

# Influence of EDPs in Developing True Entrepreneurs: *An Empirical Study*

Dr. Subrata Debnath  
Manager  
Tripura State Electricity Corporation Limited

---

## ABSTRACT

*Entrepreneurship plays an important role in economic development of any country in general or a state in particular. It is considered to be a panacea for creating wealth, generating employment and providing new and better goods and services to the society. Developing the spirit of entrepreneurship among the youths is important because government can't provide jobs for all kinds of unemployed youths and the corporate sector can provide limited jobs only to the best of the best and that too without any job security. Considering the importance of entrepreneurship development both for national fiscal growth and for providing financial security of life to the people of the country, the Government of India and state Governments started conducting Entrepreneurship Development Programmes (EDPs) to infuse the motivational elements among the young minds to undertake entrepreneurial venturing as career by choice. In Tripura, EDPs are conducting by both government and non-government organizations like Micro Small and Medium Enterprise Development Institute (MSME-DI), Indian Institute of Entrepreneurship (IIE), Entrepreneurship Development Institute of Tripura (EDIT), Swavalamban Training Institute, North Eastern Industrial Consultants Limited (NECON), and N. B. Institute for Rural Technology (NBIRT). But prior to the present study there is no research work had been undertaken to observe the influence of such EDPs in developing true entrepreneurs in Tripura. As such, the present study has been conducted with a view to determining the institution-wise influence of EDPs in developing real entrepreneurs in Tripura.*

**Keywords:** Economic Development, Entrepreneurship, Entrepreneurship Development Programme, Motivation.

## **Influence of EDPs in Developing True Entrepreneurs: An Empirical Study**

**Purpose** – The word ‘entrepreneur’, derived from 17<sup>th</sup> century French term “*entreprendre*” which refers to individuals who are “undertakers,” signifying those who translate some new ideas into action and assume the risk of new enterprise. The concept of entrepreneurship is an old but living one. Richard Cantillon, needless to mention, first used the term to signify the person bearing risk of creating new venture. Since then a number of eminent contributors from different fields tried to define the term ‘entrepreneur’ from their own point of views (*Table: 1*). From their definitions, despite the reasonable diversity in form and focus, it is clear that there exist a wide agreement as to the genesis of the term that an entrepreneur is an innovator who takes initiative, maximize opportunity, carries out new combinations of different values and accelerate the process of economic development.

**Table: 1 Development of Entrepreneurship Theory and the Term *Entrepreneur***

Stems from French: means <i>between-taker or go-between</i> .	
<i>Middle Ages</i> : actor and person in charge of large-scale production projects.	
<i>17<sup>th</sup> century</i> : person bearing risks of profit (loss) in a fixed-price contract with government.	
1725:	Richard Cantillon – person bearing risks is different from one supplying capital.
1803:	Jean Baptiste Say – separated profits of entrepreneur from profits of capital.
1876:	Francis walker – distinguish between those who supplied funds and received interest and those who received profit from managerial capabilities.
1934:	Joseph Schumpeter – entrepreneur is an innovator and develops untried technology.
1961:	David C. McClelland – entrepreneur is an energetic, moderate risk taker.
1964:	Peter Drucker – entrepreneur maximizes opportunities
1975:	Albert Shapero – entrepreneur takes initiative, organizes some social and economic mechanisms, and accepts risks of failure.
1980:	Karl Vesper – entrepreneur seen differently by economists, psychologists, businesspersons, and politicians.
1983:	Gifford Pinchot – intrapreneur is an entrepreneur within an already established organization.
1985:	Robert Hisrich – entrepreneurship is the process of creating something different with value by devoting the necessary time and effort; assuming the accompanying financial, psychological, and social risks; and receiving the resulting rewards of monetary and personal satisfaction.

**Source:** Hisrich Robert D. and Peters Michael P.: *Entrepreneurship*, Tata McGraw-Hill Edition, New Delhi, 2002, p. 7.

Notable early economists of French, British, and Austrian origin considered the entrepreneurs as the “change agents” of progressive economies and the same is also equally true in the context of contemporary economic development of the globe. From the stalls of a Moroccan open market to the high-tech firms of California’s Silicon Valley, entrepreneurship is transforming the globe in the ways that many who study the world have yet to grasp. Perhaps the entrepreneur is and has been fueling a different sort of revolution on which the chariots of global economic development is being drawn. Resultantly there exists a positive correlation between entrepreneurial activity and economic development of a country. The level of economic development of any region of the world or any country in particular can be explained by the level and status of its entrepreneurial activity and growth. The core of the economic development of many South Asian countries is attributable to the nucleus of entrepreneurship development. Singapore is one of the South Asian countries where proactive steps have been taken to develop entrepreneurship. Considering the importance of entrepreneurial activity in accelerating the pace of economic development, the Government of India and state Governments started conducting Entrepreneurship Development Programmes (EDPs) to infuse the motivational elements among the young minds to undertake entrepreneurial venturing as career by choice. In Tripura, EDPs are conducting by various government and non-government organizations/ institutions like Small Industries Service Institute (SISI), Entrepreneurship Development Institute of Tripura (EDIT), Swavalamban Training Institute, North Eastern Industrial Consultants Limited (NECON), N. B. Institute for Rural Technology (NBIRT), etc. Even Indian Institute of Entrepreneurship (IIE), Guwahati under sponsorship of NEC have already conducted a number of EDPs in Tripura. But the influence of such EDPs in terms of developing actual entrepreneurs is not available with the stakeholders because of lack of research work in this particular area. Against this backdrop, the present study has been conducted with a view to determining the institution-wise influence of EDPs in developing true entrepreneurs in Tripura.

**Design/ Methodology/Approach** – The present study is a new of its kind. It attempts to examine the status of entrepreneurial activities in Tripura. The information essentially required for conducting such study are not readily available. As such, the present study heavily relies upon primary information collected through empirical approach. However, for contextualizing the problem to be investigated as well as determining the size of the population to be covered and framing the sample of the study there from to be investigated, a good number of secondary

information such as the list of trainees participated in EDPs, their addresses and other relevant information have been required and all that information have been collected from the EDP conducting institutions. The information so collected have been counter checked from the sponsoring institutions as and where necessary. The following institutions are the sources of the secondary information so used in the present study for the purpose as mentioned above.

- Micro, Small and Medium Enterprise Development Institute (MSME-DI) [*formerly, Small Industries Service Institute (SISI)*], Advisor Chowmuhani, Agartala.
- Indian Institute of Entrepreneurship (IIE), Lalmati, Basistha Chariali, Guwahati.
- Entrepreneurship Development Institute of Tripura (EDIT), Indranagar, Agartala.
- Swavalamban Training Institute (STI), A. D. Nagar, Agartala.
- North Eastern Industrial Consultants Limited (NECON), Palace Compound (North), Agartala.
- N. B. Institute for Rural Technology (NBIRT), Arka-Neer, Sekerkote.
- Tripura Industrial Development Corporation (TIDC), Gurkha Basti, Agartala.
- Directorate of Industries and Commerce, Government of Tripura, Gurkha Basti, Agartala.
- Regional Office, State Bank of India (SBI), Krishnanagar, Agartala.
- National Bank for Agriculture and Rural Development (NABARD), Ujir Bari Road, Agartala.
- Small Industries Development Bank of India (SIDBI), Krishnanagar, Agartala.

The primary information so required for this study have been collected by administering a structured questionnaire (*Annexure – I*) among the participants of EDPs conducted by MSME-DI, IIE, EDIT, STI, NECON and NBIRT. For the purpose of framing sample, the present study covers 5 (five) years; especially, financial year 2001-02 to 2005-06. The total number of candidates trained through EDPs during the said period were 16, 830; from which a randomly selected sample of 900 participants formed the initial sample taking 30 (Male: 20 and Female: 10) participants from each year each institution. Initially, questionnaires were mailed to all the randomly selected 900 participants but in response only 189 filled-in questionnaires were received from the selected participants. After that, some participants were contacted directly and interviewed based on the same questionnaire and finally the responses

from 360 randomly selected sample candidates were collected considering 60 candidates (40 Males & 20 Females) from each institution. These 360 candidates are the final sample of the present study.

**Major Findings** – The major findings of the present study are as below:

1. In average, only 18.89% participants of Entrepreneurship Development Programmes are succeeding in establishing their own enterprise in Tripura. In case of Male candidates this success rate is 21.67% and in case of Female candidates this success rate is only 13.33%. Among the institutions, MSME-DI has the highest rate of success (25.00%) [*Male: 30.00% and Female: 15.00%*] followed by NECON (23.33%) [*Male: 25.00% and Female: 20.00%*], STI (20.00%) [*Male: 22.50% and Female: 15.00%*], IIE (16.67%) [*Male: 20.00% and Female: 10.00%*], EDIT (15.00%) [*Male: 17.50% and Female: 10.00%*] and NBIRT (13.33%) [*Male: 15.00% and Female: 10.00%*].

2. Among the actual entrepreneurs, 41.18% are in the age group of 31-35 years followed by 26.47% in the age group of 25-30 years, 17.65% in the age group of 36-40 years, and 7.35% in the age group of both below 25 years and above 40 years which implies that middle aged (*between 25 years to 35 years*) trainees of EDPs are more keen to take the risk of entrepreneurial venturing in Tripura.

3. Among the actual entrepreneurs, 45.59% are UR candidate followed by OBC (22.06%), and both ST and SC (16.18%) which connotes that the general candidates are more interested to embrace the risk of entrepreneurial venturing in Tripura.

4. Among the real entrepreneurs i.e. who started their own enterprise majority are from business family background (42.65%) followed by industrial family background (26.47%), service family background (16.18) and agricultural family background (14.71%) but among the unsuccessful trainees i.e. who failed to start their own enterprise, majority are from service family background (39.38%).

5. Among the actual entrepreneurs, 48.53% are unmarried followed by 36.76% married, 5.88% divorced, and 4.41% each widowed and separated but among the unsuccessful candidates majority comes under the category of married (47.95%) which implies

that the unmarried EDP trainees are more keen to take the risk of entrepreneurial venturing in Tripura.

6. Among the actual entrepreneurs majority are having academic attainment up to Class X (29.41%) followed by up to Class XII (25.00%), up to Graduation (20.59%), up to Class VIII (19.12%) and up to Post Graduation (5.88%) which implies that both lower and higher educated trainees are less successful in entrepreneurship where as candidates having middle level of academic attainment are more keen to take the risk of entrepreneurial venturing in Tripura.

7. Among the real entrepreneurs majority are from *Nuclear families* (72.06%) and only 27.94% are from *Joint families* which means that trainees of *Nuclear families* are more daring to embrace the risk of entrepreneurial venturing in Tripura.

8. Among the actual entrepreneurs majority (48.53%) are coming from urban areas followed by semi-urban areas (32.35%), and rural areas (19.12) which impels to draw an inference that the trend of entrepreneurship is more in urban areas than rural areas among the unemployed youths of Tripura.

9. Among the real entrepreneurs majority were unemployed (48.53%) prior to starting their own enterprise followed by already having small Business (22.06%), Service (11.76%), Others (10.29%), and Student (7.35%) which implies that unemployed youths are more keen to take the risk of entrepreneurial venturing in Tripura.

10. The majority of actual entrepreneurs set up their enterprise which comes under the category of Business (45.59%) followed by Service (29.41%), Agriculture (20.59%), and Industry (4.41%) which indicates that the fanaticism in setting up industry by the trainees of EDPs are very poor in Tripura.

11. The remarkable low success rates of EDPs conducted by MSME-DI, IIE, EDIT, STI, NECON and NBIRT in developing actual entrepreneurs in Tripura are due to three major reasons – i) Lack of Working Capital, ii) Marketing Problem, and iii) Transportation Problem. Beside these three reasons, there are several other reasons too which are also somehow responsible for low success rates of EDPs. These are – Rigid Government Rules & Legal

formalities, Rigidity in Environment Protection Rules, Supply of Raw Materials, Lack of required Human Resources, Outdated Technology, Threats from Big Giants, Factory Land/ Shed, Shortage of Electricity, Lack of Enthusiasm, Lack of Entrepreneurial Tradition, Family Problem, Poor Coordination, Management Problem, Procedural Bottlenecks, and Socio-environment Problem.

**Research Limitations/ Implications** – This study is confined to Tripura state and covers two national level organizations, namely the Micro, Small and Medium Enterprises Development Institute (MSME-DI) [formerly, *Small Industries Service Institute (SISI)*] and Indian Institute of Entrepreneurship (IIE); two state level organizations, viz. Swavalamban Training Institute (STI) and Entrepreneurship Development Institute of Tripura (EDIT); and two non-government organizations, namely the North Eastern Industrial Consultants Limited (NECON), and N. B. Institute for Rural Technology (NBIRT). Although these 6 (six) institutions are the major EDP conducting institutions in Tripura, there are some other organizations too who are also conducting EDP in Tripura occasionally. The prevailing social tension in the state has put an obvious limit to the endeavor in the matter of the field survey. As such, researcher had to leave some EDP trained participant who are residing at the remote places of state during directly data collection session through questionnaire due to the said unavoidable circumstances. However, an all out effort has been made to get rid of the constraints. All possible attempts have been made to check the authenticity of the data/ information so collected to make the study intelligible, articulate and meaningful. In spite of all such efforts, the usual limitations of an empirical investigation can not be done away with.

**Originality/ Value** – Entrepreneur, needless to mention, is regarded as one of the most important contributor and driving force to the economic growth of a developing country like India. In order to achieve rapid all-round economic growth and development, both in regional and national level, the emergence of large number of entrepreneurs is of vital necessity. As such, Government of India and State Governments started conducting Entrepreneurship Development Programmes (EDPs) through various government and non-government service institutions. But there is a dearth of a comprehensive study on the impact of such EDPs in developing actual entrepreneurs in Tripura. The present research work is an attempt to fill this gap. The results of the work are likely to attract the attention of policy makers, entrepreneurs, entrepreneurship training

organizing institutions to redesign their training programmes by objectives. This study may become a useful one for the future researchers. Since, IIE, NECON, MSME-DI are also operating in other NE states, perhaps with almost same type of EDPs that are being done in Tripura, the findings and recommendations are likely to have equal relevance for other NE states in particular and the country as a whole in general.

**Recommendations** – In the light of the observations and findings made in the present study, certain suggestions/ recommendations have been offered to reinforce the effectiveness of EDPs in Tripura in particular and India in general. They are presented below:

1. Selection of candidates is a vital factor for ultimate success of EDPs. Homogeneous candidates need to be selected based on their potentiality only and nepotism should be avoided in all respect. If heterogeneous candidates are present in the same group, course curriculum of the EDP may not be designed in an effective way for all the participants.
2. EDP should be considered as a process rather than a one time activity. The process of EDP may be started with the motivational campaign for embracing entrepreneurship as career by choice. Once the candidates are strongly motivated for undertaking entrepreneurial ventures, they may be acquainted with the required managerial skills and technical skills through both off-the-job and on-the-job training considering the nature of their proposed project to be undertaken on case to case basis. And finally they may be provided help as required for materializing their project on day to day basis at the initial period of their entrepreneurial venturing. In fact, initially entrepreneurs have to encounter different problems which virtually act as a de-motivator and very often it leads towards unsuccessful entrepreneurial venturing. Practically this is the stage where entrepreneur requires realistic support and motivation. *Business Incubators* may be established at the block level to provide such support system.
3. Acceptance of entrepreneurship by the society itself is very crucial. The general presumption like people will go for government service on completion of their education need to be changed. People should embrace entrepreneurship by choice; not by force. So, different awareness programmes and successful entrepreneurs meet both

at local and national level may be organized to change the general thought of the society.

4. Morale and financial support from family members is also vital for ultimate success of EDPs. Unless a boy or girl gets wholehearted support from his/ her family members, it is very difficult for him/her to be motivated in starting entrepreneurial activities. So, parents and other family members need to provide their morale and financial support heartily.
5. Course curriculum of EDPs need to be designed through Participatory Curriculum Development (PCD) approach. It is basically a bottom-up approach in which trainees also actively participate during the design of course curriculum. It helps the trainers to understand the need of trainees. Virtually, it improves both the effectiveness of course design and sustainability of training programme.
6. Intervention of successful entrepreneurs in the entrepreneurship development programmes will inspire the participants to embrace entrepreneurship as career by choice. They will act as *role model* in developing *achievement motivation* among the participants. Intensive tour to the business premises of successful entrepreneurs will also help the participants of EDPs to visualize their glorious future in entrepreneurship.
7. The *Pygmalion Effect* which is commonly known as “*teacher-expectancy effect*” refers to a situation in which students perform better simply because they are expected to do so. In their study, *Robert Rsenthal* and *Lenore Jacobson* (1968) [documented in the book *Pygmalion in the Classroom*] showed that if teachers were led to expect enhanced performance from some children, then the children did indeed show that enhancement. The philosophy behind this is that the human clay can be molded into wondrous shape. In the world of management, many executives play Pygmalion-like roles in developing able subordinates and in stimulating their performance. Similarly, in the Entrepreneurship Development Programmes, trainers need to play Pygmalion-like roles in developing high achievement motivation towards entrepreneurship among the trainees. To generate *Pygmalion Effect* in the Entrepreneurship Development

Programmes, proficient trainers are required and to develop such trainers, suitable trainers training need to be introduced.

8. To promote entrepreneurial activities in large scale, it is necessary to change the mindsets of future generation. It is easy to mold the young minds than matured minds. So, entrepreneurial education needs to be introduced from the school level of education; especially from the secondary level of school education. This will help the young generation in visualizing their career in entrepreneurship rather than service in Government sector or Multinational Companies.
9. The trained entrepreneurs required to obtain a number of clearances from Municipal Corporation, Factories & Boilers, Pollution Control Board, Forest Department, etc. depending on their type of enterprise going to set-up. The District Industries Centers (DICs) need to take the responsibility to provide these clearances to the budding entrepreneurs through *Single Window Clearance System* so that they do not get demoralized in getting these clearances.
10. The financial problem (both term loan and working capital) is the main problem faced by the potential entrepreneurs of Tripura. The bankers are needed to relax their security criteria for potential candidates. To understand the potentiality of the candidates, it is necessary to involve the banking personnel right from the selection procedure. They need to be invited as faculty members in the Entrepreneurship Development Programmes and the candidates who requires loans to start their own enterprise are need to be tagged with banking personnel right from the class room of EDPs.
11. The ultimate value of any EDP is required to lead the trainees in moving entrepreneurial minds from class room to the business world. Government and other sponsoring organizations may introduce *Incentives Scheme* for training institutions based on actual number of trainees started their entrepreneurial activities on completion of EDP. Such incentives scheme will motivate the training institutions to improve the quality of their EDPs. A good quality EDP will guide the trainees in shifting from entrepreneurial thinking-to-doing.

**Conclusion** – The present study conducted has revealed one significant fact that entrepreneurial training providing institutions of Tripura; whether it is Government or Non-government; have virtually failed in playing promotional role. Mere conducting many EDPs as one time activity with large number of participants does not really motivate the trainees to embrace entrepreneurship as career by choice. The blame of lapses can not be out rightly shouldered on training institutions alone. The recipient potential entrepreneurs, their families and society, sponsoring organizations, commercial banks and other stakeholders have equal responsibility to change the traditional mind-set. It is believed that a few suggestions as mentioned above, if implemented properly, would bring significant and noteworthy improvement in the success rates of EDPs that being conducted Tripura in particular and the findings of the study have also equal relevance in the other parts of the country too.

## References

1. Bearwald, F. (1969). *History and Structure of Economic Development*, Oxford and IBH Publishing Co., New Delhi, p. 4.
2. Bhagwati, J. (1966). *The Economics of Undeveloped Countries*, World University Library, p. 9.
3. Black, C.E. (1966). *The Dynamics of Modernisation*, New York, p. 55-60.
4. Buchanan, N.S. and Ellis, H.S. (1955). *Approaches to Economic Development*, The Twentieth Century Fund, New York, p. 3-4.
5. Drucker, Peter F. (1985). *Innovation and entrepreneurship: Practice and Principles*. New York: Harper & Row.
6. George, H.E. Jr. (1949). *The Entrepreneur and Economic Theory*, American Economic Review, p. 338.
7. [http://en.wikipedia.org/wiki/Pygmalion\\_Effect](http://en.wikipedia.org/wiki/Pygmalion_Effect). Last retrieve on 27.01.2010.
8. [http://en.wikipedia.org/wiki/Pygmalion\\_in\\_the\\_Classroom](http://en.wikipedia.org/wiki/Pygmalion_in_the_Classroom)
9. Khandwalla, P. N. (1987). *Generators of Pioneering-Innovative Management: Some Indian Evidence*. *Organization Studies*, 8(1), 39-59.

10. Kisenwether, Elizabeth C. *Moving Students with Entrepreneurial Mindsets to Being Technology Entrepreneurs*. Presented in 2003 ECI Conference on Teaching Entrepreneurship to Engineering Students. Monterey, Ca, USA
11. Livingston, J. Sterling (1969). [http://www.hbr.org/hbsp/hbr/articles/article.jsp;jsessionid=RPRSPN2K0MFJ0AKRGWCB5VQBKE0YOISW?ml\\_action=getarticle&articleID=R0301G&page Number=1&ml\\_subscribe=true](http://www.hbr.org/hbsp/hbr/articles/article.jsp;jsessionid=RPRSPN2K0MFJ0AKRGWCB5VQBKE0YOISW?ml_action=getarticle&articleID=R0301G&page Number=1&ml_subscribe=true)
12. Lumpkin, G. T., and Dess, G. G. (1996). Clarifying the Entrepreneurial Orientation Construct And Linking it to Performance. *Academy of Management Review*, 21(1), 135-172.
13. McClelland, David C. (1966). *The Urge to Achieve, Think*, Nov-Dec., p. 22.
14. Miller, D. (1983). The Correlates of Entrepreneurship in Three Types of Firms. *Management Science*, 29(7), 770-791.
15. Myrdal, G. (1968). *Asian Drama, An inquiry into the Poverty of Nations*, Allen Lane, The Penguin Press, London, p. 1869.
16. Naman, J. L., and Slevin, D. P. (1993). Entrepreneurship and the Concept of Fit: A Model and Empirical Tests. *Strategic Management Journal*, 14(2), 137-153.
17. Ramachandran. K. (2003). Customer Dissatisfaction as a Source of Entrepreneurial Opportunity. *Nanyang Business Review*, 2 (2), 21-38.
18. Ray, S., and Ramachandran, K. (1996). A Framework for Developing a Comprehensive Theory of Entrepreneurship. *Journal of Entrepreneurship*, 5 (1).
19. Rogers, A. and Taylor, P. *Participatory Curriculum Development in Agricultural Education. A Training Guide*. Rome: FAO, 1998.
20. Schumpeter, J. (1934). *The Theory of Economic Development*. Cambridge: Cambridge University Press.
21. Staley, E. (1954). *The Future of Undeveloped Countries*, Harper and Brothers, New York, p. 13.
22. Taylor, Peter. *How to design a Training Course. A Guide to Participatory Curriculum Development*. London: VSO, 2006.
23. Viner, J. (1962). *International Trade and Economic Development*, The Free Press, Glencoe, p. 125.
24. Zahra, S. A., Kuratko, D. F., Jennings, D. F. (1999). Guest Editorial: Entrepreneurship and the Acquisition of Dynamic Organizational Capabilities. *Entrepreneurship Theory and Practice*, 24(1), 5-10.