Factors affecting effectiveness of Entrepreneurial Training Institutes: A Study

Jose Mamman, H G Joshi*, Sandeep S Shenoy and Subrahmanya Kumar N

9th block, Department of Commerce, MIT Campus, Manipal Academy of Higher Education, Manipal, Karnataka, India
E-mails: jose.mamman@manipal.edu; hg.joshi@manipal.edu; Sandeep.shenoy@manipal.edu; ns.kumar@manipal.edu
*Corresponding author

Abstract: Objectives: This research paper aims to identify the factors affecting effectiveness of entrepreneurial training institutes in South India and to understand the social value creation.

Methodology: This study has adopted a mixed method of collecting and analyzing data. In depth interviews have been conducted with different stakeholders of this institute and participant observation has also been involved in this research.

Case study: RSETI – Syndicate Rural Self Employment Training Institute (SyndRSETI) have been selected for this research, primarily because this model has been accepted by government of India for entrepreneurial training on all India basis. Government of India have made it mandatory on all lead banks on district basis to initiate such centers for self-employment training. In depth interviews have been conducted with the director, trainers, managers, executives, auditors, promoters and trainees of RSETIs. Transcribed data have been analyzed with hyper research tools for suggested key words and synthesis was derived out of the study.

Findings: The paper suggest that factors like leadership, innovation and human resources management have a significant impact on improving efficiency of these training institutes.

Research Implication: Social enterprises are getting much recognition from public these days which increases their long term sustainability. Able leadership and innovative management are the key factors that has a positive relation on sustainability of social enterprises in the region. Future research can focus more on empirical study in proving the theoretical base of social entrepreneurship research.

Key words: Social entrepreneurship, Inclusive development, education and training

INTRODUCTION

Social entrepreneurship as a profession and research area is gaining more importance and has become the need of the hour. When the world is facing the problems of economic recession, fiscal deficit, currency
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depreciation, unemployment, poverty, or any natural calamity—people need to stand up and deliver service to their community without sole profit motive and with an aim of social cause i.e., Social Entrepreneurship. In India, the word social entrepreneurship is widely used in the recent days and more and more youngsters and NGOs are coming forward to be social entrepreneurs. The increasing importance in the area of social entrepreneurship increases the relevance of research in the area. Around the world researchers are trying to find out an effective tool for measuring the performance of these organizations.

This research examines the process of social value creation by entrepreneurial training institutes acting within the context of established nonprofit organizations. It seeks to understand social value creation to address the gaps in social entrepreneurship research through exploratory research, to benchmark best practices in the sector. This research is a continuation of other researcher’s effort in understanding social value creation process. Even after the efforts made by them, considerable question remains unanswered. These questions are primarily regarding the social value creation and about means to measure that value, create the strong basis for this research.

Although the term ‘Social Entrepreneurship’ is relatively new, evidence shows that some great social entrepreneurs have always existed at least in the last two centuries. Selflessness coupled with business sense has paved way for new opportunities for those who have entrepreneurial skills and want to work for the betterment of the society. Extraordinary people like Muhammad Yunus (Nobel Peace prize winner in 2006) came up with brilliant ideas and succeeded at creating revolutionary products and services, dramatically improving human lives (Youssry 2007). As opposed to traditional non-profits, which are dependent on charitable donations and government subsidies, social enterprises are increasingly self-sufficient and sustainable. (Boschee & Mc Clurg 2003).

**LITERATURE REVIEW**

The fundamental questions that arise in any researcher’s mind about entrepreneurship are: need for entrepreneurial research in present time, entrepreneurs can be created or born, The role government and environment plays in developing entrepreneurs. The factors that affect entrepreneurial development. Entrepreneurial activity has any relation with economic development. Among the entire question stated, the last question is core and fundamental and is answered by this statement: “Entrepreneurial activity has a complex and multifold relationship with economic development”. (Pfeifer and Sarlija, 2010).

The phenomenon of social entrepreneurship is not new but theory related to social entrepreneurship started evolving more towards the end of the 20th century. A paper which provides a base for social entrepreneurship research was written by J. Gregory Dees in 1998 and it is one of the most cited paper for entrepreneurship research. During that time many philanthropic and governmental institutions didn’t perform up to the societal expectations and entrepreneurial approach became necessary to fill the gap. With that paper, Dees tries to define social entrepreneurs as change agents with a social mission to create value by pursuing opportunities with the process of innovation, adaptation and learning with a higher need for achievement which shows a higher accountability to the area which he/she serves and to the outcome of the activity.

Various researchers mention developments that could potentially limit the advancement of social entrepreneurship as a field of research and praxis. For example, Dey and Steyaert (2010) point to the
‘utopian enunciation of social entrepreneurship’ as a limitation of the field. They conclude that denying the historic anchorage of social entrepreneurship bears the danger of conceiving social entrepreneurship as a reified, immutable object instead of a socially constructed phenomenon. Another narrowing of social entrepreneurship is noted by Hjorth (2009), who suggests that entrepreneurship should not be limited to business since it ‘cannot be co-opted by management and survive as a creative force’ (Hjorth, 2009). If the research now limit social entrepreneurship to solving social problems in an efficient and entrepreneurial way and therefore restrict the field to the economic sphere, this might lose the potential of a more broad understanding of the ‘social’ in social entrepreneurship. Another potential limitation might arise from locating social entrepreneurship mainly in the field of business studies and concentrating on ‘selected specific examples of innovative praxis often underpinned by profiles of “hero” social entrepreneurs’ (Nicholls and Cho 2006, p. 99). So the understanding of the history of development of the term and its need and existence is essential for further progress in research.

Even latest of the research in the area of social entrepreneurship states that “there is little consensus among the academicians and practitioners alike as to what social entrepreneurship is and what is not”. (Trivedi and Stokols, 2011) So entrepreneurship research is still in the process of defining stage of- what is a social entrepreneurship? In 2006, Muhammad Yunus and the Grameen Bank of Bangladesh were awarded the Nobel prize for their efforts in the area of microfinance and since then the term ‘social entrepreneurship’ has become popular. Many entrepreneurship research articles try to give clarity to social entrepreneurship but there is still a need to do more in this area.

“Future research could examine the evolution of thinking between the academy and practice by expanding our analysis of published social entrepreneurship work to include a broader set of publications.” (Gras D. et all, 2011) Researchers have identified a broader aspect of need for separating social entrepreneurship study from management and economics philosophy for a better understanding of social entrepreneurship and Social Entrepreneurship Ventures. (SEV’s).

**RESEARCH METHODOLOGY**

This research was underpinned by the constructivist paradigm. That paradigm holds that meaning and knowledge are contingent on human practices, “constructed, in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context” (Crotty, 1998, p. 42). The constructivist position adopts a hermeneutical approach, maintaining that meaning is hidden and must be brought to the surface through deep reflection (Ponterotto, 2005). The interactive participant-researcher dialogue can stimulate this reflection. Thus a distinguishing feature of constructivism is the centrality of the actor between the investigator and the object of investigation. Through this interaction between the investigator and his or her participants, deeper meaning can be uncovered (Ponterotto, 2005).

To bridge the research gaps the data will be gathered by studying the tools, techniques, processes and procedures adopted in successful social ventures closely. It is suggested to carefully divide social enterprises based on pre-decided criteria, choose a number of small to large successful enterprises that fit in these categories, approach the founders & senior management and conduct interviews with them. Wherever possible, surveys and questionnaires will be used. Role of technology specifically the use of affordable information technology tools in all the stages of the life cycle of these social businesses will be thoroughly investigated.
It may not be feasible to analyse different types of varied enterprises and derive a clear set of established practices. Keeping this in view, it is expected to discuss the findings based on the background, industry and type of the business. Quantitative techniques are considered while there may also be a need to combine both quantitative and qualitative methods for more accurate analysis.

One of the main challenges when designing empirical studies in social entrepreneurship is that sample frames representing the population of interest – Social Enterprises — are not available. To address this gap Syndicate Rural Self Employment Training Institute (SyndRSETI) has been selected for constructing a non-probability, quota sample. The institute has sanctioned to access their data in principle for research. From the past data to identify the social entrepreneurs in the region, and their value creation so far to the society. In particular, to study the effectiveness of SyndRSETI, the research is planning to analyze the personality of the candidates got selected, environment provided to them for growth and the educational inputs provided to candidates and the goals they had set for their enterprises.

Interviews will be conducted with the top associates of above mentioned institutions. The primary questions will be regarding the reason and the context behind starting the organization and the year in which the organization was set-up. Later its growth and development stage will be looked from the social contribution perspective. Then the current organizational structure and functioning will be considered. The way in which training is imparted has to be considered in detail. The different types of trainings which an institution imparts and how it helps participants in setting up their business have to be analyzed from the social benefit perspective. How the institutions decide on the time and duration of the training provided and how it can be improved will also be considered. Later the promotion strategy of institutions to identify the participants for imparting training and the method of selection need to be carefully analysed.

Once the candidates have been carefully selected, the process of imparting training has to be planned. Based on the background and characteristics of the selected candidates training have to be provided. The process of selection of trainers is also an important factor which affects the efficiency of the institute. The content and methodology of training will be considered in the next stage. The content of the training have to be examined based on the practical aspects which help a candidate to initiate his/her venture. Generally in Indian context, candidates have lack of information about how to set up a firm and which agencies to approach for getting the relevant license, initial seed funding is also a major area of concern for new entrepreneurs. The way in which the above areas addressed in the training curriculum have to considered for research. Another important factor that affects the efficiency of training institute is the methodology or pedagogies used by the trainers. The pedagogies have to be decided based on the background of the participants, their learning ability and the availability of resources in the institute. Then the recording and documenting the delivery of content have to be strictly adhered. The efficiency of the system for continuous monitoring and taking the feedback from the trainees and trainers are essential. There should be enough controls to check the deviation from the planned delivery and actual delivery. The reasons for the deviations have to be carefully considered. After that there should be proper evaluation systems to understand whether the planned learning outcome is achieved.

**CASE OF SYNRSETI**

SyndRSETI, Manipal was established on 2nd October 2000. SyndRSETI is a non profit organisation owned by Syndicate Rural Development Trust (SRDT). This trust was formed by Syndicate Bank having head
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office in Bangalore. This trust is completely owned and administered by Syndicate Bank. In India, there are total number of 16 SyndRSETIs and four SyndRSETIs in Karnataka. Vision is to create self-employment awareness among rural youth. Particularly need based education is given to candidates to make students self-sustainable, so that they can earn their livelihood. Sometimes several general training is given to candidates to make them aware about self-employment opportunities, and training on specific area is given if there is a requirement. More focus given on need based training, as candidates should decide the field in which they need to be trained, which creates self-motivation. Above all, there should be market demand for that particular skill set in which they are trained, this will make them more employable. SyndRSETIs are in constant touch with local government bodies, and people in need through gramasabhas (village gathering). Other than training, SyndRSETI also provide financial support for those who are in need.

Organisational structure of SyndRSETI is typically a bank structure. Deputy Manager is the main trustee of SRDT and it is a statutory position, whoever is appointed as Dy Manager will act as the trustee of this institution. Deputy Manager is at top, then Dy General Manager, Area General Manager, Cheif manager, Senior Managers and Directors of RSETIs. Senior Managers are in charge of all RSETIs. Under Directors of RSETIS there are teaching faculties, then office assistants and attenders. Different types of Entrepreneurship Development Programs (EDPs) have been conducted by SyndRSETIs. They are:

- Agriculture EDPs
- Product EDPs
- Process EDPs
- General EDPs

Geographical scope of Synd RSETI is relatively flexible. Even if SyndRSETI, Manipal operation is primarily limited to Udupi District in Karnataka but if candidates outside Udupi are interested in attending an EDP they are allowed to participate.

Primary source of RSETI funding is from Syndicate Bank. The three tier local governing bodies also help SRDT with finance. State Government organisations created for women empowerment also support SRDT financially. National Bank for Agriculture and Rural Development (NABARD) also finance SRDT initiatives.

Syndicate Bank depute managers who have aptitude for rural development as Directors of RSETIs. Particularly those who have experience as Rural Development Officers (RDO) or those who have finished professional education in rural development or agriculture appointed to RSETI. Block level Bankers Committee meeting decides upon the administrative matters of RSETIs.

Marketing channels of RSETIs have impacted due to change in technology and in particular because of social media. A program which is offered in a particular district is getting wide coverage due to social media, which enables candidates from different districts to participate in an intended program. Accommodation is provided near the institute if it is far from their hometown. Morning breakfast, lunch, evening snacks and dinner is provided for candidates. All these expenses are borne by institute itself.

Candidates are given handholding support upto 3 years, which means RSETI assist candidates to apply for bank loan and government subsidies. If they require any technical assistance in learning a particular skill, RSETI give guidance. Follow up visits and meetings are made to ensure sustainability of these candidates.
Course information need to be provided to Syndicate Bank. Contents of EDP includes self-introduction through microlab were candidates are given time to mingle each other and they get to know each other. They introduce themself, presents the strength and weakness and problems in family with each other. A more holistic way of learning happens at RSETIs. Time management, project preparation, liaison with bank officials, how to speak with customers are the topics primarily cover during a training session.

**FINDINGS**

The contribution of this study will be situated on two different levels. First there is an expected contribution to scientific theory. Secondly, research results advance knowledge on SEVs and the creation of social value by firms. So this research hopes to advance actual social value creation and to benefit society.

This study will be on the edge of different research traditions. First, this research will especially contribute to the social entrepreneurship literature. The social entrepreneurship literature is in need for an empirical study that moves away from exploration to theory based hypothesis testing research in a context where the entrepreneurial character of social value creation is most prominent (Anderson and Dees, 2006). This research will offer a conceptualization of SEVs and an empirical study on the process of social value creation.

Second, this research will have value for strategic management science. The proposed theoretical model integrates the ‘advantage-seeking’ perspective from strategic management and the opportunity-seeking’ perspective from entrepreneurship (Hitt et al., 2001) to investigate the process of social value creation in social entrepreneurial firms. The research proposes to develop a questionnaire to measure resource based view constructs in standardized items like social performance, social mission and business model. The challenge in testing constructs from the resource-based view of the firm is identifying and measuring the most critical resources of firms and to do so, it is helpful to focus on a single industry.

Third, this research will advance the knowledge on organisational identity and organizational theory by operationalising this construct and applying the construct in a ‘social entrepreneurship’ context. In the field of organizational identity, several researchers have proposed identity-based models of organizational identification but unfortunately only a few are operationalized and tested (Foreman and Whetten, 2002). Furthermore, major empirical gaps remain despite the construct’s 20-year history. This research would build further on the knowledge around organizational identity.

RSETI can be seen as an innovation of private-public cooperation in public good delivery. The last two decades have seen a dramatic change in the division of responsibility between the state and the private sector for the delivery of goods and services, which is especially striking in developing countries where NGOs now supplement, and in some cases have replaced, the traditional role of the state. (Besley, 1999) All the established and about-to-establish RSETIs belong to the category society or trust. This means that they are all non-governmental organizations. The cooperation between religious institutions, corporates, government and NGO forms a unique structure of partnership.

The research presents the evolution of RSETI as a self-employment training institute in India. The institute can be classified as a social enterprise model supported by government and corporates where learning by doing is done based on societal needs. Researcher seeks to understand the formation and functioning of this unique enterprise and how this can be replicated in the rest of the country and across
the globe for skill development. It also tries to have a critical perspective on the much popular RSETI model in India.

Although this institutes have been supported by government and corporates for its day to day functioning they are able to train a good number of unemployed and financially challenged youth in the country. Thus these institutes corresponds to social enterprises described by Austin, Stevenson & Wei-Skillern (2006). In all these RSETI branches you can see that innovation is high at level. Even though, these RSETI branches have comparatively less autonomy in itself to address the changing needs.

It has been observed that these RSETIs are driven by motivation to make the rural youth self-sufficient not merely for the government compliance of fame for the institute. This can be understood from the strict discipline enforced by the RSETI in their premises. Punctuality and dedicated attention for the training is must for getting a completion certificate. Moreover handholding support is given to the trainees for the next two years after completion of the program. Institute helps the candidate with basic business plan preparation, gaining loan from the nearby bank and applying for subsidies under different government schemes. Ultimately efficiency of these training institutes are measures in terms of settling rate of their trainees. Here settling rate means how many of them have started their own enterprise with the training received and continuing it with for more than two years. All the RSETIs are trying to achieve a minimum of 75% settlement rate.

**CONCLUSION**

This research commenced by highlighting the growing interest in the phenomena of entrepreneurship and the development of social ventures. This growing interest has manifested itself in an emerging body of academic literature around the world and India. It has been fuelled by recognition of the potential of social ventures to generate social, environmental and economic outcomes, and by interest in new types of organisation forms which are emerging out of this practice. It has also been fuelled by heightened public policy interest in strategies which facilitate social entrepreneurship and the development of social ventures.

The research went on to explore dominant themes in the social entrepreneurship and effectiveness of social enterprises noting, amongst other themes, the dearth of empirical research into social venture formation, particularly among Asian countries. Whilst researchers have recently turned their attention towards the social venture formation process, existing models of social venture development are mainly deductive-theoretical and have not been subject to empirical testing; most are normative and thus present an idealised version of social venture development. Most models, including those which have been empirically derived, depict venture development in terms of systematic and sequential progression through a series of stages or phases, whereas the actual venture formation process is much more complex, iterative and interactive. The dearth of research raises other questions central to an understanding of formation, relating to the nature of entrepreneurial roles, attitudes to risk and risk-bearing, the nature of innovation, and, in the face of heightened public policy interest in social ventures, the perceived role of government in the venture development process. These questions provided the basis for this research.

The research is undertaken to understand the nature of social venture formation and its effectiveness. Through data analysis of cases it is found that stage by stage growth model does not apply in these cases. Flexibility in vision is an important cultural factor that contributes for sustainability of an enterprise. This
flexibility will give adaptability for the firm to survive in the ever changing cultural context. There are situations where firm intention and support from family and friends are the driving force carrying on with the organisation. Support from the social and political context is another crucial factor that decides the existence of that institution in the land. The study reveals that innovation is not a crucial factor that affects existence of a firm but it can improve effectiveness of a firm through human motivation. When it comes to typical functions of organizations like marketing, finance, human resource, logistics and operations problem solving skill is a key component that make organisation sustainable and effective. One of the major limitation of the study is that the model evolved cannot be generalized due to regional and cultural boundary of the cases selected. To conclude the research suggests that, there are several factors that have complex impact of sustainability and effectiveness of an organisation.

REFERENCES


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