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Impact and Effectiveness of MSME Entrepreneurs Training Program – A Case Study of Journey in Joy

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Abstract

Studies show that bringing in simple practices related to target setting, establishing incentives and monitoring performance can bring about substantial improvements in productivity, sales growth and reduction in product defects of MSMEs. Training entrepreneurs obviously appears to be the most time-tested and feasible intervention to bring about such a change. But are these training initiatives possible? What impact would it have on the entrepreneurs? What challenges would private entities face in conducting such training programs? To answer these questions, a training initiative in Tamil Nadu by Poornatha was examined. The program titled ‘Journey in Joy’ (JnJ) offered business skills training for 27 entrepreneurs in the Southern districts of Tamil Nadu. For this study, data was collected from a survey of all the participants, in-depth interviews conducted with the founder, trainers and 10 participants of the program. Also, data was collected from secondary sources including program content booklets, worksheets and exercises, written and video feedback of participants and business plans that the entrepreneurs had developed as a part of the program. Results from this study point out to a significant shift across entrepreneur mindsets, capabilities and enterprise performance. In short, the program has successfully demonstrated that a customized, impactful and low-cost training program for entrepreneurs is feasible.

Key words: Entrepreneurship, training effectiveness, MSMEs, entrepreneur mindset

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Extended Abstract

Introduction and Brief Review of Literature

In 2015, a World Bank report on entrepreneurship education and training programs pointed out that training for practising entrepreneurs, unlike that of potential entrepreneurs or students, is better left with private sector as governments have practical and political limitations in selecting and training participants¹. Other studies have observed that involving the private sector in the design and delivery of programs can have improved effects on entrepreneurs².

Entrepreneurial development initiatives in the private sector or more broadly non-government sector is a heterogeneous mix. On one side, there are large, global private sector organizations that have taken initial steps in developing entrepreneurship – by providing funding, training or mentoring³ -- in the markets, they operate in. However, these initiatives are implemented either as a part of a larger adult skill-building program that makes no differentiation between subsistence and dynamic entrepreneurs or as a part of the organization's CSR initiative. On the other, some large and globally active not-for-profit entities have a relatively exclusive model. Endeavour, for example, operates in 33 markets and has trained more than 1768 entrepreneurs who in the year 2017 generated cumulative revenue of more than \$15bn. Its acceptance rates are low. An infographic in Endeavour's impact report compares its acceptance rate (2.9%) to Harvard Business School's (12%)⁴.

But for developing countries like India where MSMEs are a significant engine for economic growth, there is an immediate need to provide customized and affordable business development services. Given the limited bandwidth of the government in imparting training, it is important to identify or create an entrepreneurs training model driven by private entities. This model would have to consider the local context and develop modules and solutions that have a significant impact on the entrepreneurs and the enterprises they run. More importantly, such initiatives would have to be sustainable and ultimately scalable. But are these initiatives possible? What impact would it have on the entrepreneurs? What challenges would private entities face in conducting such training programs?

Methodology

To answer these questions, a training initiative in Tamil Nadu by Poornatha was examined. The program titled 'Journey in Joy' (JnJ) offered business skills training for 27 entrepreneurs in the Southern districts of Tamil Nadu. For this study, data was collected from a survey of all the participants, in-depth interviews conducted with the founder, trainers and 10 participants of the program. Also, data was collected from

¹ Valerio, A., Parton, B., and Robb, A. (2014), Entrepreneurship Education and Training Programs around the World: Dimensions for Success, The World Bank, <https://doi.org/10.1596/978-1-4648-0202-7>

² Cho, Y. and Honorati, M. (2013), Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis, Discussion Paper, 1302, The World Bank

³ World Economic Forum (2015), Disrupting Unemployment: Business-led Solutions for Action, http://www3.weforum.org/docs/WEF_DisruptingUnemployment_Report_2015.pdf

⁴ Endeavor (2018), Making an impact today with the jobs tomorrow, <http://endeavor.uberflip.com/i/1058114-2018-endeavor-impact-report/0?>

secondary sources including program content booklets, worksheets and exercises, written and video feedback of participants and business plans that the entrepreneurs had developed as a part of the program.

Findings in Short

The initiative of Poornatha in designing and delivering JnJ, the entrepreneurship development programme has both practical and policy insights and relevance. At the practical level, it has shown to entrepreneurs that they have it in them to do a lot better and that they could imagine a bolder future than incremental improvements. The programme has also shown them that methods that help productivity in businesses can also work at home, creating a conducive atmosphere for entrepreneurs to be able to perform at or above their potential in both settings. Third, it has shown them that employee rewards and profitability of the business are not mutually exclusive and that, in most situations, they could be mutually compatible.

At the policy level, there are at least two important lessons. One is that much of the discourse on entrepreneurship focuses on traditional interventions such as infrastructure, tax incentives and financing. Skills, attitudes and knowhow are neglected. They stand in the way of growth and scaling up. That has macroeconomic consequences. Second, the JnJ programme has shown that, given the massive numbers of entrepreneurs in the country, a simple, relevant and effective training intervention can be designed and that it can have huge multiplier effects both at the firm level and for the economy.