CHAPTER V

STUDYING THE EFFECTIVENESS OF EDPs - A METHODOLOGY

5.1 Need for the study

Though literature on entrepreneurship is rich, we do not have substantial literature on entrepreneurial development. There has not been sufficient research work to substantiate the theories and practices in the field of entrepreneurial development and very often conclusions are drawn without having any concrete research substance and hence diversion of energy on research should not be underplayed (Singh N.P. 1987). The two important problems which support systems always face are that of selection and evaluation of the entrepreneurial development programmes (Pareek & Rao T.V. 1978). EDPs have been the subject of much debate as to their effectiveness and impact and certain practices like inclusion of AMT as a course input have not been supported by research evidence (Oza 1988; Romijin 1989). It is felt that evaluating EDPs in terms of their effectiveness is to be done on a continuous basis (Akhourie M.M.P. 1986; Nadkarni 1987; Pareek & Rao T.V. 1978; Romijin 1989; Singh N.P. 1987; Chebbi 1980).

The survey of literature on entrepreneurial development in India revealed that

a. Only very few studies were conducted on estimating the impact of entrepreneurial development effort through training interventions.

b. The studies were conducted so early that any visible impact would not have been taking place in the sphere of establishing and running of new ventures by the trained and rejected persons.

c. Most of the studies were made by the organisations which are conducting EDPs. The results claimed by those organisations may not be that objective.
d. So far, except for a few studies, the rest were agency specific. A comprehensive study across agencies has not been conducted. Even those studies which were conducted on area basis were done with the limited aim of finding out the number of people who were in business after training.

e. When the government is instrumental in deploying large funds and manpower on identification, selection, training and follow-up activities it will be worthwhile to know the contribution of these efforts in the development of potential entrepreneurs.

The above reasons call for a fresh look at what is happening to those who are trained. Are they in any way better than those who were not provided the opportunity? What are the perceptions of the trained persons regarding these programmes? and so on.

The study conducted by the researcher is an effort to answer the questions mentioned above and clarify many other issues related to starting and running of enterprises. This study will be of use to those who are involved in the endeavour of promoting entrepreneurial movement at every level.

5.2 Objectives of the study

Evaluation is the systematic process of collecting and analysing data in order to determine whether and to what extent the objectives are being achieved (Gay L.R. 1979). Though evaluation of a training programme is a critical and difficult area, evaluation has to be done in order to obtain feedback on the effectiveness of the programmes. This would enable the organisers to improve the training and to have better control over it (Pareek & Rao T.V. 1981).

Evaluation of impact of EDPs should (ideally) theoretically involve influence exerted by the EDPs on the stake holders, namely the
Trainees, trainers, agencies collaborating, agencies conducting the EDPs, the agencies financing, the Government, the general public and so on. However, the present study focuses its attention mainly on the state of affairs of the trained and rejected persons of the EDPs.

The study has been conducted with the following major objectives:

a. To make an appreciation of the entrepreneurial development efforts in India in general and in Tamil Nadu in particular.

b. To make an appreciation of the agencies conducting the EDPs in Tamilnadu with reference to their infrastructure, methods of identifying and selecting candidates, course content and follow-up practices.

c. To identify why people consider entrepreneurship as a career choice.

d. To identify why people opt to undergo EDPs.

e. To identify what are the general contributions of EDPs.

f. To identify the state of affairs of the participants of EDPs.

g. To identify the perceptions of the participants regarding the extent of usefulness of the programmes.

h. To compare the state of affairs of the trained persons vis-a-vis rejected persons and among the trained respondents, to compare the state of affairs of the respondents according to the type of programme, course input etc.

i. To identify existence of any relations between some of the demographic variables and the state of affairs of the trained and rejected group of respondents.
j. To identify the perceptions regarding the hurdles in the way of becoming entrepreneurs and the personal qualities that make successful entrepreneurs.

k. To verify whether any significant personality orientation exists between trained and other comparable entrepreneurs.

l. To illustrate the process of entrepreneurship and to assess the significance of EDPs.

The study also aims at mapping the profile of entrepreneurs.

5.3 Hypothesis

The following are few of the hypothesis made for the study.

a. The proportion of trained persons in business is greater than the proportion of untrained (rejected) persons in business.

b. The proportion of persons trained with AMT in business is more than the proportion of persons trained without it in business.

c. The trained group of respondents whose fathers were in business are more likely to start a business on their own.

d. The respondents who thought of business as a career option at an early age are more likely to start a business than those who thought of doing business at a later stage.

e. The composition of educational background of the applicants will be similar to that of the persons selected and trained.

f. The composition of educational backgrounds of the trainees predict the composition of the entrepreneurs with respect to their educational backgrounds.

g. The composition of the occupation of the fathers of the appli-
cants will predict that of the trainees and that of the trainees will predict the composition of occupation of the fathers of the trained persons who are in business.

h. The untrained entrepreneurs will score significantly higher than the trained entrepreneur in a. internal locus of control, b. entrepreneurial orientation, c. inter-personal trust, d. adoption propensity and e. entrepreneurial confidence.

i. The degree of perceived achievement in business life is directly proportional to a. the age of the entrepreneur and b. the age of the business.

5.4 Database and analysis

The study is descriptive, explorative and analytical in nature. It mainly aims at identifying the differences if any between the trained group of respondents and the group of respondents who were rejected in the process of selection for the EDPs and thereby to evaluate the contribution of EDPs in achieving their objectives.

5.4.A The Evaluation questionnaire

Information was collected from SISI Madras, SBI Local Head Office Madras, ITCOT Madras, Anna University Madras, Canara Bank Regional Office Madras, CODISSIA Coimbatore, DI&C Madras, Indian Bank Madras, Indian Overseas Bank Madras, University of Madras, Science and Technology Entrepreneur Park - Regional Engineering College, Trichy (TREC-STEP) and Southern India Textile Research Institute Coimbatore (SITRA) besides I.I.T. Madras.

The database for the study was built up on the basis of data collected from primary and secondary sources. The primary data sources are a. trained persons, b. persons who applied for EDPs but not selected, c. entrepreneurs who had EDP training, d. entrepreneurs who did not
have EDP training, e. personnel of the funding agencies which do not conduct EDPs (only IDBI) and f. personnel who are in the agencies that conduct EDPs. The secondary sources were a. annual reports, b. books published and unpublished, c. journals, d. internal reports and instructions of the agencies, e. brochures and booklets, f. newspapers and magazines, g. files and records available with each agency, h. project reports, i. research thesis works and j. excerpts from speeches.

Information was collected on the agency profile, the objectives for conducting EDPs, their pre-programme inputs including selection systems, throughput of the programme and the post-training inputs. An appreciation of the agency profiles, their planning practices with reference to choice of place, collaborators, target audience, the types of programmes, the course contents, and the follow-up practices etc. was made. A content analysis was done to present a comparative picture of the course contents of the EDPs of the various agencies.

The details regarding the names and addressess of the participants of the EDPs were collected from the records available with each agency. Equal efforts were made to collect the names and addressess of the persons who had applied for training but were rejected during the process of selection. All the available names and addressess were collected. Hence the sample of respondents is of 'forced choice'. Totally 2401 persons, 1505 trained and 896 rejected respondents constituted the sample. Of this 1089 were trained males, 416 trained females, 640 rejected males and 256 rejected females.

A questionnaire was designed by the researcher (see Appendix 1). The questionnaire was structured and contained various types of questions. Open ended questions, questions requiring a yes/no answer, the rating scales and forced choice items were employed. The ques-
The questionnaire had eight parts.

Part I was meant for all respondents. It included questions regarding the age at which the respondent thought of starting business, the objectives behind the idea of starting a business on his own, the expectations from EDPs and their state of affairs while applying for EDPs.

Part II was meant for those who were employed. Questions relating to their experience, their employer, the nature of their job and the reason for dropping the idea of starting any business if they had tried and dropped the idea of becoming an entrepreneur, were included.

Part III of the questionnaire was meant for those respondents who were in the process of setting up their businesses. The questions included in this section were about the type of proposed business (manufacturing, trading etc.), the legal form of the business, the total project cost, the stage up to which they had reached in the process of setting up the business and the time within which they expected to commence operations.

Part IV was meant for those who were rejected in the process of selection for EDPs. The questions included the stage(s) in the selection process up to which they were successful and if they were selected but did not attend the course, their reasons for doing so.

Part V was meant for those who were trained. The questions included, what the trained respondents were doing immediately after completing the training programme and their perceptions regarding the extent of usefulness of the EDP in general and the various aspects of the EDP inputs including the follow-up activities.

Part VI was meant for those respondents who have started their own
business and were in business with or without undergoing EDP. These questions included the type of business, the legal form of business and the year and month of commencement of commercial operations, sources of capital, employment created, products dealt with, area from which raw materials were procured, area in which the products were marketed, taxes and salaries paid (for both during commencement and at present) etc. Questions relating to the critical incidents (important reasons) which were instrumental for the respondents in becoming entrepreneurs, the product chosen while they applied for EDP, whether they were in the same line of business they stated while applying for EDP and their expansion plans were also included. A critical question included was "whether the entrepreneurs think that they would have become entrepreneurs even without having attended the EDP".

Part VII was meant for all respondents. There were questions relating to their perceptions regarding the hurdles in and the personal qualities required for becoming a successful entrepreneur, their suggestions regarding making EDPs effective and any other comments they chose to make.

Part VIII was meant for collecting personal information like name, age, education, sex, fathers'/husbands' occupation, place of birth, place of stay while applying for EDP and at present and the address for communication.

The questionnaires were sent by mail with a covering letter mentioning the purpose of the study. The respondents were requested to fill in the questionnaires and return them preferably within the specified time. A self addressed stamped envelope was enclosed for the purpose.

Of the 2401 questionnaires mailed to the respondents 176 (7.3%) were
returned for the non availability of the addressees in the address given by them while they applied to the EDP, 5 were filled and returned late and hence could not be processed. 329 persons returned within the time taken for starting the analysis. The rate of response was 14.9% of which 94 (28.6%) were from the rejected group and 225 (71.4%) were from the trained group. The respondents were classified on the basis of the agency in which they had been trained or had applied for training, the type of programmes, the place of the programmes, the course contents (especially the AMT as a course input) etc. With reference to IIT, Madras 16 ex participants of M.S. programme on entrepreneurship were approached through mail but only one responded.

A specialised computer package was developed by a software consultancy firm and all the responses that could be coded were processed according to the requirements. Besides numbers, percentages, means, standard deviations and chi square values, specialised indices like territorial movement index and the planning orientation index were employed as tools of analysis. Qualitative information (like personal qualities of successful entrepreneurs) were classified and analysed. An item rate of response index was prepared to show the degree of cooperation extended by the respondents to each question item (see Appendix 2). It expresses the basis (number of responses) on which generalisations were made.

5.4.B. Psychological orientations of starters

The psychological aspects of EDP inputs in general include sessions on personal relations and selling abilities (salesmanship), search for business opportunities and opportunities to develop businesses, need for self dependence, self confidence, delegation of authority, belief in individual efforts to influence the environment, interpersonal trust, ability to adjust with the environment, ability to
adopt environmental changes to ones favour and so on. In the case of EDPs having a one week AMT, exercises for enhancing the $n$-Ach are included. Analysis of the responses to the evaluation questionnaires revealed that all these qualities as essential qualities of a successful entrepreneur. Pareek and Nadkarni M.S. (1978) stated that achievement motivation is positively related to a sense of personal responsibility. Hence it may be inferred that the training inputs might have been internalised by the participants. Hence an attempt was made to find out whether the participants who have opted for EDP training and subsequently have started business are comparable with those who became entrepreneurs without undergoing EDP.

It has been established that internal locus of control, adoption propensity, interpersonal trust and self confidence are positively associated with entrepreneurial behaviour. Hence the study aimed at finding out whether there was any significant difference between the scores of entrepreneurs who had undergone EDP (trained group of entrepreneurs) vis-a-vis entrepreneurs who had not undergone EDP training (untrained group of entrepreneurs), and between entrepreneurs who undergone EDP with AMT and entrepreneurs who had undergone EDP without AMT.

In order to verify whether there is any significant difference between trained and rejected groups of entrepreneurs in their psychological orientations the following sets of inventories were chosen (see Appendix 3).

5.4.B.i Entrepreneurial Attitudes

This test is meant for measuring the extent of locus of control of the respondent (external and internal). Locus of control is defined by Rotter as the tendency in the individual to attribute success or failure to external factors beyond his control versus the internal
factors within his control. A person who scores high on external locus of control is a fatalist and believes that things happen because they have got to happen and that he does not have any control in shaping the environment the way he wants. A person scoring high on internal control is one who strongly believes in his capacity to control and shape the environment. Hence a high score in internal locus of control will indicate the presence of strong entrepreneurial attitudes. The test was designed by Rotter.

5.4.b.ii Entrepreneurial Orientation

The test was developed by T.V. Rao and reproduced in the Annual Developing Human Resources, Goodstein and Pfeiffer Edition (1985), and prescribed by the NIESBUD (1987) for measuring internal and external locus of control. (The test was administered by the researcher to a group of second year degree college students who were interested in an entrepreneurial career and a group of EDP participants on the first day of the training and found that the latter group scored significantly higher than the former in internal locus of control).

5.4.B.iii Interpersonal Trust

Interpersonal trust has been defined as the tendency in an individual to trust other persons in his daily work (Rao T.V. et al 1979). A person who is high on interpersonal trust goes on the assumption that people generally are trustworthy and his behaviour fits with that assumption. A person who scores low on this dimension is a kind of suspicious person who does not accept people on the face value. The inventory has been developed and standardised by Rotter. An entrepreneur in order to be successful should delegate work to the employees and that could be possible only if one has a high score on interpersonal trust.
5.4.B.iv Adoption Propensity

Adoption propensity has been defined as a predisposition in an individual to know about the developments and take interest and take risks in trying out new methods than cling on to traditional ways of doing things. Ten items taken from the Adoption propensity scale by Christopher were used to measure this predisposition. Reliability and validity of this scale have been established. Since it is a requirement for an entrepreneur to be successful a higher score indicates a better entrepreneurial character.

5.4.B.v Entrepreneurial Confidence

Entrepreneurial confidence has been defined as the tendency in a person to have a regard for his own self because of one's strengths as a person. A low score on this scale indicates low self-worth. Items of this scale have been taken from Shostroms' Personal Orientation Inventory titled Self-regard inventory. A higher score on this scale indicates a favourable self-worth which is an essential trait for a successful entrepreneur.

All the above mentioned scales except the entrepreneurial orientation inventory were used by the expert team which studied the validity of the test developed by the Behavioural Science Centre, New Delhi and administered by the CED, Ahmedabad, in discriminating the applicants who were more likely from those who are less likely to become entrepreneurs (Rao T.V. et al 1979).

This part of the study was done in sequence, i.e. only after all the responses to the 'questionnaire to study the impact of the entrepreneurial development programmes were processed. The respondents who were in business were listed. Since the number of entrepreneurs from the rejected group was not sufficient a local branch of the SBI, the Marketing Organisation of Women Entrepreneurs (MOOWES), Madras and the Tamil Nadu Industrial Investment Corporation (TIIC), were ap-
proached in order to pick up entrepreneurs to make the trained and untrained group comparable. Age, educational qualifications, the scale of business and the age of business were the basis of comparison. A total of 140 respondents (76 trained and 64 untrained) were approached through mail.

Totally 51 persons responded (30 trained and 21 untrained). The mean scores and standard deviation were calculated for each group on each inventory. To find whether any significant difference existed between the scores of the trained and untrained groups of respondents the "T" test was used. The differences in the mean scores were also analysed.

5.4.C Process of development of entrepreneurs

In order to have an appreciation of the process of becoming entrepreneurs depth interviews were conducted. The sample of respondents was chosen on the basis of convenience of the researcher and the willingness and ability to cooperate on the part of the respondents. The prospective respondents were approached through phone, mail and in person according to specific requirements. Appointments were fixed in advance. The interviews lasted from a minimum of 3 hours to a maximum of 7 hours. Though more than 50 persons were approached, only 17 interviews materialised. Questions relating to their childhood experiences, interests and preferences, their social, cultural and occupational backgrounds, their motives behind starting their businesses, information on business activities, diversification and growth strategies, style of management, their perceived degree of achievement in their business life etc. were discussed in detail.

Cases were developed on the basis of the information collected through depth interviews. Pooling the information gathered, a model has been built. The model attempts to explain the behavioural
processess of becoming entrepreneurs. Conclusions were drawn for making generalisations.