

## **CHAPTER – 3**

# **ENTREPRENEURIAL DEVELOPMENT**

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## **CHAPTER – 3**

### **ENTREPRENEURIAL DEVELOPMENT**

#### **3.1 INTRODUCTION**

The entrepreneurship development is an impetus to achieve overall economic development through industrial activity. In developing countries importance of small and medium scale units for economic growth, industrial development and employment at a relatively low capital cost is well recognised. In a small industrial unit “entrepreneur” is at centre point, because he is the person who catalyses resources; bears risks and manages them, so as to establish a viable and sustained employment generating entity.

Entrepreneurs are not just born, they can be developed and trained to undertake ventures. However, everybody does not have the potential to become an entrepreneur. Entrepreneurial development is essentially an educational process and an endeavour in human resource development. It is a process in which persons are injected with motivational drives of achievement and situations especially in business/enterprise undertakings.

In many developing countries and especially in certain backward areas of these countries, the socio-economic environment has not been conducive to the emergence of entrepreneurial talents. It has been experienced that entrepreneurs have originated from all strata of society, but entrepreneurial abilities/ talents have remained latent and hence, a lot depends on activating these talents. It is, therefore, necessary to identify, motivate, strengthen and support people possessing these talents.

In order to accelerate formation of indigenous enterprises, imaginative development programmes and policies backed up by sound institutional support are necessary, as it has been recognised that, entrepreneurs do not respond spontaneously to available business opportunities despite various inducements, schemes and programmes to promote and assist them. It is necessary to have an effective mechanism, once they are identified.

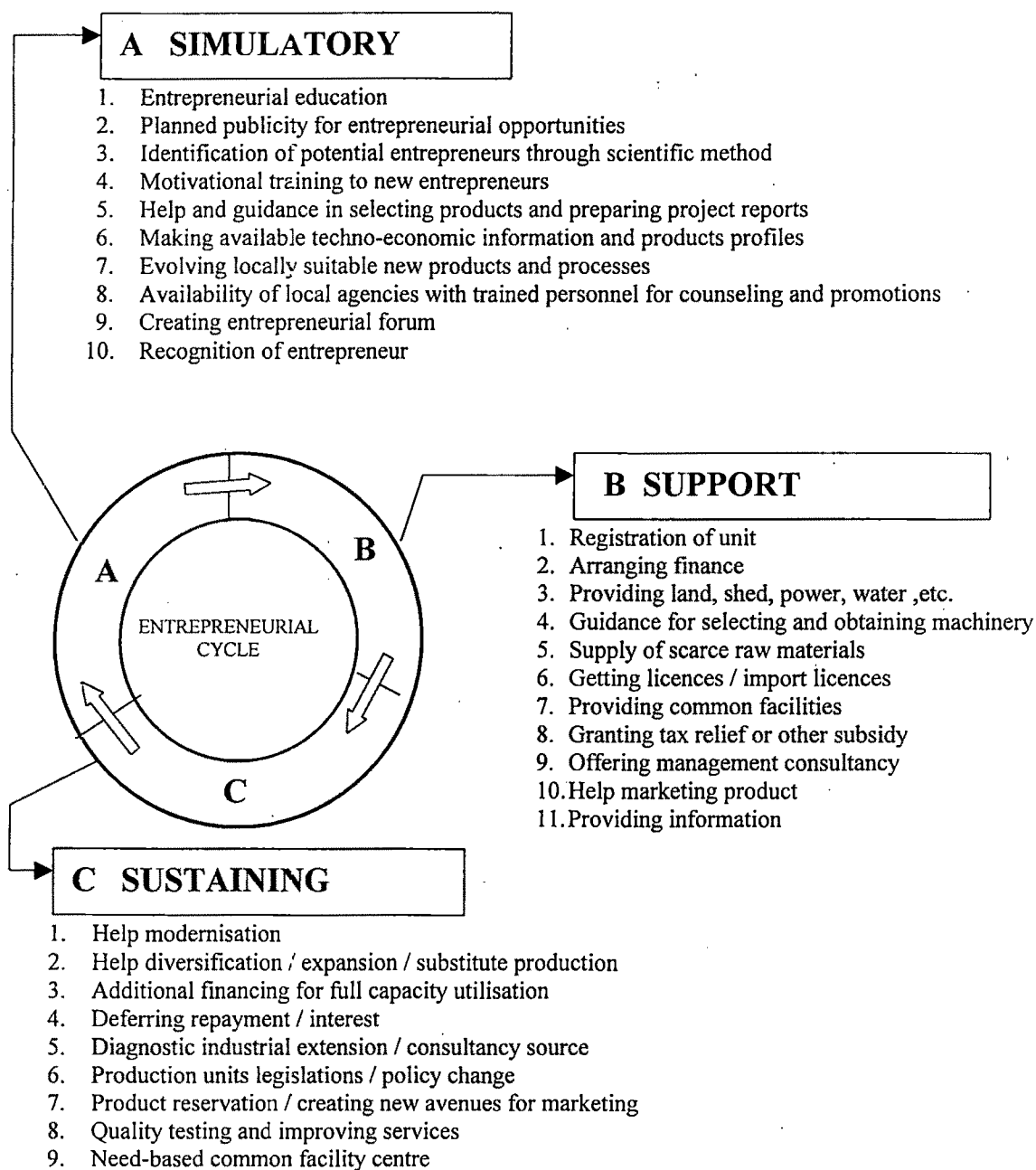
Entrepreneurship requires an environment in which an entrepreneur can learn and discharge necessary functions. For an entrepreneurial development, intelligence, motivation, knowledge, stimulation, sustained efforts, human factor, government assistance and support and opportunity are the pre-requisites, as entrepreneurship cannot grow in vacuum. The process of entrepreneurial development emphasis on training, education,

reorientation and creation of conducive and healthy environment for the growth of enterprises.

Entrepreneurship Development incorporates four basic issues<sup>1</sup> :

- a. the availability of material resources,
- b. the selection of real entrepreneurs,
- c. the formation of industrial units, and
- d. the policy formulation for the development of the region(s).

Entrepreneur(s) can be developed through inculcating entrepreneurial traits, imparting the required knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude. The process of entrepreneurial development involves equipping a person with the information necessary for enterprise building and sharpening his entrepreneurial skills. The objective of entrepreneurial development is to motivate a person for entrepreneurial career and to make him capable of perceiving and exploiting successfully, the opportunities for enterprise. Thus, it is regarded as a tool of industrialization and a solution to unemployment problem. One trained entrepreneur can guide other on how to start their own enterprises. The figure 3.1 shows entrepreneurial development cycle<sup>2</sup> consisting of simulatory, support and sustaining aspects for entrepreneurship development.



**Fig. – 3.1 Entrepreneurial Development Cycle**

### **3.2 NEED FOR ENTREPRENEURIAL DEVELOPMENT**

The urge to achieve is one of the significant variables associated with economic development. People with high need for achievement tend to be more successful entrepreneurs as compared to people with low achievement. The man behind a project, rather than physical and financial facilities is the key to entrepreneurial success. The objective of entrepreneurial training is to develop motivation and competence necessary for successful launching, management and growth of the enterprise.

In Gujarat, the very first systematic effort to identify and develop new entrepreneurs from non-conventional communities and occupational groups in a sustained manner began in 1970s. During the same period SIDO had made a beginning in training entrepreneurs, focusing on unemployed engineers as a target group. From that time EDP strategy has spread throughout the country.

In 1968, Gujarat Industrial and Investment Corporation (GIIC), has introduced an innovation scheme of financing new entrepreneurs. It was aimed to remove financial constraints faced by competent aspiring individuals who failed to secure loan assistance from commercial banks, by offering 100 percent loans at attractive terms without stringent collaterals or securities or third

party guarantees. Under this scheme technical and non-technical employees, young engineers, artisans and craftsmen were financed.

The experience revealed existence of a vast entrepreneurial potential among traditionally non-business communities and castes. Encouraging results of these finance schemes raised prospects of locating entrepreneurship in even a wider spectrum, which may not be responding because of several constraints.

An EDP is, therefore, formulated and composed to overcome many of constraints through a package of training-cum-counseling inputs combining motivation development, project counseling, managerial orientation, information on sources of assistance and support, making a project plan and overall confidence creation through constant counseling and support by a skilled entrepreneur trainer-motivator.

EDP experiences of Gujarat state are well recognised throughout the country as most comprehensive and highly successful programmes. Encouraged by the continued success of EDP activities in Gujarat and compelled by a growing national concern for generating self employment for unemployed, regional spread of small industries, a number of official and semi-official agencies took up similar EDP in their respective areas.



With such burgeoning of EDP activities, it was felt to have some apex, All India Institutions to help and guide the next phase of EDP work in the country, thus EDII – Entrepreneurship Development Institute of India and NIESBUD – National Institute of Entrepreneurship and Small Business Development were established.

### **3.3 FACTORS INFLUENCING ENTREPRENEURSHIP**

Entrepreneurship does not emerge and grow spontaneously, but it is dependent upon several economic, social, governmental and psychological factors<sup>3</sup>.

#### **a) Economic Factors**

Economic environment consisting of capital, labour, raw material and markets, have the direct and immediate influence on entrepreneurship.

- i Capital : It is the most scarce resource but the most important pre requisites to establish an enterprise. Capital is regarded as lifeblood of business enterprise as it facilitates the entrepreneur to combine other factors of production, viz. labour, machine

and raw materials to produce goods. Thus, as capital supply increases, entrepreneurship also increases.

- ii Labour : The quality and quantity of labour also influence the emergence of entrepreneurship. According to Adam Smith, division of labour, which depends upon size of the market leads to improvement in the productivity of labour due to an increase in the dexterity of labour.
- iii Raw materials : Raw materials, another basic requisite of any industrial activity, also influence the emergence of entrepreneurship. The non-availability or inadequacy of raw materials hampers the process of entrepreneurship.
- iv Market : The size and composition of market influence entrepreneurship. The rate at which the market expands and how it is expanding are the most significant characteristics of the market for entrepreneurial emergence.

#### b) Social Factors

Social environment comprising of legitimacy of entrepreneurship, social mobility and entrepreneurial security in a country also exercise a significant impact on the entrepreneurship.

- i Legitimacy of Entrepreneurship: The norms and value system prevailing in a social – cultural setting referred as the legitimacy of entrepreneurship affects the entrepreneurial behaviour and thereby influences entrepreneurship.
- ii Social Mobility : Social mobility consisting of the degree of mobility, both social and geographical, and the nature of mobility channels within a system is also crucial for entrepreneurial emergence.
- iii Entrepreneurial Security : Scholars have advocated entrepreneurial security as an important facilitator of entrepreneurial behaviour. It is also suggested that insecurity does not hinder entrepreneurship, but rather will result in different kinds of entrepreneurship.

#### c) Governmental Factors

The government by creating basic facilities, utilities and services and by providing incentives and concessions provides a facilitative socio-economic platform for the economic development and thereby influences entrepreneurship. The rules and regulations, Acts, Laws and legislations, provisions, policies of government promotes entrepreneurship in one way or other.

#### d) Psychological Factors

Entrepreneurship theories profound by various entrepreneurial theorists concentrate upon psychological factors as the determinant for entrepreneurship activity. According to David McClelland, the high need for achievement is the major determinant of entrepreneurship development. While Hagen, attributed the withdrawal of status respect of a group to the genesis of entrepreneurship. He states that once status withdrawal occurs, the sequence of change in personality formation gets momentum. He further adds that status withdrawal takes a long period of time-even as much as five or more generations to result in the emergence of entrepreneurship.

All these environmental factors may have both positive and negative influences on the entrepreneurship growth. The former one, positive influences, imply facilitating and conducive conditions, whereas, the later one, negative influences refer to factors inhibiting the emergence of entrepreneurship, are shown in figure 3.2.

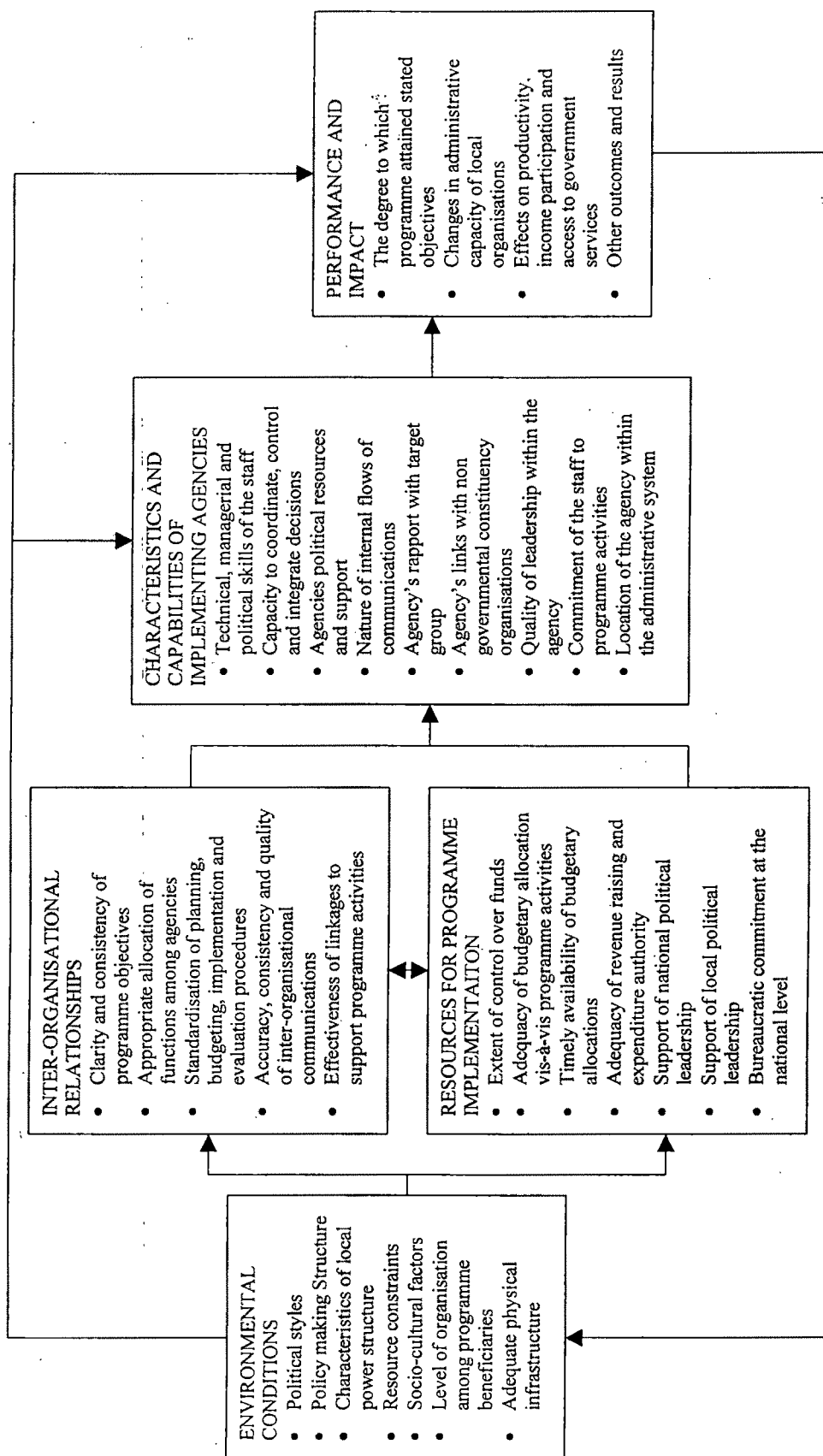
**Fig. 3.2**

**Factors Influencing Entrepreneurship**

<b>Facilitating Factors</b>	<b>Barriers</b>
1. Technical knowledge	1. Lack of technical skills
2. Entrepreneurial training	2. Lack of market knowledge
3. Market contacts	3. Lack of seed capital
4. Family business	4. Lack of business knowledge
5. Availability of capital	5. Social stigma
6. Successful role models	6. Time pressures and distractions
7. Local manpower	7. Legal and bureaucratic constraints
8. Capable advisors and supporters	8. Patent inhibitions
9. Supplier assistance	9. Political instability
10. Governmental and institutional support	10. Non cooperative attitude of banks and other institutions.

**3.4 FACTORS AFFECTING IMPLEMENTATION OF ENTREPRENEURIAL DEVELOPMENT**

There are variety of factors which affects the implementation of entrepreneurial development<sup>4</sup>. These factors are shown in figure 3.3.



**Fig. – 3.3 Factors Affecting Implementation of Entrepreneurial Development**

### **3.5 ENTREPRENEURSHIP DEVELOPMENT ORGANIZATIONS**

In our country several organizations are engaged in conducting Entrepreneurship Development Programmes. The EDP was initiated by SIDO- Small Industries Development Organisation – through its small Industries Service Centers. At the national level, in the area of creating the institutional infrastructure for entrepreneurship development, the first step of IFCI was the establishment of EDII - Entrepreneurship Development Institute of India, in March 1983, at Ahmedabad as a resource organization. In the same year, the Central Government has established the NIESBUD - National Institute for Entrepreneurship and Small Business Development, at New Delhi.

State Bank of India; IDBI; Entrepreneurial Motivation Training Services; Xavier Institute of Social Service; Industrial Consultancy Organisations in several states; Centre for Entrepreneurship Development, Ahmedabad and Hubli; SFCs; Small Industries Extension Training Institute, Hyderabad; National Science and Technology Entrepreneurship Development Board, etc are other organisations actively conducting EDPs.

Some of these organisations are :

**(1) Entrepreneurship Development Institute of India (EDII):** It is an all India institution set by public financial institutions and the Government of Gujarat. EDP of EDII is quite comprehensive and consists of following steps :

- (a) selecting potential entrepreneurs,
- (b) achievement motivation training,
- (c) product selection and project report preparation,
- (d) business management training,
- (e) practical training and work experience, and
- (f) post training support and follow up.

EDII also conducts research and publications in the area of entrepreneurship development.

**(2) The National Institute for Entrepreneurship and Small Business Development (NIESBUD):** It is an apex body for coordinating and monitoring the activities of various agencies engaged in entrepreneurial development. The main functions of the institute are :

- (a) evolving effective training strategies and methodologies,
- (b) formulating scientific selection procedures,



- (c) standardising model syllabus for training various target groups,
- (d) developing training aids manuals and other tools,
- (e) facilitating and supporting agencies engaged in entrepreneurship development,
- (f) conducting such programmes which are not under taken by other agencies,
- (g) maximizing their benefits and accelerating the process of entrepreneurship development, and
- (h) organizing all those activities that help in developing entrepreneurial culture in society.

**(3) Indian Investment Centre (IIC):** It is an autonomous non-profit organisation financed and supported by the Government of India. It seeks to promote mutually rewarding joint ventures between Indian and foreign entrepreneurs. It also acts as a clear house of information to foreign investors and functions as a link between Indian and foreign industrialists and assists them in entering into collaboration.

**(4) Technical Consultancy Organisations (TCOs):** All India financial institutions and State Governments have set up a network of technical consultancy organisations in the country. These organisations provide a comprehensive package of

services to potential entrepreneurs. The main functions of TCOs are :

- (a) conducting surveys on industrial potential,
- (b) preparing project profiles and feasibility studies,
- (c) undertaking techno-economic appraisal of projects,
- (d) evaluating projects referred by financial institutions,
- (e) carrying out marketing research,
- (f) providing technical and managerial assistance to entrepreneurs,
- (g) assistance entrepreneurs in modernisation, technology upgradation and rehabilitation programmes, and
- (h) organizing information cell and data bank.

### **3.6 ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES**

It has been fairly–well recognized in India that entrepreneurs are not born only, but can be developed also, through the strategy of EDPs – Entrepreneurship Development Programmes. EDP is a group training –cum- individual counseling mechanism and a human resource development or “human capital” formation effort which locates latent entrepreneurial ingredients in a fairly wide spectrum of population and then develops and strengthens them through behavioural / psychological, commercial and managerial inputs. This is accomplished by a down–to-earth, well- conceived

entrepreneur selection, motivation and counseling package. It concludes with a group of motivated, well informed, confident entrepreneurs setting up their enterprises as an output of programme.

EDP is primarily meant for developing first-generation entrepreneurs, who on their own cannot become successful entrepreneurs. The EDP helps a person in strengthening and fulfilling his entrepreneurial motive and in acquiring skills and capabilities which are necessary for playing entrepreneurial role effectively.

Over the years, the EDPs have become a vital strategy for harnessing the vast untapped human skills to canalize them into accelerating industrialization, in general and growth of the SSI in particular. It has been experienced that industrial promotion by provision of facilities, technical assistance, management training, industrial information, consultancy and other services alone, are not sufficient to develop entrepreneurs. Entrepreneurship development and SSI development are the two sides of the coin because small scale enterprise is the initiation into entrepreneurship.

In sixties, the Small Industries Service Institute (SISI) and Small Industries Extension Training (SIET) Institute, through various

motivation campaigns and programmes, tried to disseminate information on financial, technical and managerial aspects relevant for setting up an enterprise. These programmes were mainly of supportive nature. Gaining experience and emergence of financial and industrial development corporations, it was visualised that promotion of entrepreneurship also requires to develop qualities in individuals to respond to opportunities, along with creation of requisite facilities.

An EDP is based on the belief that individuals can be developed, their outlook can be changed and their ideas can be converted into action through an organised and systematic programme. Appropriately designed EDPs envisage a three-tier approach:

1. Developing achievement motivation and sharpening of entrepreneurial traits and behaviour;
2. Project planning, development and guidance on industrial opportunities, incentives, facilities, rules and regulations; and
3. Developing managerial and operational capabilities.

EDP is not merely a training programme. It is a process to:

1. enhance the motivation, knowledge and skills of the potential entrepreneurs,

2. arouse and reforming the entrepreneurial behaviour in their day-to-day activities, and
3. assist them to develop their own ventures or enterprises as a sequel to entrepreneurial action.

A conceptual frame work<sup>5</sup> of EDP is shown in figure 3.4.

### **3.6.1 Objectives of EDPs**

The objectives of an entrepreneurial development programme<sup>6</sup> may be divided in to two categories : short-term objectives and long-term objectives. Short term objectives aims at preparing a personality for the entrepreneurial venture and making a person competent to scan the environment and situation within the existing regulatory framework. These objectives are to be achieved immediately after the completion of the programme and help a participant in the fixation of goal of life as an entrepreneurisation. The long-term objectives aims at equipping the participants with all the skills required for the establishment and smooth functioning of business ventures.

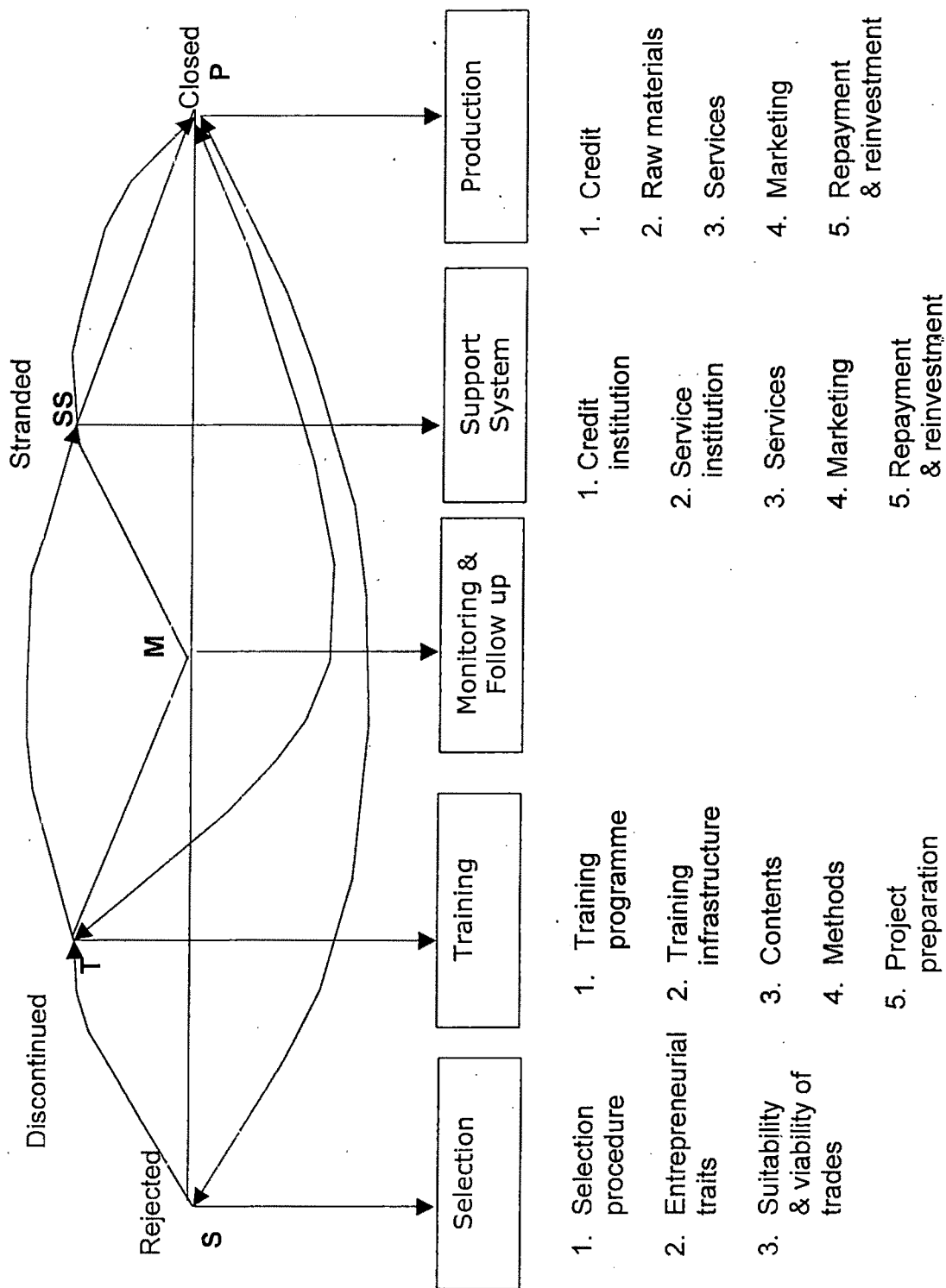


Fig.— 3.4 EDP : A Conceptual Framework

A sound training programme for entrepreneurship development in India helps the selected entrepreneurs to develop and strengthen their entrepreneurial qualities like integrity, honesty and compliance. It helps them in scanning the environment related to small industry and business. The entrepreneurs acquire basic management skills and also acquaint and appreciate the needed social responsibility and entrepreneurial disciplines. Well-managed training programme prepares them to forecast, accept and handle unforeseen business risks. It helps in developing broad entrepreneurial vision, which enables the participant to build an integrated team and thereby take strategic decisions.

Entrepreneurial Development Programmes are sponsored by State Governments, Industrial Promotion Organisations and Development Banks to serve one or more of the following objectives<sup>7</sup>:

1. to accelerate industrial development by enlarging the supply of entrepreneurs;
2. to assess industrial development of rural and less- developed areas where local entrepreneurship is not readily available and entrepreneurship from nearby cities and town are not easily attractable;

3. to enlarge the small and medium enterprise sector which offers better potential for employment generation and wider dispersal of industrial ownership;
4. to provide productive self-employment to a number of educated and less educated young men and women coming out of schools and colleges;
5. to improve performance of small industries by enlarging the supply of carefully selected and trained “well-rounded” entrepreneurs and diversifying sources of entrepreneurship and thereby business ownership, and
6. to diversify sources of entrepreneurship and thereby promoting dispersal of business ownership.

### **3.6.2 Need for and Relevance of EDPs<sup>8</sup>**

1. To identify and utilise indigenous entrepreneurial potential. There is dearth of local entrepreneurs; potential is unexploited; agencies wait for entrepreneurs to come forward but hardly any effort is taken to identify and nurture new entrepreneurs. EDP approach can improve this situation.
2. To accelerate industrial developments, EDP can enlarge the pool of entrepreneurs particularly by diversifying sources of entrepreneurship.



3. Man-behind-the project is not given due importance in project financings. EDP will help to improve assessment of the person and it will help financial institutions to get better selected and prepared entrepreneurs. Quality of loan applications can improve with EDPs because of better counseling inputs.
4. EDPs for various target groups can create employment opportunities and thereby surplus labour force as well as avenues for productive self-employment can be exploited. This will reduce the acute unemployment problem.
5. EDP approach can help in diversifying entrepreneurial interest from agricultural and allied areas to industrial sector.
6. To encourage manufacture of local products and to control imports, competent local entrepreneurs are needed. EDP can prepare such persons.
7. Dispersal of industrial growth to rural and less developed areas is possible through local EDPs.

### **3.6.3 EDP Strategy**

The entrepreneurship development package<sup>9</sup> emerges from needs of the potential entrepreneurs, thus the 'gaps' which hold them back, are to be fulfilled by an EDP. The task of developing entrepreneurs, therefore, comprises of :

- a) identifying and selecting those who could be developed as entrepreneurs;
- b) developing their entrepreneurial capabilities;
- c) ensuring that each potential entrepreneur has a viable industrial project; and
- d) helping them to secure necessary financial, infrastructure and allied assistance so that an industrial venture can be materialized within the prescribed time-schedule. The key to success is undertaking each task in an integrated and coherent manner, backed by requisite training-expertise, organizational arrangements and financial support to the entrepreneurs.

In India EDP is of recent origin, though several private and government institutions are now engaged in identification, selection and training of potential entrepreneurs by conducting EDPs. EDP is designed to provide low cost - high quality training. It is recognised as the comprehensive development programme for entrepreneurs in India. These institutions through sophisticated techniques and development inputs comprising of psychological motivation training and counseling, help in preparing project proposal for each trainee.

Thus, a package of training inputs is made up to :

- a) motivation development,
- b) project counseling,



- c) management orientation,
- d) information on sources of making project plans, and
- e) overall confidence development through constant counseling by skilled trainers/motivators.

Gujarat's EDP is the oldest and the longest operating programme in India. Gujarat has developed a comprehensive programme consisting of identification and training of potential entrepreneurs, post-training counseling and management of financial and infrastructure facilities. The Gujarat Government established CED-Centre for Entrepreneurship Development in 1979. The rationale of the programme is to meet participants needs of opportunity counseling, knowledge of how to start and manage an industrial enterprise and fill in information, motivation and skill gaps, as many employees in industry and commerce, merchants and salesman as well as a number of young engineers and graduates had latent entrepreneurial talents and a desire to be self-employed.

In 1983, Gujarat Government, State Bank of India and All India Financial Institutions jointly established the EDII at Ahmedabad. EDII is apex agency for creating the institutional infrastructure required for entrepreneurship development.

It undertakes model training programmes, trains the trainers, conducts research, institution-building activities for encouraging the participation of backward regions and special target groups in entrepreneurship and assist the state-level agencies in planning, implementing and monitoring EDPs. EDPs of EDII<sup>10</sup> consists of:

1. selecting potential entrepreneurs,
2. achievement motivation training,
3. product selection and project report preparation,
4. business management training,
5. practical training and work experience, and
6. post-training support and follow-up.

In Indian context, considering the environment, conditions prevailing in the country, the constraints and opportunities available, following strategies<sup>11</sup> of entrepreneurship development may be suggested :

1. Existing public entrepreneurship should be improved through better management and stressing on research and development. It should remain confined to those industries and sectors only, where private enterprise is not attracted.
2. It should be realised that the central core of entrepreneurship is the inner motive force, as entrepreneurship implies positive action and initiative. All possible efforts should be made for the development of an industrial culture. Individual qualities of

vision, vigor, leadership and enterprise need be inculcated because motivated individuals with aggregation of these abilities and attributes can pursue their goal with enthusiasm.

3. In modern times, entrepreneurial decisions have to be supported by managerial decisions and thus management education is being viewed as an effective tool to the development of entrepreneurship. There prevails need to develop management education and industrial training courses covering Entrepreneurship Development and other allied courses may be introduced in Business Schools and Management Institutions. Along with these, sufficient facilities should be provided for sending talented young people to business schools abroad. Strategies should be chalked to provide conducive environment to them to apply the acquired knowledge in India. In addition, industrial training programmes should be frequently organized. Education and training will assist in developing and augmenting a race of new entrepreneurs needed to harness and utilise the scarce resources for economic development.
4. Programmes for the development of backward regions be effectively drawn up and implemented. Such programmes await new entrepreneurs whose technical expertise and

managerial competence would bring desired development and also fulfill social needs.

5. Adequate measures are to be taken for mobilizing and fostering entrepreneurial talent in the country as potential entrepreneurs can be developed and trained to undertake ventures.
6. Emphasis is to be given to research relating to processes and enhancement of the value of indigenous techniques, as it encourages entrepreneurship and technology at the domestic level. Further, general guidelines should be stated for cases in which foreign collaboration with well-known foreign companies may be allowed.
7. Sufficient financial assistance is to be provided to the small and medium scale enterprises. Financial Institutions should provide adequate and timely credit and technical assistance to new entrants and entrepreneurs in the field of industry. Their massive support will help in inculcating and sustaining entrepreneurial spirit in the newly emerging classes.
8. Now-a-days, special categories of entrepreneurs, viz. women, retired army personnel, handicapped persons, educated youth, NRIs, displaced persons etc. are coming forward on the

economic scene. In their emergence, factors like access to capital, business experience, opportunity to acquire technical and managerial competence have played an important role. Policies and programmes leading to creation of conducive working environment should be ensured for their development.

9. State Government should take initiative along with other institutions to foster entrepreneurship in the respective states. Appropriate economic policy should be framed to encourage the small entrepreneurs and thereby improving business climate in the state.
10. It is necessary for the entrepreneurs to plan their business activities to have desired co-ordinate development. An Institutional network will serve the purpose, as it will work towards meeting industrial and economic needs.

#### **3.6.4 Stages of EDP**

An Entrepreneurial Development Programme consists of three broad phases / stages :

1. Initial or Pre-training phase.
2. Training or Development phase.
3. Post-training or Follow-up phase.

### **A) Stage-I : Pre –training phase :**

It includes the activities and the preparations required to launch the training programme. The activities<sup>12</sup> are :

- a) Creation of Infrastructure for training.
- b) Preparation of training syllabus.
- c) Tie-up of guest faculty.
- d) Arrangement for inauguration of the programme.
- e) Designing tools and techniques for selecting the trainees.
- f) Formation of selection committee.
- g) Publicity campaign for the programme.
- h) Development of application form.
- i) Pre-potential survey of environmental opportunities.

The pre-training stage involves the identification, selection, and initial motivation of potential entrepreneurs.

Three important aspects of work at the first stage of an EDP<sup>13</sup> are :

- i. Selecting potential entrepreneurs,
- ii. Target Groups,
- iii. Validation for selection.



i) Selecting Potential Entrepreneurs :

The first and foremost step in the EDP is the proper identification and selection of potential entrepreneur (s), which precedes training, is based on the below mentioned assumptions :

- a) Everyone cannot become an entrepreneur as certain traits must be possessed by an entrepreneur.
- b) Entrepreneurial traits can be identified and measured through psychological and behavioral tests.
- c) People possessing these traits or showing evidence can be developed to acquire necessary dimensions of entrepreneurship.

Utmost care should be taken to identify the right candidate(s), because selection and training of an unsuitable person results in loss of prestige or social standing or even a set-back in life on the part of the person, and on the other hand national resources are wasted.

A three-step selection process, starting with preliminary screening of respondents selected by the Trainer-Motivator, in the location through intensive promotional effort is undertaken. The proposed entrepreneurs have to fill-in application form, which will help in screening those with only a casual interest in the programme. Then after, by applying behavioral science techniques an assessment is done to identify candidates entrepreneurial trait level. Every participant must have a minimum level of eligibility for

developing into an entrepreneur. Entrepreneurial traits include socio-personal, viz. caste, family occupation, age, education, size and type of family, working hands, earning members and social participation, and human resource factors, viz. achievement motivation, risk-taking willingness, influence motivation, personal efficacy, aspiration, etc.

The entrepreneurial traits<sup>14</sup> assessed in the course of behavioral tests include :

- a) an individual's desire to compete with some standard of excellence and success in performance - need to achieve.
- b) an inclination to take calculated, moderate, intelligent risks – risk taking.
- c) self-confidence, self-efficacy and a positive image of one's abilities and achievements - positive self concept.
- d) an initiative and independence in day-to-day behaviour and acting on their own – initiative and independence.
- e) a tendency to approach problems in order to solve them - problem solving.
- f) hopeful about future – optimistic.
- g) to seek answers to present questions – an interest in environment scanning.
- h) a desire to fulfill time bound plans urge for goal setting and time-bound planning.

Persons possessing such a minimum entrepreneurial traits are selected. However, there are no conditions of minimum education, experience, occupational background, income, etc. At the first stage in the EDP strategy, so as to avoid wastage of scarce resources and to have optimal utilization of training and development facilities, accent on quality is deemed critical. The process of selecting potential entrepreneur ends with individual interviews for overall assessment about candidate's suitability to undertake manufacturing activity or business, along with an understanding of his specific needs for training.

ii) Target Groups :

The target groups, apart from castes, communities, religions, family background or traditional occupations, are technical and non technical employees in industry, trade and commerce viz. machine operators, supervisors, salesman, store-keepers, accountants, small traders, craftsmen, government employees, teachers, ex-servicemen, women, tribal etc.

iii) Validation of Selection Process :

The Gujarat experience of selection procedures and aids has been subjected to validation analysis. Preliminary findings of the studies<sup>15</sup> sponsored by CED reveal :

The proportion of those starting new ventures from amongst rejected applicants was quite low ( 17 % ) as compared to the group of candidates selected ( 44 % ).

The number of persons involved in entrepreneurial movement was much less (13 %) among those rejected by behavioral science tests than those rejected by the alternative aid of interviews alone (26 %).

**B) Stage – II : Training Phase :**

The package of training inputs is generally looked upon as the EDP model. The comprehensive training package is result oriented with a selected dose of developmental inputs provided in a sequential phases. The three phases<sup>16</sup> with details of inputs and time schedule are :

Phase	Input	Time Schedule
I	Behavioral Inputs and Business Opportunity Guidance	5 Weeks
II	Information and Technical Inputs	4 Weeks
III	Managerial Inputs	4 Weeks

The scheme is for a standard EDP conducted on a part-time basis for a period of 13 weeks. However, the duration of the programme

and inputs may vary from programme to programme depending on target groups, local situation, etc. from 15 days to 3 months.

Follow-up subsequent to training stretches up to 6 months to 1 year.

i) Training Inputs :

Achievement Motivation, Business Opportunity Guidance and Business Management are the three main categories of training inputs.

In the first phase, an intensive Achievement Motivation Training (AMT), through a 5-day residential programme of 40-50 hours duration is given to develop the traits of trainee(s). The motivation inputs serve to :

- a) increase the person's need for achievement;
- b) help participants define their goals realistically and work towards their achievement; and
- c) heighten their self-awareness.

AMT aims at creating self-awareness, self-analysis, developing self confidence, making participants think positively and realistically through behavioral / psychological inputs.

In the second phase, Guidance sessions are organized to select an appropriate industrial opportunity for each trainee. A team of experts, through spot surveys, provides information and counseling to the trainees. The trainee is given feasible industrial opportunity

with reference to his experience, competence and financial resources. The trainee, then after prepares a project report, on the basis of market surveys.

The third phase, deals with developing all round managerial understanding. It will provide a sound base to the potential entrepreneurs as the small scale entrepreneurs cannot afford to take services of specialists in solving problems and taking business decisions.

Business inputs are normally given by management / professional practitioners, business and industry executives, experts of state industrial agencies, bankers, technical consultancy organizations and small scale entrepreneurs. Usually, the trainer or project leader with the help of project formulation expert conducts the training programme. He acts as a friend, philosopher, guide and personal counselor looking after individual trainee's problems, development needs and progress. He plays a multi-dimensional role of an administrator, liaison officer, training manager, technical adviser and counselor and thus he is the backbone of EDP.

#### ii) Validation of Training Inputs :

As a part of validation of training, tests of comparative performance of the trained entrepreneurs under the programmes who set up industries versus those who were rejected in the selection tests for the training but though they set up industrial

units, validated the inputs package. These tests are based on certain key behavioral and management related indices used in evaluation of CED programmes.

### **C) Post - Training Phase :**

Each group of entrepreneurs in EDP is looked after by the entrepreneur trainer- motivator, who is responsible for organizing post training support. Post-training phase involves :

- a) Follow-up on loan application for finance;
- b) Facilitating infrastructure such as land, factory shed, power, etc. and
- c) Trouble-shooting.

Proposed project can be implemented smoothly due to his counseling, resourcefulness and liaison skills. The task of entrepreneurs and trainer becomes easy where EDPs are initiated in collaboration with commercial banks, technical consultancy organizations and other mainstream organizations.

It has been experienced that even the best of entrepreneurs, however well-trained, may lose in the battle of launching enterprises, unless finance is available adequately at right time. Periodical visits by the trainer for trouble –shooting may help the entrepreneur. Interaction with them is facilitated through forming of the groups trained and organizing refresher trainings and seminars.

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