The Economic Journal of Nepal, Vol.14, No.1, Issue 53, January-March 1991 © DOE-TU

A Note on Entrepreneurshiprship Development Programmes in Nepal

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In many developing countries a lot of efforts have been made to develop small industries. The provisions for incentives such as liberal loan and tax credit etc. are made in the industrial policies to encourage entrepreneurial activities in the country. Many institutions have been established in governmental and non-governmental sector for providing skill training to develop skilled manpower to encourage self employment in the industry. But these measures have not been efficiently utilised because they were not channelised to the people with entrepreneurial skills and attitudes. As a result most of the trained manpower either seek the work in others' organisation or never use their skill. Similarly the provision for financial and physical incentives could not attract sufficient number of entrepreneurs to set up the industries. So the effectiveness of the programme remain doubtful. It is realised that these incentives have to be channelised to the individuals who have entrepreneurial skills and attitudes, or, in other words to the real entrepreneurs. But the questions are: who are the real entrepreneurs and are they born or can be made ?

The entrepreneurs are populrly defined as those who are able to look at the environment, identify opportunities to improve it, marshal resources and carry out initiatives to maximize those opportunities through formation of enterprises. In order to carry out such activities an individual should possess some of the entrepreneurial attributes such as initiativeness, strong persuasive power, moderate risk taking ability, hard working etc.

Are these attributes innate in entrepreneurs ? Answer to this question is no. Entrepreneurs are not wholly born. Each individual have different entrepreneurial attributes, and one who have many attributes and exercise them can become an entrepreneur. These attributes can be developed by some intervening factors. One of the factors is clearly a well programmed training which changes the thinking pattern of an individual in a way an entrepreneur should think. On this basic assumption the concept of entrepreneurship development through training programme has emerged. This paper reviews the concept of entrepreneurship development programme with reference in the Nepalese context.

CONCEPTUAL DISCUSSION

There are two basic assumptions regarding the reasons for the absence of entrepreneurs in the country. One assumption is that potential entrepreneurs are individually deficient in required skill,

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motivation and knowledge to get into business. Another assumption hold that lack of entrepreneurs is caused by an unsupportive entironment. For example social environment or the values held by the culture do not produce individuals who are ready or willing to carry out enterprise. The political or historical circumstances are not favourable to indigenous enterprises; and there is lack of enough opportunities to be seized upon by potential entrepreneurs. Such opportunities are in the form of capital, technology, market and labour.

These two assumptions indicate that for the development of entrepreneurs, there should be people with required skill, knowledge and motivation, as well as conducive social and political environment, and business opportunities in the area. In order to avoid these deficiency in the country two different school of thoughts recommend different intervening activities. Economists advocate emphasis on the provisions of physical and financial incentives for the entrepreneurs. According to them the volume entrepreneurial activities depends on the favourable industrial and fiscal policies of the country. But the trait theorists favour the training to develop the human resources capable of carrying out entrepreneurial activities. The second school of thought recommends different types of training programmes as intervening activities.

The training approach consists of the following types of training programmes:

a. Awareness development, training, by which the role of entrepreneurship in economic development is emphasized and by which the public gains a better understanding of business environment and opportunities in the area through appreciation seminars and mass media.

b. Achievement motivation training tries to increase the level of confidence and achievement orientation of the trainees and motivate them to pursue the entrepreneurial activities.

c. Management skills development training provides the trainees necessary skills on business management such as marketing, financing, production system etc. This training programme intends to equip the trainees with management skills and knowledge to run their enterprises efficiently.

d. On-the-job training makes the trainees acquire experience in the actual situation and operation of the enterprises. This training develops the competency of the trainees in setting up and running an enterprise.

e. Training of trainers trains the extension officers to conduct different entrepreneurship training. This training produces the trainers.

However the training alone is not sufficient to lead an individual to set up businesses rather he needs continuous support after the training to maintain his motivation and to help solve his problems during business start up period. So an integrated approach on entrepreneurship development programme was developed. This programme consists of the following activities: stimulatory intervention comprises the activities of locating potential entrepreneurs, instilling them the knowledge, skill and attitude to run the enterprises, helping them to select a viable business, providing required information to do so. These activities are followed by supporting activities. Necessary assistances are given to the ex-trainees who are going to set up enterprises. This involves, mainly, help for registration of units, arrangement of finance, land, power and water, arrangement for licence of export and import of materials, launching of new products in the market etc. Finally, there are sustaining activities. These activities include the assistance to the entrepreneurs who have set-up enterprises. The business consultants diagnose the business problems and recommend solutions to improve productivity and competitiveness of the enterprises.

NEPALESE CASES

An integrated approach of entrepreneurship development programme was initiated in Nepal in 1983 for small business development in the country. Small Business Promotion Project is a pioneer and remain only one institution conducting entrepreneurship training with an integrated programme.

The following are the basic activities of the training programme:

Area potentiality and training needs assessment survey: area potentiality survey is carried out to assess the infrastructure, business environment and business opportunities available in an area where the training has to be conducted. It evaluates the possibility of conducting a training programme and expected public benefit from the programme in the area. The training needs assessment survey assesses the number of potential candidates available in the area for the training; and the socio-economic-cultural background of the potential entrepreneurs of the area. This survey identifies the training needs as well as non-training needs to develop entrepreneurs and enterprises in the area. This survey helps the trainers to design the training curriculum.

Publicity and selection: after making a decision to conduct a training programme in an area, a massive advertisement campaign is carried out to inform the public about the benefit and contents of the training through mass media. Application is called upon at this time. The candidates are, then, selected on the basis of their entrepreneurial personal traits, socio-economic-cultural background and readiness to get into business after the training.

Training: The training includes different modules as follows: Behaviourial training, which is known as achievement motivation training, is designed to assist the trainees to assess their personal behaviour and develop entrepreneurial attitudes. This module is followed by project identification and selection module. This module helps the trainees to get familiar with the business culture and environment in the area. Finally the participants select a business project suitable to his personal capacity in terms of his resources, management capacity and skills.

Basic tips on the business management such as marketing, production and finance are taught. Each participant prepares detail business plan of their chosen project on the basis of the data gathered from field visits. They present the business plan to the bankers for further appraisal and feedback at the end of the training. The entire training is based on the action learning methodology.

Post training services: The regular follow-up services are provided to the ex-trainees who are pursuing to set up an enterprise. The progress of each trainees in terms of starting a business is recorded. At this stage, advisory services on registration of the unit, arrangement for loan and acquisition of supply of materials and machines are provided. Consultancy services to new entrepreneurs on developing new products, launching products in the market and initiating the production activities etc. are also provided. Once the trainees wet up an industry regular management advisory services are provided to increase productivity and competitiveness of the enterprises.

PROBLEMS

In Nepal, the entrepreneurial culture is not well developed yet in most of the area. It inhibit entrepreneurial activities in the country. Lack of social support and recognition to the entrepreneurs check the development of entrepreneurial spirit among the people. Lack of business exposures and experiences among the individuals in such society also makes the people hesitate in carrying out the entrepreneurial activities. As a result, most of the educated people prefer employment in the government and other institutions rather than undertaking their own business ventures.

Lack of conducive business environment and business opportunities in the country are other serious problems for entrepreneurship development. There are serious lacking of information on the supply of technical inputs such as machines and materials in the country. And there are limited market for the products of small businesses in the country. This has paradoxically inhibited the progress of business enterprises in Nepal. Lack of proper coordination and mechanism of the institutions providing various facilities and incentives to the small entrepreneurs causes serious misunderstanding and harassment to the small entrepreneurs who are pursuing to set up enterprises. These factors often force the entrepreneurs to abandon the idea of setting up a business during its very inception.

Information on the entrepreneurship development programme is found to be limitedly spread among the people. As a result the people who actually need such training often do not get access to the training programme.

CONCLUSION

For making the entrepreneurship development training programme more effective, all the concerned institutions should consider its importance seriously. Awareness generation programme should be carried out to develop entrepreneurial concept and culture among the public through was media. It is also necessary to impart such concept to the new generation of the population through school and college curriculum. And in order to create conducive business environment, and to create more business opportunities in the country, the government should formulate consistent industrial policy and implement it in a more coordinative manner. More entrepreneurs could be generated by such approach. It is obvious that development of entrepreneurial knowledge, skill and attitudes should go along with creation of congenial business environment and business opportunities in the country.

Besides, training alone is not sufficient to turn an individual into an entrepreneur. Continuous counselling services are required to help solve the operational and management problems that might be originated during the gestation period of an infant enterprise. The regular follow up services and workshops are required to maintain and reinforce the motivation of ex-trainees. These follow up programmes are also necessary to evaluate the training programme and collect the feed back for further improvement in the training programme.

SELECTED REFERENCES

Technonet Asia (1984), "Achievement Motivation Training", Singapore.

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BOOK REVIEW

Johnes, Geraint (1990), Economics for Managers, Prentice Hall International (UK) Ltd, pp. xiii + 267.

There are quite a few text-books which contain both parts, micro and macroeconomics, together, but very few of them advance the rationale of such an inclusion and then weave the two parts around a particular statement. The book under review has the latter qualification. About such an anomaly the author sets forth in the opening paragraph of the 'preface' of the book as: "This book concerns the economics of management, but differs from other texts in this field in one important respect. While others concentrate on microeconomics applied in the business context, the present book emphasizes also the importance to the business person of a thorough grounding in macroeconomics. Only thus can a manager understand the economic environment within which the firm operates. This understanding is crucial for making correct pricing and marketing decisions as well as for planning future resource needs." Thus, the very link between microeconomics and macroeconomics obtains with the author's assertion that business environment of a firm is not confined to only its own action but is extended to others' action and thereby to the macroeconomic aggregates.

Economics is the study of choice arising from the dichotomy of unlimited wants but limited means. The problem of choice requires some criteria so that the preferences or options can be ranked. In the language of mathematical programming the objective function represents such criterion or criteria. The conventional criterion of profit maximization has been the bed-rock of the present book which the author based on empiricism finds applicable even in present day and further iterates that this criterion is also appropriate to evaluate the choice of other firms whose objective function is not profit maximization. Thus, the micro part of the book is covered with neo-classical gamut. However, there is a charm of the book that captivates one, and this is its realization that a firm can achieve consistently its optimum only when it is aware of its business environment, whatever is its objective function.

The coverage and the structure of the book have been guided with the above explanations. The book has in total seventeen chapters with four appendixes. Chapters one to nine deal with the microeconomics. They include the theory of demand, the theory of production and cost, and the economic optimization under different market structures. Thus, this hints that there is nothing special. But there is an empirical content in this part which presents the book somewhat more than a simple book written on microeconomics. An illustration of empirical demand functions in chapter four and a focus on mathematical programming in chapter six are of particular notice. The latter extends the method of Lagrange multipliers to n dimensions and m constraints. This could correct the deep rooted belief of many students of economics who hold that the Lagrange method of optimization is used only with one constraint, and the linear programming with more than one constraint. The other speciality within this part of the book comes from an inclusion of some topics which do not form a regular discourse of many other books. Of particular importance in this regard is the mention of Gabor-Granger tests and the trade-off model in relation to empirical demand functions, and Frankel's model of pricing under uncertainty. Thus, the book also deviates from the usual assumption of perfect knowledge of producer and therefore devotes one chapter to coping with uncertainty.

Chapters eleven to fourteen of the book is covered with macroeconomics. Before this the chapter ten serves as a prologue which depicts the interconnection between a firm and economy. In these chapters a model of the whole economy is constructed piece by piece. For instance, while chapter eleven concerns with the product market, chapters twelve and thirteen with money market and labour market, respectively. This led to the construction of the three tools of analysis: Keynesian cross diagram; Investment-Savings (IS) and Liquidity Preference-Money Supply (LM) analysis; and aggregate demand and aggregate supply methods. The three markets have been dealt with three equations (IS, LM and AS) in three unknown variables (national income, interest rate, and general price level). Following this tradition of gradual step-by-step introduction, chapter fourteen introduces a fourth market considering foreign trade in which the endogeneous variable is the exchange rate. Then a complete macroeconometric forecasting model is presented in chapter fifteen, together with an analysis of the implications of its forecasts for the individual firm. In view of the coverage, this part does not emulate many other books focusing on macro variables. Neither is this superior to the others in the matter of consistent presentation of the subject matter. In fact, all the subjects presented in this book are also found to be interwoven in many other books. But there is one clear merit in the presentation of this part which this book derives from its emphasis given on the 'markets' and an interlinkage between them, and then finally an overall presentation of all the markets. Thus, many students of course known the Keynesian cross or the determination of income in a three or four sectors economy, but they fail to recognize the product market equilibrium. Their such a failure may handicap to interlink this market with other market, e.g., money market. Consequently, they do not understand much about the fiscal and monetary policies in the matter of controlling and developing the economy. But it in no way implies that the book has a comprehensive treatment on the fiscal policy and monetary policy. Of course, the explanation is terse and again it is analyzed in terms of IS and LM curves. That both fiscal and monetary policies are devised for influencing national income begs the question: given one type of policy, what need is there for another which appears to perform the same task ? The answer of the author lies in the influence a policy tool has on the equilibrium interest rate: expansionery fiscal policy increases the interest rate while expansionery monetary policy reduces it. Explaining about their inclusion in the overall policy of the country, the author stresses that if the government wishes to control both national income and the interest rate, both fiscal and monetary policy must be used. Thus, to him, as is the rule in engineering, so it is in economics: to control one variable requires one separate means of controlling it.

Within limited space devoted to the macro part, the author is capable of entertaining many topics. Thus around the explanation of the four markets germinate many other concepts such as kuznets puzzle and

Friedman's theory of consumption, phillips curve, stagflation and expectation, balance of payments, etc. This wider coverage is naturally at the cost of consiceness. This may be one negative aspect when viewed with the angle that many readers are fastidious and some are even voracious. However, their inclusion is contextual, and therefore, they cannot be avoided altogether. For example, the Kuznets Puzzle illustrates the temporal differences in the consumption and thereby gives rise to short run and long run consumption functions. It instructs to the authorities that the new injections to the economy must be great to have a desired immediate impact. In this context, Friedman's theory finds its relevance to explain the question: why does the short run consumption function shift ? As it appears, the Kuznets Puzzle mentions that long run consumption function (based on time series data of longer period) is a hybrid of many short run consumption functions (based on time series of data for a shorter period). But one question that crosses one's mind in this hour is: does a consumption function based on a wider cross-section data not behave like a long run consumption function with a zero intercept. Indeed, the discrepancy obtains wider in a large cross-section than in a small cross-section of people because the latter may appear relatively homogeneous compared to the former. This question merits attention in the context of how far an aggregate consumption function represents its disaggregated ones. There are many issues like this one which may not find place in a short volume like the present one.

Despite the books as being terse in the treatment of many topics, it has many positive points: (a) It has an empirical content, numerical exercises are given at the end of many chapters; (b) it includes few new concepts; (c) it has a coherent and consistent presentation; and (d) it has a flavour of policy orientation, wherever necessary. Taking into account all these merits of the book and furthermore its space limitation, the book could be ranked as superb one especially for students. The one criterion left, which is again more important, to evaluate the book is how far the author is able to integrate the micro and macro parts of economics. In fact the author's such efforts start from the very first chapter of the book; but not all chapters emphasize on such a connection. Instead, only chapters one, ten and fifteen do the job. Despite this limitation, the book appears as a sweat blend of the micro and macroeconomics. This exercise therefore make researchers and policy makers run their eyes in different parts of the economy while formulating policies for a micro unit.

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