

SECTION 4: IDENTIFYING TRAINING NEEDS OF ENTREPRENEURS

This section provides a review of the main issues relating to the identification of the training needs of entrepreneurs.

4.1 INTRODUCTION

If training of entrepreneurs is to be effective, then the entire process and organisation must be preceded by an objective assessment or diagnosis of their needs. Without this there is a real danger that the training provided might be perceived as not necessary or relevant by the target trainees and indeed may not be.

Two caveats in particular ought to be sounded in any attempt at training needs analysis of entrepreneurs or small business people. Firstly, there is the danger of generalisation - entrepreneurs, and small businesses, are very heterogeneous. Secondly, there is the issue of whether entrepreneurs can always be relied upon to know what their main problems are when asked; and even if they do, some might say what they believe the enquirer wants to hear. For example, if the enquirer is perceived to be of some influence in arranging credit, finance might be stated to be the most pressing problem. To a government officer, taxes or premises, or even the government, might be stated to be the major problem.

Many business people and in particular market traders and other informal sector operators who make up the vast majority of entrepreneurs in most less developed countries, make their very limited funds work extraordinarily hard, turning over their working capital daily or even more often than that.

Many others, however, particularly those who are likely to be the target of training programmes, labour under what has become known as the "capital scarcity illusion". They believe that shortage of capital is their major or even their only problem, but they have at the same time large amounts of money tied up in slow moving or redundant stocks, under-used equipment or uncollected debts. This may be immediately obvious by observation alone, or more detailed questioning and analysis may be required. In either case, it is valuable for anyone concerned with training design to spend time in enterprises themselves, in order to ascertain their actual situation.

Nevertheless, experience shows that it is important to adopt a "marketing" approach to training, i.e. an approach that identifies and anticipates needs, provides training related to them and maintains a follow-up, with the overall aim of making training efficient. Exhibit 4 below shows a systematic approach to the "marketing" of training.

4.2 DEVELOPMENT OF TRAINING

The emphasis on results in training is assuming growing importance where resources of money, people and time are short. Increasingly, there is a requirement that assistance to small business development, whether in the form of a proactive extension service at the place of work, classroom training or distance learning, be cost-effective and justifiable on socio-economic grounds.

Accordingly training programmes need to be preceded by several planned activities and decisions including:

- (a) determining the training needs of the entrepreneur (and, where they are different, the needs of the small business);
- (b) training the trainers;
- (c) assessing the number of potential trainees;
- (d) identifying the resources required;
- (e) determining the form of training to be provided;
- (f) preparing the training itself, including appropriate training material;
- (g) testing training activities;
- (h) reviewing and revising training;
- (i) administering training;
- (j) maintaining the training;
- (k) summarising all facts and figures for the next cycle of training.

Some of these activities will involve an investment, but they could save considerably more. Whilst precise accuracy of all the activities is not required, indeed it will be impossible in most places, some attempt must nevertheless be made to assess training needs.

It must also be recognised that most approaches to training needs assessment are designed to identify deficiencies in specific skills, while many and perhaps most small enterprise problems arise from deficiencies in attitudes and behaviour patterns such as have been referred to earlier. The training designer must be sensitive to these aspects, and must be able to "translate" observed findings into these more fundamental needs, and then to select appropriate training strategies to deal with them.

4.3 DETERMINING TRAINING NEEDS OF ENTREPRENEURS

In line with the proposition for the adoption of a "marketing approach" to training (Gibb, 1983), the management training and development needs of the entrepreneur (or the small business) may be conceived as a "market" for suppliers of services. The marketing concept is useful because of the attention it draws to the central problem of small business management training, namely how to characterise needs and how best to enter the market efficiently and effectively.

Exhibit 4 suggests some common ways in which the small firms market might be segmented.

Exhibit 4, Key Areas of Possible Market Segmentation			
Size	Functional needs		
Industry	Locality/area		
Market	Sex		
Product	Ethnic group		
Process	"Types" of Entrepreneurs	education	
Stage of Growth		style	
Problems		Strategy	
Opportunities	Ownership structure	co-ops	
		independent	
	Shared activity/concern	associations	
		clubs	
		buying groups	

Source: Gibb (1983)

The major value in using the segmentation process here is in the identification of common sets of needs. (It may also, however, be used to identify programme constraints, for example in location, and ultimately channels for marketing.) In practice, it is often necessary to combine different segmentation criteria; the approach need not, however, be sophisticated. A short questionnaire covering the key areas of segmentation will suffice in most cases. Ideally, the data must be gathered during a personal interview at the entrepreneur's place of work, when observation could also be made. In general, the personal visit/interview is to be preferred to self-administered questionnaires sent through the post, telephone surveys and other forms of gathering data. Apart from the advantage of allowing observation, the personal interview is appropriate for a variety of circumstances, for example in dealing with illiterates or people not on the telephone. More importantly, the interviewer can better explain what is sought and why, and obtain a generally better response by establishing rapport.

Not all programmes for small business will be sensitive to segmentation. An extreme example is in introducing micro-computers to small business, when the programme might aim to cover a wide range of small business in a variety of industries, with very different forms of ownership at different stages of development and with different types of entrepreneurs. Others, such as programmes geared to internal issues of improving management control, may require more careful segmentation. The segmentation policy that is most appropriate will depend on the market characteristics and the institution involved in terms of the skills of staff, the flexibility of the organisation, the availability of time and resources for detailed analysis and the priority needs of local industry.

FURTHER READING ON IDENTIFYING TRAINING NEEDS OF ENTREPRENEURS

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