depend on the approach taken and the specific context in which the research took place. Moreover, the 'spoonfeeding' versus 'critical input' debate has a much wider significance than entrepreneurial development alone. The discussion here will be limited to entrepreneurship, with some references to managerial issues since the two are often viewed as closely interrelated to the extent that managerial functions are sometimes considered part of entrepreneurial functions and vice versa.

III. Entrepreneurship Development Programmes: Underlying Premises and Approach

The foregoing discussion brought out that no consensus has emerged as to what entrepreneurship is, how it emerges and what its role is. Not surprisingly, views on how it can be developed are equally diverse. In practice, one finds basically two views which correspond to two of the approaches discussed previously. The first, which seeks to raise entrepreneurial activity at the individual level, is based on the idea of sociologists and psychologists that entrepreneurial behaviour in individuals has to do with their formed attitudes and personality. This contrasts with the idea, taken from the economists' approach, that entrepreneurial activity is dependent on the state of the economic environment, and therefore can be influenced by policies and programmes which have an impact on the availability of raw materials and technology, the interest rate, the availability of finance, the exchange rate and the ability or otherwise to import and export, and the extent of competition in the market.

In practice it is mainly the first approach which has come to be associated with entrepreneurship development, because it has resulted in concrete entrepreneurship training for business creation. Many examples of the second approach can also be found in developing countries aiming to promote the small-scale and cottage industry sector, in the way of practical programmes which encourage entrepreneurship through concessionary credit, raw material supply, provision of infrastructural facilities and so forth, as well as policies promoting small enterprise development, to the extent where whole sectors are reserved for exclusive production by small units, as in India. But such programmes and policies are not usually aimed directly at developing entrepreneurial qualities in their target groups. For this reason, the focus of this paper will be limited to a discussion of the entrepreneurship development training programmes which have resulted from the first approach.

Achievement motivation

The great majority of entrepreneurship development programmes (EDP's) which have been set up in developing countries are based on McClelland's theory that entrepreneurial behaviour in individuals is associated with a high need to achieve, or n-Ach. His original idea was that this need is inculcated through particular child rearing patterns which stress standards of excellence, maternal warmth, encouragement of self-reliance and low father dominance. This led him to correlate, for different countries, the incidence of achievement imagery used in children's school books with electricity output in each country as a proxy for economic growth, and he found a significant positive correlation between the two. He also found that societies with a high level of n-Ach in their children's stories had a relatively larger proportion of entrepreneurial people in their population. By 'entrepreneurial people' he meant those who (a) have a desire to take personal responsibility for decisions; (b) have a preference for decisions involving a moderate degree of risk, and (c) have an interest in the concrete knowledge of the results of their decisions [13]. In his more recent work, McClelland places more emphasis on arousal of n-Ach in adults as a result of exposure to a different ideology, rather than child rearing [14]. This obviously raises more possibilities for achievement-oriented training of adults than the previous version of his theory. Also, the list of psychological attributes associated with entrepreneurial behaviour has been extended in later work to include basically the following: self-confidence, task-result orientation, risk-taking ability, leadership behaviour, creativity, and future-orientation [15].

A number of entrepreneurship development programmes, in both developed and developing countries, have been based on this concept of the entrepreneur. In the developing world, the approach has found acceptance primarily in India and the Philippines. In India the Center of Entrepreneurship Development was established in Gujarat in 1979, exclusively devoted to the conduct of EDP's in that state. Encouraged by the success of

this centre, the state and central governments made efforts to mobilise different state-level organisations to extend the approach to all parts of the country. The All-India Entrepreneurship Development Institute and the National Institute for Entrepreneurship and Small Business Development have also been established [16]. In the Philippines, entrepreneurship development activities are undertaken by the U.P. Institute for Small Scale Industries, Manila.

Structure of a typical programme

A typical EDP involves three stages, namely (i) pre-training, (ii) training, and (iii) post-training. The pre-training involves a careful identification and selection of the target group. This is done on the assumptions that:

- (1) everyone cannot be an entrepreneur; individuals must possess the above mentioned entrepreneurial traits to a certain degree in order to become successful businessmen/women;
- (2) such traits can be identified and measured through psychological tests and social indices;
- (3) people possessing these traits and social indices at a certain level will be more successful than those not reaching that level; and
- (4) persons possessing these traits or showing evidence of these traits (entrepreneurial aptitude) can be trained to develop the necessary dimensions of entrepreneurship.

The selection of participants is done on the basis of scores in behavioural tests aimed at measuring these entrepreneurial traits, complemented by information from a personal interview.

The actual training varies from one week to two to three months, depending on the target group and the organisation conducting the training. It usually has three components. The first, achievement motivation, is designed to develop entrepreneurial attributes as discussed above. This is done by assisting trainees to set their objectives realistically, heighten

their motivation to achieve the objectives, and make them more aware of their strengths and weaknesses as small entrepreneurs. The concepts and techniques used in this type of training derive directly from McClelland's research. The most well-known technique is the ring toss game, which tests the trainees' attitudes to risk taking.

Business opportunity counselling is the second main part of the training. This involves the identification and selection of a suitable business opportunity for each trainee. The trainees are also requested to prepare a project report, including the results of a small market survey, and their own assessment of various environmental constraints within which they have to operate. This report can be used later to get funding for the prospective venture from financial agencies.

Thirdly, the training has a management education component. This derives from the realisation that, although entrepreneurial behaviour may ultimately be the primary necessary condition for business success, it is not sufficient by itself. The average small entrepreneur is required to look after the day-to-day running of his business, for which a dose of routine management skills is necessary. This management capability becomes increasingly vital as the enterprise grows larger.

The post-training support appears to vary considerably in intensity and content among different organisations. The idea is that the training organisation helps trainees to submit their loan applications, facilitates the physical setting up of the business to the extent possible (acquisition of water, electricity, various licences), and assists in other ways when ex-trainees run into trouble. Indeed, this kind of follow-up is reportedly a very vital part of the programme. For example, experience indicates that unless financing is available and timely, even the best trained entrepreneurs may be unsuccessful in launching enterprises [17].

Criticisms of the approach

The EDP approach has been the subject of considerable controversy stemming mainly from the underlying theoretical assumptions about entrepreneurship. For instance, it has been pointed out that the empirical base underlying McClelland's theory was weak, and his conclusions based on empirical work doubtful [18]. In particular, evidence that achievement-motivated individuals are especially attracted to entrepreneurial occupations is not convincing when McClelland's empirical results are analysed carefully. This would thus undermine the entire conceptual foundation on which EDP's have been built.

It has also been argued that achievement motivation training might be a suitable approach in developed countries, but less so in developing countries considering the different value systems and socially desirable behaviour patterns in those parts of the world. This viewpoint sees achievement motivation basically as a method to achieve personality change based on Western concepts of what constitutes successful entrepreneurship (particularly individualism), whereas such qualities may be quite undesirable or even counterproductive in situations where individual interests are subordinate to group interests. Furthermore, the effectiveness of McClelland's own training experiments (in India) has also been questioned on the basis of weak verification procedures, doubtful selection procedures and so forth [19].

It is virtually impossible to derive any conclusion from entrepreneurship theory regarding the likely effectiveness and impact of a training approach based on a particular theoretical conception because of the manifold problems involved in empirical verification. In the following section, therefore, a more practical approach is taken, by analysing the training approach directly and looking at concrete programme results.

IV. Impact and Effectiveness of Entrepreneurship Development Programmes

There are a number of issues which need to be discussed in an analysis of the impact and effectiveness of entrepreneurship training. Firstly, it can be asked what evaluation activities have been undertaken to date which could give an idea about the results of the training and how successful it has been. Further, it is worthwhile to take a closer look at some of the factors which are suspected of having a crucial impact on the programme results, especially training content and delivery methods, cultural appropriateness of training, and training for different target groups.

IV.1 Evaluation of programmes

Unfortunately, the evaluation of entrepreneurship development programmes has so far remained a relatively underdeveloped area. This is perhaps not surprising in view of the difficulties in obtaining rigorous and unbiased data, but it may also have to do with the fact that many of the organisations in charge of conducting EDP's are not actually bearing the costs of the programmes, so that cost-effectiveness is not a very prominent issue [20]. A review of evaluation activities pertaining to EDP's was carried out by the Enterprise Development Centre at Cranfield, England, which managed to identify almost 100 entrepreneurship programmes in different parts of the world, out of which fairly detailed information could be obtained on 53 programmes [21]. It found that about one-third of these were unable to provide even the most rudimentary data about the numbers of ex-trainees who had actually managed to start businesses, and few, if any, had ever conducted a cost-benefit analysis.

Yet a cost-benefit analysis type of evaluation is not impossible to carry out, as Harper exemplifies. It is certainly possible to obtain at least rough estimates about likely financial benefits for the ex-trainees in terms of profits earned, negative income from earlier jobs foregone, and

benefits resulting from employment created for workers in the businesses set up after the training. Likewise, it should be feasible to work out the costs involved in imparting the training and conducting follow-up activities. It is moreover not necessary to conduct this type of evaluation after every course. The usefulness of this kind of evaluation cannot be overemphasised; if institutions conducting EDP's all adopted a similar methodology, it would become possible to compare their relative performance and determine the factors responsible for performance differences.

However, a cost-benefit approach does not give us much insight into whether or not the EDP approach in itself is a successful way of stimulating entrepreneurship. For example, it would be useful to know whether the selection of trainees on the basis of their entrepreneurial traits yields the expected results; whether the training helps to improve the potential entrepreneur's chances of starting a business and running it successfully. An evaluation of this kind is infinitely more difficult to undertake than a financial comparison of costs and benefits since it requires the use of control groups at every stage of EDP implementation.

Evaluation with control groups

With regard to such an evaluation of the first stage, i.e. the methodology of trainee selection, an appropriate procedure would be to train a certain number of applicants who do not meet the selection criteria together with the accepted candidates. Afterwards they would be monitored to check for differences in performance. The Entrepreneurship Development Institute in Ahmedabad, India (EDI-I) apparently carried out such tests and found that the proportion of trained 'rejects' starting new ventures was only 17 percent as compared to 44 percent for accepted trainees [22]. This would lend support to McClelland's ideas that some individuals are more entrepreneurial than others and that entrepreneurial aptitude is, at least to some extent, measurable. However, this kind of test loses much of its validity if the institute conducting the EDP is not selecting potential

trainees strictly on the basis of their entrepreneurial qualities. While the EDI-I explicitly states that personal background, previous relevant experience, access to finance, and having an identified business opportunity do not play a role in the selection process, a number of other institutes apparently do use such criteria [23].

The impact of the second stage, namely the training programme itself, is even more difficult to assess. The ideal experiment would involve selecting a control group with a satisfactory degree of entrepreneurial potential as indicated by the selection test results. This group would nevertheless be excluded from the training. After another similar group of candidates had been trained, the performance of the two groups would be monitored. Apart from the difficulties involved in obtaining cooperation, and thus unbiased data, from a control group which has undergone the selection procedure with negative result and which does not stand to gain anything from the evaluation exercise, it is likely that the evaluation in itself would influence the group's behaviour. It has been more or less agreed that such a procedure would be quite impractical and also unfair to the members of the control group.

Current evaluation in India

Not surprisingly, the type of evaluation carried out by the EDI-I at this stage involves a relatively simpler comparison of performance between on the one hand trained applicants who established enterprises after completion of the training, and on the other hand rejected applicants who managed to get established in business in spite of this [24]. As would be expected, the EDP-trained groups scored consistently higher on achievement orientation than the rejectees. It is also mentioned that almost all trainee entrepreneurs interviewed considered achievement motivation training very useful in goal-setting, critical thinking and self-awareness creation. Unfortunately, this does not give much insight into the effectiveness of the training. After all, the presence of a satisfactory degree of

entrepreneurial aptitude was the very reason why the group was selected for training in the first place, and the relative absence of this aptitude was the reason underlying the rejection of the other group. Views expressed by trainee entrepreneurs remain subjective statements, and it would also be interesting to know whether trainees who did not get started in business would give an equally positive assessment of their course. Evidence about higher profitability rates, lower incidence of business failure and more entrepreneurial behaviour among ex-trainees as compared to non-trainees have likewise been taken as indicators of programme success; but, unfortunately, the above mentioned drawback applies to these indicators as well. The basic question of whether or not ex-trainees would have started and succeeded in business anyway without the benefit of an EDP course thus remains unanswered.

This issue gains all the more relevance since it is by now widely recognised that EDP's cannot be very effective unless they are accompanied by a host of services, especially in the sphere of financial assistance. In this connection, the question has been raised as to whether those who avail of support services might not be able to succeed equally well without the, perhaps, superfluous benefit of a training course [25]. This question too, has remained unanswered so far. To the knowledge of the author, an EDP impact evaluation using a control group which has had access only to the various support services which usually accompany a training programme has not been undertaken. Similarly, the idea that it may be possible to isolate the effects of one particular training component (i.e. achievement motivation training, business opportunity counselling or management training) by withholding this particular component from a control group and comparing its performance after training with that of ex-trainees who have undergone the full course, has apparently not been tried out. Such an approach might yield a somewhat more objective evaluation result, which achievement motivation training in particular appears to be badly in need of.

IV.2 Factors affecting effectiveness and impact of EDP's

What is being taught, how it is being taught, and how competent and knowledgeable the trainer is are three very important factors in determining the effectiveness of any training course. In the context of an EDP, this applies perhaps a fortiori since the aim of such a course is not only to instil a number of practical skills and impart factual information, but also to affect the attitudes and motivation of the people who are being trained; obviously, this will not happen unless the trainees are enthusiastic about the training programme.

EDP's have traditionally concentrated on the middle-class sections of society, where people possess at least some education. The educational level of EDI-I's trainees, for example, ranges from standard 7 to postgraduate. The courses aim at creating entrepreneurs who will start and run formal sector small-scale (as opposed to cottage) enterprises involving some capital investment, borrowed from formal sources, and employment of several workers. For such persons, the acquisition of practical information on licences, formal credit, other assistance possibilities, legal matters, as well as techniques of bookkeeping, management accounting, costing, business planning, organising and delegating (all these being part of an EDP) is a necessity. However, in India over the past few years coverage of EDP's has been gradually extended to include socially more disadvantaged groups such as the rural poor, tribals, women and ex-servicemen. It is not yet sufficiently realised that for such people, who have a modest background and limited options, the traditional EDP course design needs to be considerably modified in order to be effective, especially by simplifying management techniques and making training very practical and directly applicable to the kind of units which are to be set up [26].

Teaching methods

Even if the course content is perfectly appropriate to the target group in question, the training can be rendered quite ineffective if the delivery methods are not chosen well. The training methodology in an EDP aims at achieving basically two objectives, namely (i) effective learning of management skills and practical knowledge of how to go about starting one's own small business, and (ii) acquisition of particular entrepreneurial behaviour and attitudes such as increased self-confidence, problem solving ability and motivation to achieve. EDP's rely primarily on classroom teaching, complemented by pep-talks given by successful entrepreneurs, informative talks by bank managers and personnel from small business advisory institutes, field visits to ex-trainees who have made it, etc., to achieve the first objective; however, there is a lot of variation in the practicality of the training among institutes. Experience with different programmes seems to indicate that practical training, involving a variety of people who actually deal on a day-to-day basis with the problems of small-scale businesses in different capacities, is much more successful than training which relies more on lectures by professional teachers [27]. To encourage entrepreneurial behaviour in the participants, EDP's use personality training involving games, role-play etc., which, incidentally, are not usually related directly to small business operations. As mentioned before, the effectiveness of this kind of training has not been well established. It can be argued that in a real life situation when their interests are at stake, trainees might not exhibit the same behaviour as they displayed during the training session. But apart from this, the question can also be raised as to whether it is possible to attain the aims of achievement motivation training in other ways, for instance by using participatory training methods such as games relating directly to business, and through group work and discussion rather than lectures when teaching ordinary management skills.

It is clear that EDP training requires a great deal in terms of competence and commitment on the part of trainers. Ideally, different sessions

should be conducted by specialists in different areas. Achievement motivation training in particular requires considerable skills, which can only be offered by a mature trainer with a sound background in psychology and a lively interest in people. The importance of this particular aspect cannot be overemphasised since an unsuitable trainer can not only render the training ineffective, but also do a lot of harm by misjudging trainees' strengths and weaknesses. The discussion of this wrong interpretation of trainees' behaviour in the group could easily lead to frustration and demotivation. No wonder that good trainers are difficult to recruit. Persons who possess all relevant characteristics are often in a position to get much better paid posts.

Cultural limitations

In addition to the above mentioned aspects, the cultural appropriateness of the training content and methodology may be crucial variables determining its effectiveness. It has already been mentioned briefly that McClelland's training approach has been criticised precisely on this account. The kind of personality characteristics which he associated with effective entrepreneurship may not be the same across countries and cultures, and therefore training which attempts to inculcate these values and attitudes may be counterproductive. Comparing cultural aspects of management in different countries, G. Hofstede holds that McClelland's achievement motive is essentially a combination of what he calls "weak uncertainty avoidance" and "strong masculinity" [28]. Weak uncertainty avoidance in this context stands for a willingness to take risks and to innovate; its opposite is a concern for security and stability. Masculinity stands for emphasis on performance, and its obverse, femininity, for emphasis on relationships. Such a motivation pattern is found primarily in Anglo countries (among which is McClelland's own country, the U.S.A.) and their former colonies, but other developed countries show quite different combinations in their motivation patterns. For example, Japan is characterised by low uncertainty avoidance and high masculinity; Sweden stands for weak uncertainty avoidance

and femininity. No specific combination can thus be found to be particularly conducive to economic growth. Thus different cultures can have different dominant motivation patterns which are effective within their own local context, and McClelland's universal achievement motive is in effect based on a limited value choice.

McClelland appears to have been quite aware of the perceived cultural limitations of his approach. His own company, McBer and Co, has since embarked on research aimed at, among other things, cross-cultural identification and validation of personality characteristics associated with entrepreneurship in India, Ecuador and Malawi [29]. A number of such characteristics were identified as having cross-cultural validity, namely initiative, seeing and acting on opportunities, information seeking, concern for high quality of work, commitment to work contract, efficiency orientation, systematic planning, problem solving, self-confidence, persuasion, use of influence strategies and assertiveness. However, it still remains to be seen whether a global training approach can be developed on this basis. Although some of the underlying entrepreneurial motives of businessmen may be cross-cultural, their expression is determined by the local socio-cultural conditioning and bound by the specific socio-cultural environment in which they operate. These are aspects which training may have to take into account.

IV.3 Limitations of EDP's in terms of coverage and access

It can be inferred from the recent plan documents and policy measures of several developing countries that the development of small-scale and cottage enterprises to create widespread employment has become a high priority. It is well known that development of modern industry has not led to a satisfactory labour absorption in the urban industrial sector. In rural areas, adoption of labour saving technologies and rising man/land ratios has put pressure on land; this can even offset the extra gains reaped from

an improved farming system. In the process, a sizeable section of the rural labour force is driven away from agriculture and is compelled to look for other forms of employment. At this point one can thus question the extent to which McClelland's concept of the entrepreneur as a person possessing certain psychological attributes, and the EDP's based on the concept, can contribute towards the alleviation of this widespread unemployment problem.

Who constitute the target groups which need to be addressed in this context? The first group would consist of those (near)landless who would like to start traditional cottage units or very small-scale manufacturing ventures (e.g. soap making or food processing) to supplement their income from agriculture, and those who have been pushed out of this sector altogether and want to start some form of non-farm employment on a full-time basis. Then there are those who have traditionally been involved in non-farm occupations such as carpentry, weaving and pottery, as well as those involved in various small manufacturing, service and trading activities in the urban informal sector.

If entrepreneurship development programmes are to be addressed to the above mentioned groups, it is apparent that the conventional EDP as described in the foregoing sections has a number of limitations. Firstly, it is evident that the current EDP's simply do not cater to these groups. The great majority of EDP's are aimed at the middle classes of society. The contact and selection procedure (through advertisements in local newspapers, for example), curriculum design and teaching methods may suit the needs of this group, but they are not appropriate for people without formal education. Conventional EDP's may also be physically inaccessible for people in rural areas. Moreover, by the very nature of its design an EDP can cover only a limited section of the population, namely those possessing certain entrepreneurial traits. The argument has been advanced that, in view of the underlying justification of this approach, namely that training can be given most effectively to those who stand the best chance of succeeding in business, the basic ingredients of EDP's should remain unchanged even if target

groups such as poor rural women and out-of-school youth from low-income groups are addressed [30]. However, one can also argue that if a substantial impact on unemployment is to be made, it may well be necessary to extend training efforts also to those who do not give evidence of possessing such entrepreneurial competencies; if for no other reason than that the great majority of this vast group of potential entrepreneurs do not have a feasible alternative employment opportunity and will end up in some form of self-employment in any case [31].

Extending EDP's to existing entrepreneurs

Secondly, we have seen that conventional EDP's address only those individuals who are interested in starting a small business. However, there are a great number of people whom we can term traditional entrepreneurs who will also need support. Most often, enterprises run by such persons operate with a backward technology. The artisans concerned possess only traditional skills which have been handed down from generation to generation. The goods produced by them are equally traditional. Such enterprises are now finding it increasingly difficult to find a market for their products. In some lines of business, such as weaving and pottery, there is severe competition from products made in the domestic medium- and large-scale sectors and from imported products. This problem is exacerbated by improvements in infrastructural facilities which make traditionally isolated areas accessible to products and services associated with modern life. Artisans working in such sectors will thus have to make a special effort if their businesses are to survive and be profitable. Entrepreneurship development could help such people in a number of ways; for example, by increasing their awareness of potential market demand and ability to adjust to changes in it, by giving ideas on product diversification, by creating awareness of, and access to improved technologies suitable for their business size, etc.

The question of why entrepreneurship development programmes have concentrated solely on potential entrepreneurs as opposed to existing ones is

valid not only from the point of view of traditional entrepreneurs, but also with respect to business people running relatively more modern small-scale enterprises. As we saw earlier, the assumption underlying the EDP approach is that an insufficient number of people with the relevant characteristics are coming forward to take up entrepreneurial positions in developing countries. But there are also other views. We have already mentioned Peter Kilby's concern with the lack of quality in the performance of certain specific entrepreneurial functions -mainly in the management and technological spheres- meanwhile pointing out that Third World entrepreneurs are quite strong in the performance of other entrepreneurial functions, i.e. exchange relationships and "political administration" [32]. Particularly in India, the issue of the quality of entrepreneurship is much alive in view of the high incidence of "industrial sickness" in the small-scale sector. It may well be that the kind of training which EDP's impart to potential entrepreneurs -with some suitable modifications- could also be a valuable tool in assisting existing business people to make their units viable again.

V. Concluding Remarks

Is it possible or not to impart behavioural training to individuals in order to enable them to operate in a more entrepreneurial way? Unfortunately, it has not been possible yet to get a suitable answer to this question which has emerged as the main issue underlying the manifold problems of entrepreneurship development in practice. With the notable exception of McClelland's work, entrepreneurship theory has not gone into the issue of training, while McClelland's own research related to this aspect has been the subject of much debate. Likewise, the practical application of McClelland's ideas in the form of Entrepreneurship Development Programmes has not been tested rigorously enough to enable one to arrive at a straightforward conclusion based on objective facts concerning effectiveness and impact.

In spite of this drawback, it is still possible to draw some preliminary conclusions. Firstly, it is evident from the practical implementation of EDP's so far that entrepreneurship training cannot very well stand on its own where the direct environment within which the prospective small-scale entrepreneur has to operate is not conducive to business success. A package approach, including practical assistance especially in the area of credit, has turned out to be much more effective in such cases.

Secondly, EDP's as they are currently conducted require high quality training staff, which is not always possible. This could become an important constraint to the further dissemination of the present approach, especially where this involves the training of non-conventional target groups such as the rural poor from traditional backgrounds with limited education who are unused to articulating their needs.

While it is laudable that steps are being undertaken to extend EDP training to such disadvantaged groups, it is obvious that the conventional EDP's have a number of limitations in this respect, since they were not

designed with their needs in mind. There is thus a great need for more innovative approaches with respect to both selection of trainees, course organisation and timing, training content and methodology. One such approach could be to integrate simplified EDP type of training with already existing vocational training schemes or credit schemes aimed at creating income generating possibilities for the poor. It is already increasingly being recognised that the factors usually thought to be accountable for success in self-employment promotion projects, namely active participation and motivation of the target group in question, are by themselves not sufficient to make income generating projects succeed. A business-like outlook, and the application of sound business principles, are crucial for such ventures to be truly income generating. EDP training may have the potential to give a valuable input in this field.

Footnotes

- (1) For a more thorough discussion on the historical dimensions of the entrepreneurial concept, see for example:
 Altaf, Z., Pakistani Entrepreneurs. Their Development, Characteristics and Attitudes, Croonhelm, London and Canberra, 1983, Chapter Three
 Nafziger, E.W., African Capitalism. A Case Study in Nigerian Entrepreneurship, Stanford University, California, 1977, Chapter 1
- (2) Walras, L., Elements of Pure Economics or the Theory of Social Wealth, Allen and Unwin, London, 1954, pp. 222-3, 225
- (3) Knight, F.H., Risk, Uncertainty and Profit, Houghton Mifflin Co., Boston, 1921, pp.231-2, 271
- (4) Schumpeter, J.A., The Theory of Economic Development, Cambridge, Mass., 1934
- (5) Weber, M., The Protestant Ethic and the Spirit of Capitalism, Charles Scribner's Sons, New York, 1930
- (6) The contemporary literature on entrepreneurship with reference to developing countries consists mainly of a large number of empirical studies. Among the most well known are:
 Altaf, Z., op.cit.
 Berna, J., Industrial Entrepreneurs in Madras State, International Industrial Research Centre, Stanford Research Institute, Asia Publishing House, London, 1960
 Beveridge, A.A. and A.R. Oberschall, African Businessmen and Development in Zambia, Princeton Univ. Press, Princeton, 1979
 Broehl, W.G., The Village Entrepreneur. Change Agents in India's Rural Development, Harvard University Press, Cambridge, Mass., and London, 1978
 Dinwiddy, B., Promoting African Enterprise, Croonhelm, London, 1974
 Hammeed, K.A., Enterprise; Industrial Entrepreneurship in Development, Sage Publications, London, 1974
 Marris, P. and A. Somerset, African Businessmen, A Study of Entrepreneurship and Development in Kenya, Institute of Community Studies, London, 1971
 Nafziger, E.W., African Capitalism. A Case Study in Nigerian Entrepreneurship, Stanford University, California, 1977
 Papanek, G.F., 'The Development of Entrepreneurship', in: P. Kilby (ed.), Entrepreneurship and Economic Development, The Free Press, New York, 1971
 Sayigh, Y.A., Entrepreneurs of Lebanon. The Role of the Business Leader in a Developing Economy, Harvard University Press, Cambridge, Mass., 1962
- (7) McClelland, D., The Achieving Society, D. van Nostrand, Princeton, New Jersey, 1961; and
 McClelland, D. and D.G. Winter, Motivating Economic Achievement, The Free Press, New York, 1969
 Hagen, E.E., On the Theory of Social Change: How Economic Growth Begins, Dorsey Press, Homewood, Illinois, 1962

- (8) Papanek, G.F., op.cit.
Harris, J.R., 'Nigerian Entrepreneurship in Industry', in: P. Kilby (ed.), Entrepreneurship and Economic Development, The Free Press, New York, 1971
- (9) Kilby, P., 'Hunting the Heffalump', in: P. Kilby (ed.), Entrepreneurship and Economic Development, The Free Press, New York, 1971
- (10) See for example:
El-Namaki, M.S.S., 'Could Women be Equally Entrepreneurial?', in: RVB Research Papers, Vol V, No. 2, Research Institute for Management Science (RVB), Delft, Oct. 1985; and
Broehl, W.G., op.cit.
- (11) See for example:
Kilby, P., op.cit.; Beveridge, A.A. and A.R. Oberschall, op.cit.; Berna, J., op.cit.; Sayigh, Y.A., op.cit.; and Broehl, W.G., op.cit.
- (12) See for example:
Kilby, P., Breaking the Entrepreneurial Bottleneck in the Late Developing Countries: Is There a Useful Role for Government?, USAID/World Bank/Inter-American Development Bank World Conference on Support for Micro-enterprises, Washington, June 6-9, 1988
- (13) McClelland, D., 'The Achievement Motive in Economic Growth', in: P. Kilby (ed.), Entrepreneurship and Economic Development, The Free Press, New York, 1971, p. 116
- (14) McClelland, D. and D.G. Winter, op.cit.
- (15) Meredith, G.G., R.E. Nelson and P.A. Neck, The Practice of Entrepreneurship, International Labour Office, Geneva, 1982
- (16) For more detailed information on the Indian entrepreneurship development activities, see for example:
Oza, A.N., 'Integrated Entrepreneurship Development Programmes, The Indian Experience', in: Economic and Political Weekly of India, May 28, 1988
Patel, V.G., 'Integrated Entrepreneurship Development Programmes: The Indian Experience', in: Nelson, R.E., Entrepreneurship and Self-employment Training, Asian Development Bank and International Labour Organisation, Manila, 1986
Bhatt, V.V., 'Entrepreneurship Development: India's Experience', in: Finance and Development, March 1986
The summary on EDP training in this paper is based on the above.
- (17) Patel, V.G., op.cit.
- (18) Kilby, P., 'Hunting the Heffalump' in: op.cit.
- (19) See for example, Nafziger, E.W., op.cit., Appendix pp. 252-259
- (20) Oza, A.N., op.cit.
- (21) Harper, M., 'Entrepreneurship Development Programmes Evaluated', in: Molenaar, N., M.S.S. El-Namaki and M.P. van Dijk (eds.), Small Scale Industry Promotion in Developing Countries, Research Institute for Management Science (RVB), Delft, 1983
- (22) Patel, V.G., op.cit.
- (23) Loucks, K., 'Developing the Supply of Entrepreneurs', in: N. Molenaar et.al., op.cit.
- (24) Patel, V.G. op.cit.

- (25) Harper, M., op.cit.
- (26) Oza, A.N., op.cit.
- (27) Carr, M., Developing Small-scale Industries in India, An Integrated Approach. The Experience of the Birla Institute of Technology's Small Industry Scheme, AT, London, 1981
- (28) Hofstede, G., Culture and Management Development, Discussion Paper, Management Development Branch, International Labour Office, Geneva, 1983
- (29) McBer and Co, Entrepreneurship and Small-Enterprise Development, First Annual Report (for 1983-84), Management Systems International Inc., Washington, DC, 1984
- (30) Oza, A.N., op.cit.
- (31) Islam, R., Promotion of Small Scale Enterprises and Entrepreneurship Development Programme in the Rural Non-farm Sector, paper presented for a workshop on Entrepreneurship Development Programme for Small Scale Enterprises, Colombo Plan Bureau, Kuala Lumpur, Malaysia, 22-27 Feb. 1988
- (32) Kilby, P. op.cit.

