

## EDP – Phases: Pre-Training, Training and Post-Training Phases

The entrepreneurship development programme (EDP) normally runs through three important phases followed by EDP evaluation:

### 1. Pre-Training Phase:

This is a preparatory phase for launching the programme. It is a planning phase where all requisite arrangements are made to deliver a content based and useful EDP. This stage lays the foundation for a strong EDP that can deliver desired results.

It encompasses:

- i. Identification of promising area having good commercial prospects.
- ii. Selection of project faculty/course coordinator who is a visionary and has relevant experience.
- iii. Arrangement of infrastructural facilities for the programme like location, availability of internet, computers, food and lodging arrangements (if participants are expected to be from different cities).
- iv. Conducting industrial survey/environmental scanning for identification of good business opportunities.
- v. Designing the course contents.
- vi. Getting support from various agencies such as DICs, SFCs, SISI etc.
- vii. Advertising and publicity of EDP to reach prospective minds. Promotional campaigns through either with the help of print or electric media, leaflets, posters, etc.

viii. Selection of participants for the training program.

## 2. Training Phase:

The primary thrust of training programme is to instill motivation, skill or competency amongst the budding entrepreneurs. EDP should aim to provide both theoretical and hands-on practical knowledge to various trainees.

Training phase of EDP includes:

### i. Management:

They should be taught basic principles of management and their applications in real life scenarios to realise the benefits and significance of the management functions like planning, organizing, staffing, directing, controlling and coordinating. The various techniques involved in the management process must be explained. The trainer can use case studies, management games, role- plays and simulations to polish the skills acquired by the trainees.

### ii. Technical Competence:

Focus should be laid upon acquiring technical competence suitable to the area selected. Industry experts may be called upon to share their experiences. It's important for the trainees to understand the basics of technology, rate of technological change in that industry and challenges ahead. A comparative analysis of present state of technology in developed and developing nations may be relevant at this stage.

Entrepreneurs can get ideas best suited to their regional environments. The program may cover as details of technology, plant and machinery, major suppliers, life span, special features of the machinery etc., raw materials and their availability, manufacturing process and human resource requirements. It's important for the entrepreneurs to understand that they should not park substantial funds in fast changing technology as obsolescence is a big risk. Field trips may also

be organized.

### iii. Motivation and Stress Management:

The entrepreneurial training programs are designed to elevate and sustain the motivation levels of the trainees. Stress management is an important component of EDPs as entrepreneurs have to struggle through different phases before finally getting results. They should be taught stress management techniques and should also be counseled to hold-on to their beliefs and ideas. The importance of family members need to highlighted here.

Entrepreneurs are strong-willed individuals who may need family support during tough times. Family members are the ones closest to entrepreneurs. Each session in the training programme should aim at strengthening their confidence and expanding their vision. Motivation level must be raised to a greater extent because only motivated participants will survive through starting and sustaining a new venture.

### 3. Post Training or Follow-up Phase:

Post training support services are rendered to the participants who have successfully completed the entrepreneurship.

This phase may comprise of the following steps:

(i) Assistance in registration of the enterprise.

(ii) Loan procedures and documentation.

(iii) Facilitating infrastructure like land, plant layout, purchase of plant and machinery, power connection etc.

(iv) Securing subsidies and grants and utilizing incentives given by Centre and State government.

(v) Management consultancy and trouble shooting.

(vi) Providing up-to-date information on the industry.

(vii) Meeting with EDP organizers and participants.

Evaluation of EDP – It is important to review each aspect of EDP from pre-training to post-training phase. This helps in charting 'lessons learnt' and in guiding the organizers to plan better and remove loopholes in the next program. EDP evaluation should be planned alongside every phase of the program to identify and correct deviations, if any.

EDP – Top 3 Models: Psychological, Sociological and Population-Ecology Model (PEM)

Entrepreneurship helps in generating employment opportunities, earning foreign exchange, and increasing the total income of a country. The development of entrepreneurship requires proper attention and supervision by the entrepreneur. It can be performed efficiently by using various models. Schumpeter was the first who introduced the dynamic model of entrepreneurship.

The three types of models are discussed as follows:

#### 1. Psychological Model:

Psychological model signifies that psychological factors are responsible for the development of entrepreneurial behavior in individuals. Need for achievement may be described as the internal stimulus in an individual that incites him/her to achieve something. McClelland played a significant role in the identification of factors responsible for entrepreneurship development.

He focused on actors (entrepreneurs) rather than the act (entrepreneurship) in his work on entrepreneurship (1961). In this model, McClelland in association with D. G. Winter stated that need for achievement is the prime factor for entrepreneurship development. He also asserted

that a society with a high level of need for achievement comparatively produces more entrepreneurs.

After identifying the need for achievement as a prime factor for entrepreneurship development, he stated that the need of achievement can be aroused in individuals by increasing their motivation level. He suggested that motivation can be inculcated in individuals by rewarding the best performers and generating interest in excellence. McClelland also asserted that motivation-oriented training programs inspire individuals to take up entrepreneurship as a career and make them willing and eager to exploit new opportunities.

Everett Hagen's in 1962 gave another psycho-social model of entrepreneurship development. In his model, he referred economic variables to a minor role and put an emphasis on creative personality as an important factor in developing entrepreneurial behavior. The Hagen's model explains the causal sequence of entrepreneurial behavior, but fails to give any policy variable for entrepreneurial development.

In 1965, John Kunkel suggested a behaviorist model for entrepreneurial development. In his model, he suggested that entrepreneurial behavior is a function of the surrounding social structure, both present and past, and can be influenced by creating favorable economic and social conditions.

In the recent time, several other psychological approaches to entrepreneurship have been suggested. For example, Bird in 1989 examined entrepreneurial behavior of individuals by observing their work, family background, personal values, and motivation level.

## 2. Sociological Model:

Sociological model considers societal factors responsible for the development of entrepreneurial behavior in individuals. Some entrepreneurship scholars have emphasized the importance of socio-cultural surrounding in the development of entrepreneurs.

They stated that socio-cultural history has accounted for the development of entrepreneurship and the performance of entrepreneurial activities. Different societies with differing interests, attitudes, and systems of arranging people in to different classes are likely to produce different

kinds of entrepreneurs and different patterns of entrepreneurial behavior.

The sociological model given by Frank W. Young is based on the theory of entrepreneurship, which is based on society's system of stratification. The model explains that a sub-group that has a low status in a larger society leads to entrepreneurial behavior, if the institutional resources are provided by the government to the sub-group. The model suggests the creation of supporting institutions in the society to promote entrepreneurship.

### 3. Population-Ecology Model (PEM):

PEM analyzes the determinants of entrepreneurship development. PEM was developed Hannan and Freeman in 1977 to analyze the concept of entrepreneurship. The PEM model considers the probability of births and deaths within a population falling in a particular industry niche.

This model considers environment as the important determinant for the survival of the enterprise rather than individuals with status and personality traits. In addition, it focuses on the presence, characteristics, composition, and change in a population or in ecological circumstances in a particular society for developing entrepreneurial activity.

### Entrepreneurship Development Programme – Process: 7 Step Process

#### Step # 1. Selection of Potential Entrepreneurs:

EDP is centered around prospective entrepreneurs. Hence, it is very important to do the first thing right. Individuals displaying entrepreneurial traits should be carefully identified and evaluated against some broad criteria to check their suitability for the EDP. They are like the protagonist of the show and an improper selection would result in a flop show.

#### Step # 2. Identification of Entrepreneurial Traits and Skills:

After the selection of a group of individuals for the EDP, some broad parameters may be checked to confirm their suitability for the program.

The entrepreneurial traits may be grouped into two categories:

#### a. Family Background:

Various factors about the family background help in understanding the exposure and level of understanding of the concerned individual. For instance, individuals from business families are familiar to the idea of risk, return, management, and profit and loss.

i. Age – Young people have a higher willingness to take on challenges as compared to older people. They are usually more receptive to and act as catalysts of change due to their creative and innovating thinking.

ii. Level of education – Education lays a significant role in shaping the ideology of an individual. It prepares a person to take on life and issues requiring attention with ease and look for conflict resolution. Education transforms an ordinary person into an informed citizen with a concern for societal good apart from financial gains.

iii. Family structure and size – The size and type of entrepreneur's family helps in understanding the adaptability of the person with different individuals and people with differing opinions. An individual from joint family has generally a greater risk bearing capacity and adaptability as compared to nuclear family.

iv. Working members – The number of working members of the family determines the initial scale of launch because the entrepreneur usually counts upon his/her family in the initial phases of the business.

v. Social involvement – Social participation of and acceptance for prospective entrepreneur gives him/her an edge in the ability to influence others and create initial suppliers, customers and other supply chain contacts. Networking is the key to a successful venture.

#### b. Human Resource Factors:

Following innate or acquired skills must be deliberated upon:

i. Need for achievement – An individual with high need for achievement succeeds better. It involves both personal achievement goals and passion towards societal achievement.

ii. Inclination to take risk – Risk taking inclination signifies the interest of an entrepreneur in redefining standard business norms or creating niche spaces.

iii. Influencing ability – An entrepreneur needs to possess strong leadership and influencing capabilities to convince people and move towards achievement of their goals

iv. Personal efficiency – It is the desire to contribute effectively and be relevant to the society. It is important to study the gaps of current scenario adequately and design new products to increase the level of customer satisfaction.

v. Aspiration – Aspiration refers to ambitions of the individual with respect to future level of achievement. This focuses upon the future plans as envisioned by the entrepreneur for himself/herself. However, practical aspirations help in motivating the entrepreneur. Non-achievement of unrealistic goals might distress him/her. These aspirations may include one's picture of the future with at both personal and professional front.

### Step # 3. Identification of Enterprise:

It is critical to identify a viable enterprise or project for prospective entrepreneur after analyzing his/her socio-personal and human resource characteristics. Most of the broad parameters discussed above hint towards probable business ideas for the individual.

Combining the same with personal inclination of the entrepreneur and his creativity, a suitable entrepreneurial project must be identified. Preliminary feasibility studies like availability of required capital and labour, desired technical and marketing assistance etc. should be examined at this time. Better planning delivers better products.

### Step # 4. Contents of Training Program:



As the participants attending EDP hail from diverse backgrounds, they have different expectations from the program.

The following types of trainings are provided during the program:

i. Technical knowledge and skills – Different modules may be planned for the participants by grouping them in some homogenous groups. Digital awareness, supply chain management, cloud computing etc. are certain areas which every new venture needs to be trained about.

ii. Achievement motivation training – This training inculcated self-confidence and self-belief in the entrepreneur. As the individual faces a tough time during initial phases and may even encounter loss or failure, motivation levels have to be kept high. They have to be trained conviction and persistence to follow their dreams and be socially relevant at the same time.

iii. Support systems and procedures – Training contents must include the knowledge about various government sector schemes to be benefitted from, active angel investors and business incubators. Few sessions with people from the industry can help the entrepreneurs in identifying their initial funders and help in lifelong networking which holds the key to sustainable start-ups.

iv. Market survey – Participants can be given pilot projects to survey prospective customers and test viability and commercial feasibility of their creative ideas.

v. Managerial skill – Trying to manage everything may make the entrepreneurs end up managing nothing. The idea behind management training is to teach them prioritizing, planning, organizing, directing, controlling and learning from mistakes. Its important that adequate sessions are conducted to teach financial, marketing, human resource management and implementation of sound management information system (MIS) in their business ventures.

Step # 5. Support System:

Completion of training program prepares the new entrepreneur to start-up up his/her new venture. Assistance and support may be required for financing, legal services, raw material procurement, initial office space and infrastructure in order to initiate operations of the new

venture. This stage is the pillar of strength for a well- delivered EDP.

Coordination between EDP organizers and support system is a must to give wings to entrepreneur's dreams. In fact all relevant agencies must be involved in various stages of EDP planning and execution so that both the entrepreneur and the agencies identify workable partnerships.

#### Step # 6. Production:

Production phase begins the real journey of the entrepreneurial venture. Lot of teething issues are encountered at this stage like continuous power supply, outages, delay in raw material procurement, technical faults with the machinery, faulty plant layout etc. These issues need expert handling and managerial and technological skills acquired in the EDP are put to use. Once the production starts, the entrepreneurs need to identify and partner with suitable marketing channels. He/She should launch a user-friendly web portal with online or phone based assistance to answer queries and clarify doubts of prospective clients.

#### Step # 7. Monitoring and Follow Up:

Continuous monitoring and follow, up is vital for the success of every entrepreneur development programme. A comprehensive monitoring system should be embedded in EDP to identify and remove blockers. Feedback is an essential component of this stage. Periodic meetings with trainers, participants, industry experts and supporting agencies can help in polishing the contents of EDP and continuously update it with recent changes.

#### EDP – Relevance of EDP

“No EDP, no economic development.” Entrepreneurial development plan can be framed and implemented without its relevance to the political, economic, social and legal environment.

Following are the relevance of entrepreneurial development programme:

1. They should be meeting the main object of development such as generating employment, set up ancillary, small and medium sized industry, and introduction of new entrepreneur and maintain stability etc.

2. There should be proper arrangement of training and education such as setting of technical and electrical institute, handicraft making institute.

3. There should be promotion to entrepreneurial skill such as technical and managerial skill. The main aim is to impart management and technical know-how required by the participants to operate their business entrepreneur.

4. It develops the spirit of social responsibility by spreading social consciousness and awareness about new venture, new technology, managerial skill, uninterrupted supply of goods or services in society.

5. There should be improvement in mobility of entrepreneurs by providing training to new entrepreneurs and after that acquired employment inside the area or outside the area.

6. There should be assistance in preparation of new projects about product /services, financial services, market of respective products.

7. Entrepreneurial Development Programme started several types of self-employment programme for removing unemployment by Integrated Rural Development Programme (IRDP), etc.

8. There should be balanced regional development and setting up of more units which leads to the development of backward areas through EDP.

9. Effective EDP is helpful in establishment and development of ancillary, tiny, small and medium industry and business.

10. EDP should be helpful in elimination of poverty and unemployment.

11. EDP should be helpful in search potential entrepreneur.

12. It should be helpful in constitution of institutional framework.

#### EDP – Limitations

The EDP activity has made rapid progress covering all the developed and underdeveloped regions of the country. Today, scores of organizations are involved in conducting EDPs as part of activities sponsored by various governments, public financial institutions, or nationalized banks. Several thousands of small, mostly first generation entrepreneurs have already been trained and a few thousands are being trained every year.

Yet after decades of experience in EDP activity one cannot get reliable, regular, time-related data pertaining to the efficacy of EDPs in terms of the following:

- i. Developing all-round, competent, and successful first generation entrepreneurs, and
- ii. Generating viable opportunities for permanent self-employment.

#### Absence of Built-in Mechanism for Monitoring and Evaluation of EDPs:

The biggest problem arising from the mushroom growth of EDP conducting agencies and the unplanned increase in EDPs conducted by them for widely diverse target groups is the absence of any machinery to monitor and evaluate objectively the effectiveness of the programmes conducted at public expense.

Also, there is no provision of any kind of built-in device/procedure to regularly monitor and periodically evaluate the results of an EDP conducted by an organization with funds from a public financial institution, government, or nationalized banks. Neither an organization which conducts EDPs as its primary or subsidiary activity is accountable to any overseeing agency with respect to the efficacy of EDPs conducted by it.

The funding arrangements with the financial institutions do not provide for any built-in obligation to monitor the progress and results of the EDPs conducted by an agency. The absence of accountability to monitor and evaluate results is a serious deficiency in financing EDP activity in India.

The average training of six to 12 weeks provided through EDP is completely free for a selected potential entrepreneur as the entire cost is borne by the sponsoring financial institution or nationalized bank. Even for the EDP conducting organization, this activity is costless because its overheads and direct costs of the EDP are paid for by the funding organization.

More important, nothing by way of performance is expected either from the training-entrepreneur or from the agency conducting the EDP. Also, the trainee is not expected to show that despite this strengthened need achievement be or she is going to make at least some use of the training and post-training inputs received by him or her.

As for the EDP conducting organization, it is immaterial and inconsequential whether a potential entrepreneur who is supposed to have been carefully selected for his entrepreneurial traits actually becomes, or tries to become, or at least shows keenness to become an entrepreneur within a reasonable period after the completion of training

#### Entrepreneurship Development Programme – 9 Major Problems

Institutional framework is indispensable for the entrepreneurial development programmes. But the entrepreneurs have been facing several problems when they are interacting with the various institutions involved in the EDPs.

#### Major Problems Of EDP

1) Improper Identification and Wrong Selection – The most important problem is improper identification and faulty selection of the projects. This leads to wrong choice of technology and improper forecasting of financial requirements.

2) Undue Delays in Implementation – Undue delays are caused in the implementation of the projects which leads to cost escalations. This, in its turn, creates financial crunch, increases the burden of debt and raises the break-even point.

3) Faulty Selection of Candidates – There is no proper and uniform method adopted by various agencies for identification and selection of prospective entrepreneurs.

4) Lack of Infrastructure Facilities – There are no adequate infrastructure facilities such as satisfactory transport and communication facilities, shortage of housing accommodation, erratic power and water supply, defective sewerage systems for disposal of industrial waste, lack of proper class rooms, guest- speaker, boarding and lodging etc.

5) Lack of Competent Faculty – Lack of competent and active teaching and managing faculty in rural and backward regions is another major problem of the EDPs. Even when they are available, they are not prepared to go to the rural and backward areas where the programmes are conducted.

6) Poor Financial Management – Financial institutions which have promised initially for participating in the EDPs fail to keep up their promises later on. This leads to inadequate finance, poor working capital management, lack of organisation and unproductive expenditure out of available working capital etc.

7) Shortage of Technical Manpower – Another major problem faced by the EDPs is the shortage of trained technical personnel needed at the location of the units. Since the units are low capital-based, they cannot afford to employ skilled technical manpower at high salaries. Seasonal availability of skilled labour leads to under-utilisation of the productive capacity.

8) Multiplicity of Government Agencies – Multiplicity of government and other agencies leads to harassment and wastage of valuable time and energy of the entrepreneurs. Bureaucratic delays are caused by Government agencies and departments as red-tapism and bureaucracy play their role erratically.

9) Shortages or Irregularities in Supply – Irregular and inadequate supply of various inputs like

raw materials, half- finished goods, tools and equipments etc. hampers the production process of the small scale units. Very often, new entrepreneurs, being not able to get their requirements adequately, will be compelled to procure them at higher prices or keep their plant idle.

10) Too much Dependence on Middlemen – Small entrepreneurs have to depend too much upon middlemen and others and face severe competition in the market. They have no competence or capacity or even resources to compete with large business entrepreneurs.

11) Unsatisfactory Services – The consultancy services rendered by local level and state level agencies are quite unsatisfactory. Whatever promises and assurances are given to the entrepreneurs during the training programme by them will not at all be fulfilled. The EDPs and the trainees face many other problems which are very difficult to be solved easily.

There is over- estimation of trainees by assuming that they have aptitude for self- employment and training will provide them necessary motivation and enable them to set up their ventures successfully. But the actual situation is not like this. Because of these problems, the EDPs have not been successful as per expectation.

12) Duration Period of EDPs – The duration period of EDPs varies from 4 to 6 weeks which is very short to instill basic management skills among the prospective entrepreneurs. It should be sufficiently long enough to enable the potential entrepreneurs to understand, digest and be capable of starting their new ventures confidently.