



UNIVERSITY *of the*
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The Impact of Micro-Enterprise Training on SME Development – A Case Study from Rural Dominican Republic

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Cologne, 13 November 2018

DECLARATION

I hereby declare that this thesis titled “The Impact of Micro-Enterprise Training on Small and Medium-Sized Enterprise Development – A Case Study from Rural Dominican Republic”, is my own work and that I have not previously submitted it at any university for a degree or examination. All sources that I have quoted have been indicated and duly acknowledged by means of referencing.

Benita Rose

November, 2018

Signature:

A handwritten signature in black ink that reads "Benita Rose". The signature is written in a cursive style and is positioned above a horizontal line.

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ABSTRACT

In the Dominican Republic (DR) the development of Small and Medium-sized Enterprises (SMEs) in rural areas is of great importance because SMEs generate employment and increase local capacity in areas with the highest poverty rates in the country. Ultimately, SME development can contribute to poverty alleviation especially in rural areas.

Micro-enterprise training as a form of capacity development initiatives aim at effective empowerment of entrepreneurs and prospective entrepreneurs, which allow them to build capacities to develop their business. These capacities will enhance their ability to ensure sustainability of decisions that influence their quality of life.

So far, very little research has been conducted on the precise effects and overall effectiveness of SME-related training in the Dominican Republic. Against this background, it is of great benefit to evaluate impacts of micro-enterprise training initiatives on the development of SMEs in rural DR, in order to find out which factors stimulate the creation and growth of enterprises and which factors hinder their development. This allows effective adjustments of future support initiatives in the development sector and it contributes to the existing empirical evidence base in this field.

This study applies Human Capital Theory and the Theory of Planned Behaviour as theoretical frameworks to analyze impacts of micro-enterprise training on SME development. Secondary data for this study was drawn from the Dominican tourism-project *La Ruta del Cacao*, applying a mixed-method approach for the data collection. Quantitative research methods in the form of a semi-structured questionnaire helped to quantify the impacts of provided micro-enterprise training. Qualitative methods in the form of Focus Group Discussions allowed an in-depth analysis of training impacts on respondents, with the aim of identifying influencing factors, especially those which the theoretical framework may not have covered.

The theoretical discussion of this study identified that entrepreneurial intentions are mediated by the attitude toward entrepreneurship, perceived subjective norms and perceived behavioural control. The empirical results show that the provided training is likely to have slightly improved the participants attitude towards enterprise creation. Perceived subjective norms have not decreased due to the training and appear not to have played a role in the

participants decision to start or not start a business. The participants perceived behavioural control is not likely to have increased due to the training. On the other hand, results indicate that the training provided participants with useful entrepreneurship-related skills and knowledge. Overall, the participants entrepreneurial intentions slightly improved as a result of the training. However, the impact of these outputs on SME development was rather modest. Identified external factors which influenced the participants entrepreneurial behaviour were a lack of capital, job loss, having a family to take care of, being part of an entrepreneurial family and the existence of an entrepreneurial role model. Intrinsic characteristics were identified as the most influential in demonstrating successful entrepreneurial behaviour and SME creation.

The findings of this research contribute firstly to the existing evidence base of micro-enterprise training impacts in rural Dominican Republic. In addition, the findings contribute to the literature base on applications of both Human Capital Theory and the Theory of Planned Behaviour in the field of entrepreneurship education.

Keywords: *Dominican Republic; Monte Plata; Yamasá; SME development; micro-enterprise training; micro-enterprises; entrepreneurship education; poverty alleviation*

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LIST OF ABBREVIATIONS

| | |
|-------|---|
| DOP | Dominican Pesos |
| DR | Dominican Republic |
| FGD | Focus Group Discussion |
| GEM | Global Entrepreneurship Monitor |
| HCT | Human Capital Theory |
| OECD | Organization for Economic Cooperation and Development |
| ILO | International Labour Organization |
| SDG | Sustainable Development Goal |
| SME | Small- and Medium-Sized Enterprise |
| TPB | Theory of Planned Behaviour |
| UNDP | United Nations Development Programme |
| UNPHU | Universidad Nacional Pedro Henríquez Ureña |

CHAPTER 1 – INTRODUCTION

In 2015, the international community jointly accepted the Post-2015 Development Agenda, also known as the Sustainable Development Goals (SDGs). The SDGs included 17 global goals that set out targets to be met until 2030. On the top of this list, Goal Number One, is to eradicate poverty. With large parts of the world's poor living in rural areas, international, national and local actors have been given the task to focus even more on rural populations to improve their living conditions.

The Dominican Republic (DR) faces a set of development challenges including poverty, unemployment and inequality. With an unemployment rate of 14.1% and youth unemployment lying at around 25.5% (MESCyT, 2011: 18,34), one of the country's priorities remains the creation of employment opportunities, especially in rural areas where both unemployment and poverty rates are the highest. In alleviating rural poverty, micro-enterprise development can play a crucial role, as it is an instrument that generates employment opportunities for rural populations, which is said to promote economic diversification and ultimately contribute to enhancing social stability and improving living standards (Premchander, 2003: 361; Sharma et al., 2012: 114). Serious efforts have been made by international organizations and national and local actors to stimulate SME development in rural areas through micro-enterprise training.

1.1 Context and Background

In the attempt of fostering micro-enterprise development, skills and knowledge enhancement can play a crucial role. In this context, the concept of human capital development or capacity building in the form of entrepreneurship-related training is a widely used approach to empower individuals and promote employment creation and sustainable investments on a local level. The process of capacity development includes identifying needs, building knowledge, skills and attitudes that can be applied in a practical and experienced way by an individual or a community (UNDP, 2009: 11). According to the OECD (Noya et al., 2009: 33f), the goal of a capacity building initiative such as micro-enterprise training should be effective empowerment of individuals or communities that allows them to build partnerships and networks that will enhance their ability to ensure sustainability of decisions that influence their quality of life. Nonetheless, the results of efforts to develop such human capital have persistently fallen short of expectations (Otoo et al., 2009: 1).

1.2 Presentation of Research Topic and Problem Statement

For many years, international, national and local actors have been promoting SME development in rural areas by providing entrepreneurial opportunities. One promoted strategy for SME development is the provision of micro-enterprise training, which is said to stimulate job creation and enterprise growth, allowing entrepreneurs to increase their income and create jobs for others, contributing to poverty alleviation in the area. However, impacts of such training among benefiting entrepreneurs are sometimes unknown. A lack of clarity and consensus about the operationalization of effective micro-enterprise training make evaluations of outcomes and eventually impact assessments very difficult. Approaches have also demonstrated inconsistencies in conceptual frameworks and strategies, making it difficult to understand processes by which change occurs. Ultimately, the link between outcomes of training initiatives and development goals are difficult to establish. Furthermore, the actual changes that training initiatives have caused within entrepreneurs is an area which is understudied. In order to assess changes, which the provision of micro-enterprise training has brought about and in order to make conclusions about the effectiveness of these interventions, sound impact evaluations should be carried out within local contexts.

1.3 Research Objectives, Research Questions and Hypothesis

This study will focus on the case study *La Ruta del Cacao* (English: The Cocoa Trail), an eco-tourism project partly funded by the United Nations Development Programme (UNDP) in rural DR located in one of the poorest regions of the country, to assess the impact of micro-enterprise training provided during the project in 2010. With the overall aim of assessing the perceived impact of micro-enterprise training provided by La Ruta del Cacao, research questions include:

- *To what extent has micro-enterprise training carried out through La Ruta del Cacao contributed to the development of SMEs?*
- *What are the contributing factors that led to SME development?*
- *What factors hinder SME development?*

In more specific terms, the study intends to achieve the following objectives, which serve as an orientation throughout the study:

- (1) Investigate the contribution of training to SME development;
- (2) Identify contributing factors for SME development; and
- (3) Identify hindering factors for SME development.

The hypothesis for this study is as follows: The training provided through La Ruta del Cacao impacts entrepreneurial intention and hence entrepreneurial behaviour positively, which translates into SME development. Ultimately, the creation of new enterprises is expected to strengthen the micro-enterprise sector and to bring about positive poverty impacts for the training participant.

1.4 Significance of the Study

As noted above, the DR faces several developmental challenges, two of them being unemployment and poverty. Particularly in rural areas, the lack of employment opportunities continues to influence the persistence of poverty. In this regard, micro-enterprise training is seen as an effective investment into skills and knowledge that has the potential to change attitudes and motives of individuals to become entrepreneurs and to enhance individual's entrepreneurial ability (Raposo and Paço, 2011: 454). With the appropriate skills, individuals will be better equipped to start their own business and to create employment for others (Fiala, 2017: 1). Micro-enterprise training therefore has the potential to stimulate SME development, which may have broader benefits for rural communities by increasing employment opportunities and boosting economic growth. While most direct benefits are likely to take place for the entrepreneur himself, the creation of local businesses allows community members to shop locally, which increases the marketability of other local businesses. In addition, locally owned businesses return a larger share of revenue back into the local economy, they support other local businesses through the purchase of goods and services and they maintain a larger local payroll. Finally, local business creation in rural areas can in turn create jobs for others, therefore bearing the potential to have broader impacts on rural communities (McKenzie and Woodruff, 2014: 71). With these vast potentials, micro-enterprise training can be seen as a means to address unemployment and to boost economic growth, ultimately promoting poverty reduction (Bruhn et al., 2010: 631).

In the DR, barely any studies exist on the impact of micro-enterprise training. Furthermore, evidence from rural areas does not exist in the literature. Due to the lack of empirical evidence on micro-enterprise training impacts in rural Dominican Republic, this study aims to contribute to this research gap by providing insightful details on the effectiveness on training carried out in a local context. This study particularly aims to shed light on influencing factors of the provided training, which foster or hinder micro-enterprise development in the specific rural context. The identification of influencing factors for micro-enterprise development in

rural Dominican Republic and the evaluation of the effectiveness of provided training will add valuable information to the current development debate on aid effectiveness and unemployment and poverty reduction efforts. Considering the demonstrated efforts of international, national, and local actors to combat unemployment and rural poverty in the DR, context-specific results for small-scale projects such as La Ruta del Cacao can provide meaningful contributions to future initiatives. Therefore, this study has the potential to provide involved stakeholders with useful insights on such initiatives, which allows improvements of future training initiatives in the research area and possibly other rural areas in the DR. In addition, it contributes to the non-existent empirical evidence base of micro-enterprise training impacts in rural DR.

1.5 Thesis Outline

The thesis is divided into six chapters as follows:

Chapter One: General Introduction

Chapter One introduces the reader into the context of the study, it outlines the research problem and justifies the research. Thereafter, the research questions, the hypothetical assumptions that underpinned the study and the research objectives are discussed.

Chapter Two: Literature Review

Chapter Two offers a comprehensive review of literature on the topic of entrepreneurship and micro-enterprise training as a means for poverty alleviation. The chapter then introduces the case study project La Ruta del Cacao before providing a review of empirical research on micro-enterprise training impacts globally and in rural Dominican Republic. Thereafter, it identifies the research gap, which this study intends to fill.

Chapter Three: Theoretical and Conceptual Framework

Chapter Three develops the theoretical and conceptual frameworks for this study by elaborating on Human Capital Theory and the Theory of Planned Behaviour, which form the theoretical basis for an impact assessment framework to evaluate provided micro-enterprise training activities. The chapter further describes how relevant variables in the study will be operationalized.

Chapter Four: Research Design and Methodology

Chapter Four defines the research design and methodology employed to address the study's objectives. The research design first describes the case study area and elaborates on the research methodology. Thereafter, a description of the sampling and data collection methods and the data processing and analysis follows. The chapter ends with a discussion of the limitations of the study and ethical considerations.

Chapter Five: Empirical Research Findings

Chapter Five deals with the empirical findings of the study. It addresses the specific research objectives and questions through qualitative and quantitative data analysis and explains the findings in relation to the theoretical and conceptual frameworks used for the study. The empirical data analysis concludes with an outline of micro-enterprise training impacts of the case study project on SME development based on the research findings.

Chapter Six: Critical Reflection and Conclusions

The final chapter summarizes the research findings and provides theoretical reflections. Thereafter, concluding remarks based on the analysis follow and answer the research questions and hypothesis of the study. Finally, practical recommendations for future development initiatives providing micro-enterprise training such as La Ruta del Cacao are suggested.

CHAPTER 2 – ENTREPRENEURSHIP & MICRO-ENTERPRISE TRAINING IN THE DOMINICAN REPUBLIC

This chapter presents the literature review for the research. It sets out the academic context of this study to provide a better understanding of the conceptual definition of entrepreneurship and the relevance of micro-enterprise training in countries such as the DR. The review will also include an account of empirical studies that have measured the impact of micro-enterprise training on SME development worldwide and in the DR.

2.1 The Concept of Entrepreneurship

Entrepreneurship is a multi-dimensional phenomenon, which is defined differently by representatives of behavioural sciences and economics. Gartner (1990) listed 90 different attributes associated with the concept of entrepreneurship. More recently, Morris (1998) listed 77 different definitions of the concept (Landström, 2005: 10). In searching for a mutually accepted definition of entrepreneurship, this leads to great ambiguity and confusion.

In the past centuries, numerous scholars developed several psychological, sociological and economic theories to understand both causes and consequences of entrepreneurship (Raposo and Paço, 2011: 453). Economic theories (also known as classical and neo-classical theories) on entrepreneurship focus on the role of the entrepreneur in the economy. One of the first pioneers in the field of entrepreneurship in economic theory was Richard Cantillon (1755), a venture capitalist looking for investment opportunities with better than average yields. In his view as an investor, the element of *risk* was a core aspect to entrepreneurial projects. Jean-Baptiste Say (1815) first identified the element of *innovation* as being most characteristic of entrepreneurship in the economy. The economic approach generally depicts the role of the entrepreneur in the market when consumers' preferences are predicted correctly, and profitable market gaps are spotted and filled. In economic terms, an entrepreneur is seen as someone who does not only create job opportunities, but also someone who seeks profit opportunities and therefore introduces new ideas or combinations to the market, which creates solutions for the market needs. Some scholars believe that these market opportunities in the form of new combinations or innovative products and services are the prime endogenous cause of development in the economic system, driving the market toward equilibrium (Oosterbeek et al., 2010: 442). In opposition to this viewpoint, other scholars like Joseph Alois Schumpeter (1934) believe that new entrepreneurial combinations destroy the equilibrium in the economy and create a new equilibrium through which the economy grows,

called *creative destruction* (Filion, 2011: 45). Schumpeter was another pioneer in the field of entrepreneurship; he and David McClelland were the main proponents of the psychological theories, which looked at the individual characteristics of entrepreneurs which made them different to other people. Schumpeter was one of the early scholars who defined entrepreneurship as “the creation of something new”. According to him, “the essence of entrepreneurship lies in the perception and *exploitation of new opportunities*” (Filion, 2011: 44). The key attributes evident from Schumpeter’s study of entrepreneurs are innovativeness, self-confidence, daring, creativity, and desire to break routines. Schumpeter’s entrepreneurs are change agents and their activities result in innovations, systemic changes and new market development processes (Kirchhoff, 1994: 37). Marx Weber and others proposed sociological theories of entrepreneurship, where they hypothesized that the social environment under which an entrepreneur lived in, shaped a person to become an entrepreneur.

Based on these different theoretical groundings, several other definitions of entrepreneurship have emerged in recent years. In 2003, Shane (2003: 4) defined entrepreneurship as the process of discovering, evaluating and exploiting a market opportunity so as to create value through innovative goods and services, either through the formation of a new business or within an already existing company. According to the European Commission, entrepreneurship refers to “an individual’s ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives” (Commission of the European Communities, 2006: 4). Kuratko and Hodgetts (2004: 30) note further that entrepreneurship is a dynamic process of vision, change and creation. An entrepreneur – the individual who carries out the role of entrepreneurship – is classified as a person who creates a new business but faces risk and uncertainty for the purpose of achieving profit and growth, by identifying the opportunities and assembling the resources to capitalise on them (Zimmerer and Scarborough, 2002: 4). The term *entrepreneur* is derived from the French word *entreprendre*, which means *to undertake*. An entrepreneur is an individual who undertakes to organise, manage and assume the risks of a business (Kuratko and Hodgetts, 2004: 28f). However, an entrepreneur has many other characteristics. Kilby (1971: 1) defined three essential attributes: The ability to perceive potentially profitable business opportunities, the willingness to act on what is perceived, and the necessary organizing ability (knowledge, skills etc.) to align all available resources into a profitable combination with a profit generating potential. Filion (2011: 45) identified 15 aspects mentioned most frequently in the definitions from the entrepreneurship literature over

recent decades that are believed to be most relevant: Innovation, risk, coordination of resources for production, value creation, projective and visionary thinking, focus on action, leadership, dynamo of the economic system, venture creation, opportunity recognition, creativity, anxiety, control, introduction of change and rebellion. Based on what in his view constitutes the *essence* of the entrepreneur's activity, in the context of this study an entrepreneur is defined as an innovator or developer who recognizes and seizes opportunities; converts these opportunities into marketable ideas; adds value through time, effort, money or skills; assumes the risks of the competitive marketplace to implement these ideas; and realizes the rewards from these efforts (Bjerke, 2007: 16f; Schaper and Volery, 2004: 6).

According to the Global Entrepreneurship Monitor (GEM), there is wide agreement on the importance of entrepreneurship for economic development. Entrepreneurs create job opportunities and they make an indirect contribution to productivity by driving innovation, i.e. they speed up structural changes in the economy and force old incumbent companies to shape up (Raposo and Paço, 2011: 453). Because of its economic importance, entrepreneurship, either in the form of self-employment alone or as a supplement to wage income, is said to be a viable option for poverty alleviation.

Despite its many definitions, within the context of this study, the term entrepreneurship will be used to describe the process of new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business by an individual, a team of individuals, or an established business (Reynolds, 2000: 3). This definition provided by Reynolds (2000) focuses on the actual result of the entrepreneurship-process: business formation or improvement, emphasizing the economic relevance of entrepreneurship within an economy.

2.2 Micro-Enterprise Training as a Means for Poverty Alleviation

As outlined in the preceding section, entrepreneurship is a complex phenomenon. It involves a set of activities with technical, human, managerial as well as entrepreneurial characteristics, the performance of which requires a diverse set of skills (Filion, 2011: 41). Apart from access to physical capital and external finance, much of the literature on the determinants of entrepreneurship have identified managerial or business skills as important drivers of enterprise development and a key determinant of productivity. Similarly, poor management is a constraint to production, especially in developing countries (Bruhn et al., 2010: 631). In this

regard, the International Labour Organization (ILO) highlights that without capital and appropriate skills, it is difficult for entrepreneurs to be successful at growing businesses (Fiala, 2017: 1). Through effective investment into skills and knowledge – for instance in the form of micro-enterprise training – entrepreneurial ability, i.e. the ability to identify, develop and exploit new opportunities and start and grow a new business, can be enhanced (Raposo and Paço, 2011: 454). Entrepreneurship training is the building of knowledge and skills in preparation for starting a business, or to improve business processes within an existing company. Generally, training is used as a tool that can change attitudes and motives to become an entrepreneur (Raposo and Paço, 2011: 454). Additionally, such training attempts to develop or enhance entrepreneurial behaviours, skills, attributes and values. Ultimately, the importance of training lies in assisting enterprises in the creation of sustainable competitive advantages based on their human resources (Jones et al., 2013: 59).

There are different types of micro-enterprise training. This can include formal or informal training, training done in or outside the workplace, training provided in-house or by external providers. Jones et. al. (2013: 61) identified several different training methods, which include learning at a local college, through a government programme, learning provided by local colleges but within the workplace, employees providing workplace training, private training providers in the workplace, private training providers outside of the workplace, distance learning and E-learning. Furthermore, McKenzie and Woodruff (2014: 78) point out that training can either teach particular practices that business owners can implement in their firms, or they can focus more on the personality of an entrepreneur than on specific skills. The latter is based on the belief that the attitudes and personalities that business owners bring to the business are important factors for enterprise development.

There is international evidence that cognitive, social and technical skills affect earnings of employees as well as employment and occupation status. With the right skills, workers are well-equipped to set up their own business and in turn create jobs for others. With these adverse potentials of enhancing entrepreneurial activity, business training has the potential to achieve poverty reducing effects and to boost economic growth (Bruhn et al., 2010: 631).

2.3 La Ruta del Cacao: Micro-Enterprise Training in Rural Dominican Republic

With a population of about ten million (2015 est.) and a land area of 48,000 km², the DR is the second largest country in the Caribbean (World Bank, 2017). It shares the island of

Hispaniola with Haiti and the official language spoken is Spanish. The annual GDP per capita is US\$ 6,484 (2015 est.; Banco Central, 2016; World Bank, 2017). Both moderate and extreme poverty have achieved significant reductions since 2013, with overall poverty decreasing from 41.2% in 2013 to 30.5% in 2016 and extreme poverty from 10% to 7.9% in the same period (World Bank, 2017a). The national poverty line currently lies at 152 DOP (Dominican Pesos) a day, equivalent to US\$ 3.2. Among the rural population about 51% (2013 est.) are considered poor according to national standards. Given that 21% of the Dominican population lives in rural areas, the absolute number of poor people in rural areas accounts to 1.1 million people (World Bank, 2017b). In terms of human development, DR ranks 101 out of 188 ranked countries: Indicators such as the illiteracy rate of 8% (2015 est.) emphasize that there is much room for improvements in areas such as education (CIA, 2016: 223; UNDP, 2015: 29). High un- and underemployment remain an important long-term challenge (EPDC, 2014: 1). In total, 30% of 15-24 year old youth have not completed primary education, and only 27.8% of the population has completed secondary education (MESCyT, 2011: 19) As a result, unemployment lies at 14.1% and youth unemployment lies at around 25.5% (MESCyT, 2011: 18,34). With large parts of the population living in areas without necessary infrastructure to sufficient education, major government challenges include the improvement of and guaranteeing access to education in rural areas (Sucre and Fiszbein, 2015: 2). As pointed out in Chapter One, particularly in rural areas, the lack of employment opportunities continues to influence the persistence of poverty.

It is within this context that La Ruta del Cacao aims to address issues related to poverty and unemployment in the area. La Ruta del Cacao was initiated in August 2009 by the Dominican NGO Red Monbayasa¹. Firstly, the project intends to promote the region as an eco-tourism destination to attract visitors and income from tourism. Tourism is seen as a viable diversification strategy to revive and add value to the cocoa sector, given that the agricultural sector generates most employment in the area. Secondly, the initiative aims at stimulating micro-enterprise development in the province to provide the local population with additional income opportunities. To achieve this goal, a total of 80 micro-entrepreneurs and individuals aiming to start a business were trained to foster the development of existing and future micro-enterprises, according to internal project documents. In the first 19-months development

¹ La Red MONBAYASA is a regionally acting NGO in Monte Plata, Dominican Republic. Members comprise primarily youth from all districts in the Monte Plata province: Monte Plata (MON), Bayaguana (BA), Yamasá (YA), Sabana Grande la Boyá (SA). The NGO's mission is to contribute to environmental conservation in the region by implementing an efficient eco-tourism network and to promote local economic development through community projects. Further information (in Spanish) can be found under: <https://redmonbayasa.wordpress.com>.

phase of the project, training sessions were conducted in the areas customer service, human relations, business management and basic finances (Rodríguez, 2007: 6). The activities are expected to have strengthened the local micro-enterprise sector. The overarching goal of the project is to create additional income opportunities through entrepreneurship. In doing so, poverty-reducing effects are expected to take place among the training participants. Several international, national and local institutions, such as the Cocoa Association Conacado, the Municipalities of Yamasá and Peralvillo and the United Nations Development Programme (UNDP), have supported the initiative. Furthermore, the UNDP Small Grants Programme supported the initiative with 27% of its total expenditures; 73% were co-financed through Conacado and the Municipalities of Yamasá and Peralvillo.

2.4 Impact of Micro-Enterprise Training

Based on the understanding that micro-enterprise training can enhance entrepreneurial ability, the number of public and private initiatives to train people to be more entrepreneurial have multiplied globally in the past decades. The multiplication of entrepreneurial training initiatives and increasing level of resources allocated to those initiatives has generated a growing interest from both fund providers and academics about the issue of the effectiveness and efficiency of those initiatives and the identification and diffusion of best practices. Be it in terms of direct (new venture and job creation) or indirect (increasing entrepreneurial spirit) impact on economic development, several researchers have evaluated enterprise training and underlined the complexity of that issue (Fayolle and Gailly, 2005: 1f).

2.4.1 Impact of Micro-Enterprise Training Globally

Despite the growing attention, researchers are still in the initial stages of understanding what kinds of training initiatives are effective (McKenzie and Woodruff, 2014: 49). Martin et al. (2013: 218), in their quantitative review of the existing entrepreneurship literature, have identified 79 studies investigating the effectiveness of entrepreneurship education and training in increasing entrepreneurship outcomes and/or entrepreneurship related human capital assets such as entrepreneurship-related knowledge and skills, a positive perception of entrepreneurship and entrepreneurial intentions. The reviewed studies were carried out in 18 different countries – twelve in developed and six in developing countries around the globe. Although there is still disagreement among the authors as to which are the most appropriate variables to measure, and the most appropriate research methods to ensure meaningful, generalizable results, most of the research supports positive links between entrepreneurship

training and entrepreneurship-related human capital assets. Various other studies carried out in the USA, Korea and South Africa have also shown that there is a positive relationship between entrepreneurship education and training on one hand and entrepreneurial success on the other hand (Charney and Libecap, 2000: 40; Lee et al., 2005: 41; Isaacs et al., 2007: 614). In the case of the USA, Varela and Jimenez (2001), in a longitudinal study, chose groups of students from five programmes in three universities in Columbia (USA) and found that the highest entrepreneurship rates were achieved in the universities that had invested the most in entrepreneurship guidance and training for their students. Their results are very close to those of Autio et al. (1997) and Fayolle (1996) derived from the analysis of comparable samples (Fayolle and Gailly, 2005: 3). In the case of South Africa, Isaacs et al. (2007: 613) found that problems hindering the effective implementation of entrepreneurship education are poorly trained educators and lack of adequate resources. Raposo and Paço (2011: 455f), in their academic paper analysing research undertaken on entrepreneurship education impacts, also stress the positive link between specific entrepreneurship education and both the choice to become an entrepreneur and subsequent entrepreneurial success suggested by the general literature. However, the scholars note that study results tend to be ambiguous. Among the studies yielding negative results, Oosterbeek et al. (2010) found a negative relationship between entrepreneurship education training and knowledge and skills, self-efficacy, and entrepreneurial intentions among undergraduate university students in the Netherlands. Martin et al. (2013: 218) considers this study to be among the more methodologically rigorous studies in this literature. Recently, the GEM conducted a cross-sectional survey of working age adults (16-64 years old) on the effect of entrepreneurship training on entrepreneurial outcomes from 38 countries in different phases of economic development. The GEM's findings indicate that training increases awareness, self-efficacy and intentions but does not influence fear of failure and capacity in opportunity recognition (cf. Martínez et al., 2010: 43).

Studies focussing on training in developing and transition countries have also found the existing evidence to be mixed (McKenzie and Woodruff, 2014: 49). In a critical review of studies on micro-enterprise training impacts in 15 developing countries, McKenzie and Woodruff (2014: 48,67) indicate that almost all studies found a positive impact of business training on business practices, although the effect was often found to be not significant once the sample was divided by gender. The scholars note that the reviewed studies generally differ in what specific business practices they measure. Some studies, for instance, measure basic practices taught in the training such as the use of formal accounting, others measure a broader

range of practices such as marketing practices or different types of record keeping (McKenzie and Woodruff, 2014: 67). Overall, the magnitude of the improvement of practices was often modest. Few studies reviewed by McKenzie and Woodruff find significant impacts on profits or sales, although some studies with great statistical power have done so. Their review also reveals that many evaluations suffer from small sample sizes and other types of measurement problems which limit the conclusions one can draw. Nonetheless, McKenzie and Woodruff (2014: 69) emphasize that there is strong evidence that training programs help prospective owners launch new businesses more quickly.

The findings in both developed and developing countries show that SME-training programs lead to varying degrees of success, ranging from personal growth and positive attitude changes to business growth, sales and income gains (Michele Cranwell Schmidt et al., 2006: 15). Yet, the great majority of empirical findings support the legitimization process of entrepreneurial education (Lüthje and Franke, 2002: 3). Especially in developed countries, studies generally support the notion that enterprise training programs contribute to economic sustainability and development through the establishment and support of micro-enterprises (Charney and Libecap, 2000: 40; Lee et al., 2005: 41; Fayolle and Gailly, 2005: 3). The results also correspond with literature that micro-enterprise training is a viable option for assisting low- to moderate-income individuals to achieve personal growth, self-employment and self-reliance towards poverty alleviation (Michele Cranwell Schmidt et al., 2006: 15). At the same time, scholars such as Dewhurst et al (2007), Huang (2001) and Patton et al. (2000) highlight that there is currently a lack of sufficient quantifiable empirical evidence demonstrating a conclusive link between training and its impact on business performance. Moreover, the existing evidence is regarded as inconclusive and contradictory (Jones et al., 2013: 57). For instance, a large number of studies is explorative and based on the analysis of single courses or programs. Usually, the surveys do not include longitudinal data, control groups without entrepreneurship education or pre-tests. There is also still a need for valid empirical measures of education characteristics and educational outcomes, which includes appropriate and clearly identified evaluation criteria. In this context, Block and Stumpf (1992) have highlighted the importance of measuring delayed effects of training, given that the goal of entrepreneurship education is not necessarily for all participants to launch businesses in the short-term. Fayolle and Gailly (2005: 2) agree that limiting the evaluation to immediate impact in terms of new venture and job creations can be misleading and short-sighted.

2.4.2 Impact of Micro-Enterprise Training in Rural Dominican Republic

As pointed out in Chapter One, in the DR, barely any studies exist on the impact of micro-enterprise training. The only study in this thematic field was carried out by Drexler et. al. in 2010, who evaluated the impact of financial training on firm-level and individual outcomes for mostly female micro-entrepreneurs in the DR. They found that training that relies on the standard approach to SME-training (teaching the fundamentals of financial accounting) had no measurable effect. But the training program based on simple rules of thumb led to significant improvements in the way SMEs managed their finances relative to the control group (Drexler et al., 2010: 19). The scholars conclude that improved knowledge of finance and financial accounting has a positive effect on the growth of small businesses in the Dominican Republic. The results, however, cannot be generalized for the DR context as most participants were women and gender-specific aspects could have played a role in the results.

While – as pointed out above – the number of studies measuring impact of micro-enterprise training in the DR is very limited, specific information on the impact in rural areas is non-existent. Despite the increasingly significant role undertaken by training and its association with enhanced business success and longevity in a global context, the DR results are not conclusive as there is a significant lack of research carried out in the field of micro-enterprise training impacts. It is within this context, that this study intends to contribute to the lack of empirical evidence on micro-enterprise training impacts in rural DR.

2.5 Chapter Summary

This chapter has provided insights into the concept of entrepreneurship, the relevance of micro-enterprise training in countries such as the DR and micro-enterprise training impacts globally and in rural DR by drawing from the scholarly literature on the subject. Micro-enterprise training has been identified as an effective instrument for the formation and development of new businesses and the creation of employment. It is seen as a tool that provides skills and knowledge equipping individuals with necessary competencies to be more entrepreneurial. The empirical studies reviewed in the chapter suggest that SME-training leads to varying degrees of success in terms of SME development in both developed and developing countries. Especially in rural DR, there is currently a lack of empirical evidence demonstrating the link between training and its impact on SME development. The next chapter provides the relevant grounding for the research through a discussion of the theoretical and conceptual frameworks underpinning this study.

CHAPTER 3 – A FRAMEWORK TO ASSESS SME DEVELOPMENT THROUGH MICRO-ENTERPRISE TRAINING IN RURAL DOMINICAN REPUBLIC

This chapter aims to provide the necessary conceptual grounding for the research through a presentation of the theoretical and conceptual frameworks used for the study. It also aims to justify the use of Human Capital Theory (HCT) and the Theory of Planned Behaviour (TPB) for a micro-enterprise training impact assessment. The chapter begins with an exposition of Human Capital Theory (3.1) and the Theory of Planned Behaviour (3.2) which underpin the theoretical framework of the research. The chapter ends with the conceptual framework (3.3) which includes an explanation of how relevant variables are operationalized for this study.

A wide range of theories have been employed in providing a framework in which enterprise training is viewed as a determinant of selection into entrepreneurship for the individual, entrepreneurial success for the firm and enterprise creation rates in a society. Despite the recent move to improve the theoretical grounding to determine entrepreneurship training impacts, Martin et. al (2013: 216) stress that there is a general lack of established theories that explain the relationship between entrepreneurship training and entrepreneurial behaviour. Furthermore, Fayolle and Gailly (2005: 10) emphasize that it remains difficult to evaluate the impact of enterprise training directly in terms of specific entrepreneurial behaviour because such training is multidimensional, subject to delayed effect and strongly influenced by environmental factors.

A number of theories relating to entrepreneurial behaviour have been identified in the literature. For the purpose of this study, two theories will be used as the theoretical platform underpinning the investigation. These theories include Human Capital Theory and the Theory of Planned Behaviour which will be discussed in the sections below.

3.1 Human Capital Theory

Human Capital Theory predicts that individuals who possess greater levels of knowledge, skills and other competencies will achieve greater performance outcomes than those with lower levels (Martin et al., 2013: 2,5). The theory was originally developed to estimate employees' income distribution from their investments in human capital (Acemoglu and Pischke, 1999: 539) and it has since become one of the more prominent economic theories, which has been used as the foundation for various other theories aiming at understanding the impact of SME-training. The formation of human capital through SME training has been the

issue under investigation for many researchers. Much of the literature on the determinants of entrepreneurship and enterprise development has therefore not only focused on factors such as access to physical capital and external finance, but also human capital or business skills as important drivers of enterprise development and a key determinant of productivity (Bruhn et al., 2010: 631). Entrepreneurship researchers have studied the relationship between human capital and entrepreneurship outcomes at the individual, group and firm levels of analysis. Furthermore, much research has considered the differential impact between general human capital and task-related or specific human capital (Martin et al., 2013: 217). According to Martin et al (2013: 213), the use of HCT to explain aspects of entrepreneurial success is well suited and has therefore been well established in the entrepreneurship literature, but almost exclusively as a static model where accumulated education and experience is related to different forms of success. Solomon et al. (2008: 240) stress that in looking across the theoretical frameworks applied in research dealing with education-entrepreneurship linkages, entrepreneurship education is variously assumed as enhancing managerial capabilities, which generates broader options to make entrepreneurial selection of greater value. This in return impacts the quality and quantity of labour, or it signals production ability in labour markets that have incomplete information. According to Unger et al. (2011: 349) and Martin et al. (2013: 217), human capital investments may or may not lead to outcomes in terms of skills or knowledge and different individuals may extract different human capital assets from the same human capital investment as for instance a training initiative. Given the dynamics in entrepreneurship and the constant need to learn and to adapt, the formation of human capital in the entrepreneurship field is not to be seen as static in the form of a fixed set of knowledge, skills and experiences, but rather requires a dynamic view to examine outcomes of actual learning activities such as training (Unger et al., 2011: 344).

As highlighted in Chapter Two, Martin et al. (2013: 218) reviewed the extant entrepreneurship education and training literature and they identified 79 studies that have investigated the effectiveness of entrepreneurship education and training in increasing entrepreneurship-related human capital assets and/or entrepreneurship outcomes. Despite the fact that there is still disagreement among authors as to which are the most appropriate variables to measure and the most appropriate research methods to ensure meaningful, generalizable results, most existing research investigating the effectiveness of entrepreneurship training measures its' impact on three broad types of entrepreneurship-related human capital assets.

The three capital assets categories are as follows:

- 1) Entrepreneurial knowledge and skills;
- 2) Positive perceptions of entrepreneurship; and
- 3) Intentions to start a business.

These broad groups of measurements, impacting on human capital assets, are based on the knowledge that entrepreneurship education can play a role in the development of perceptions about the desirability or feasibility of entrepreneurial behaviour (Fayolle and Gailly, 2005: 9).

The entrepreneurship literature provides several arguments on how human capital is expected to increase entrepreneurial success. First, Shane and Venkatraman (2000: 223) pose that human capital increases the capability of individuals to perform the generic entrepreneurial tasks of discovering and exploiting business opportunities. For example, Shane (2000) argues that prior knowledge increases individuals' entrepreneurial alertness preparing them to discover specific opportunities that are not visible to people who do not possess this knowledge. Human capital also affects individuals' approaches to the exploitation of opportunities (Shane and Venkataraman, 2000: 224). Second, according to some scholars, human capital is positively related to planning and business strategy, which in turn, positively impacts entrepreneurial success (Baum et al., 2001: 301; Frese et al., 2007: 1492). Third, knowledge is useful for obtaining other important resources such as financial or physical capital and can partially compensate a lack of financial capital which is a constraint for many enterprises (Brush et al., 2001: 72). Taken these aspects into consideration, individuals with higher human capital should be more effective and efficient in running their business than individuals with lower human capital. In other terms, the provision of human capital is expected to build up a foundation enabling entrepreneurs to be more successful in operating their business. Hence, the provision of skills, knowledge and other competencies through SME-training should provide participants with necessary human capital for increased entrepreneurial behaviour as opposed to individuals who did not participate in training.

3.2 Theory of Planned Behaviour

Several theoretical models considering different measurement variables have been developed, with the purpose of understanding the topic of behavioural intentions and behaviour. One such model is the Theory of Planned Behaviour (TPB) developed by Ajzen in 1985. The TPB is part of the larger family of intentional models that have been used to predict the emergence of entrepreneurial behaviour, positing that behaviour is driven by behavioural intentions. In

the context of this study, the TPB will be used as the theoretical framework for the study and will be examined to find answers to the research questions.

Krueger and Carsrud were the first to apply the TPB to the field of entrepreneurship in 1993 by trying to make Ajzen's model compatible with other theoretical frameworks, especially that of Shapero and Sokol in 1982 (Fayolle and Gailly, 2005: 8). As identified by Krueger and Carsrud's final model and within the context of this research, a training programme can have an impact on the antecedents of intention (Krueger and Carsrud, 1993: 326) because enterprise creation is a planned business activity and hence an intentional behaviour (Autio et al., 2010: 145; Bird, 1988: 442; Kolvereid, 1996: 51; Krueger and Carsrud, 1993: 315). The TPB provides a useful framework to investigate how training might influence participants intentions regarding their entrepreneurial behaviour and the ultimate outcome of such intentions. The central factor of the TPB is the individual's intention to perform a given behaviour such as enterprise creation (Fayolle and Gailly, 2005: 6,8). According to the TPB, intentions are the result of three conceptual determinants:

- **Attitude toward behaviour:** The degree to which a person has a certain evaluation or appraisal of the behaviour in question. In Shapero and Sokol's model (1982), this factor is called *perceived desirability*. When new issues arise requiring an evaluative response, people can draw on relevant information (beliefs) stored in memories. Because each of these beliefs carries evaluative implications, attitudes are automatically formed. (Fayolle and Gailly, 2005: 6). Ajzen explains that in the development of attitude towards behaviour, people form beliefs about something by associating it with certain attributes, characteristics, or events. Each belief links the behaviour to a certain result, or to another attribute such as the cost incurred by performing the behaviour. These attributes are already valued positively or negatively, which is why people then automatically and simultaneously acquire an attitude toward the behaviour. People learn to favour behaviours they believe have largely desirable consequences and they form unfavourable attitudes toward behaviours they associate with mostly undesirable consequences. Specifically, the person's subjective value of the result contributes to the attitude in direct proportion to the strength of the belief (Ajzen, 1991: 191).
- **Subjective norms:** Perceived social pressures to perform or not perform a particular behaviour; i.e. the subject's perception of other people's opinions of the proposed behaviour. These perceptions are influenced by normative beliefs. Furthermore, they are of less relevance for individuals with (what Ajzen calls) a strong *internal locus of control*

than for those with a strong action orientation. The concept of internal locus of control, first introduced by Julian Rotter (1954), refers to an individual's general expectancy that his/her outcomes are determined by his/her own behaviour. This means that an individual with an *internal* locus of control believes that he/she can influence events and their outcomes, while someone with an *external* locus of control blames outside forces for the latter (Ajzen, 1991: 183).

- **Perceived behavioural control:** Perceived ease or difficulty of performing a behaviour. This factor relates to perceptions of the behaviour's feasibility, which are an essential predictor of the behaviour. Individuals usually elect to adopt behaviours (such as entrepreneurial activities) they think they will be able to control and master (Ajzen, 1991: 188; Fayolle and Gailly, 2005: 6). Ajzen's view of perceived behavioural control is influenced by Albert Bandura's (1977, 1982) concept of *perceived self-efficacy* which "is concerned with judgments of how well one can execute courses of action required to deal with prospective situations" (Bandura, 1982: 122). Bandura and other scholars lead a systematic research program showing that people's behaviour is strongly influenced by their confidence in their ability to perform it (Ajzen, 1991: 184). This confidence (i.e. perceived behavioural control) can vary across situations: a person may feel confident starting a business, but less confident in becoming a pilot, for instance. According to the TPB, perceived behavioural control, together with behavioural intention, can be used directly to predict behavioural achievement (Ajzen, 1991: 184).

Apart from personal composition, these three determinants influence entrepreneurial intentions and achieving success in entrepreneurial activity, and intentions predict entrepreneurial activity (Krueger and Carsrud, 1993: 315). Ultimately, the quest for entrepreneurial success is linked to *motivation* which may be intrinsic or extrinsic in nature (Umoren and Udofot, 2014: 1990). The underlying basis of intention and the determinants of behaviour are perceptions, which are developed gradually from beliefs (Fayolle and Gailly, 2005: 6). Among the above-mentioned three factors which influence future behaviours, perceived behavioural control is considered one of the most significant factors contributing to entrepreneurial intention (Ajzen, 1991: 183; Krueger and Carsrud, 1993: 322). Other scholars support this proposition. Krueger and Dickson (1994: 385) showed that an increase of perceived behavioural control increases the perception of opportunity. Davidsson (1995: 23) has also argued that the mastery of vicarious experience and social influences are factors that may affect the intention and/or the decision to start a new business. Boyd and Vozikis (1994:

71) show that intentions of creation are stronger when the degree of perceived behavioural control grows due to the presence of an entrepreneurial role model and when the influences come from several close relatives. Finally, Tkachev and Kolvereid (1999: 271) also demonstrate that a role model is a dominant factor for the prediction of employment choice (self-employed or employee).

The contributions of several scholars suggest that this model remains open to the influence of exogenous factors that may play a role in the development of beliefs and attitudes. It also uses the notion of external trigger to explain the shift from intention to behaviour (Fayolle and Gailly, 2005: 8). Ultimately, the various contributions show that it is possible and relevant to use the Theory of Planned Behaviour to study the emergence and development of the entrepreneurship intention and how enterprise training might affect this emergence (Fayolle and Gailly, 2005: 9).

3.3 A Framework to Assess Micro-Enterprise Training

In the model for this study (presented in Figure 1) micro-enterprise training is assessed based on its impact on participant’s attitudes and intentions regarding entrepreneurial behaviour as well as its impact on training-related skills, knowledge and competencies.

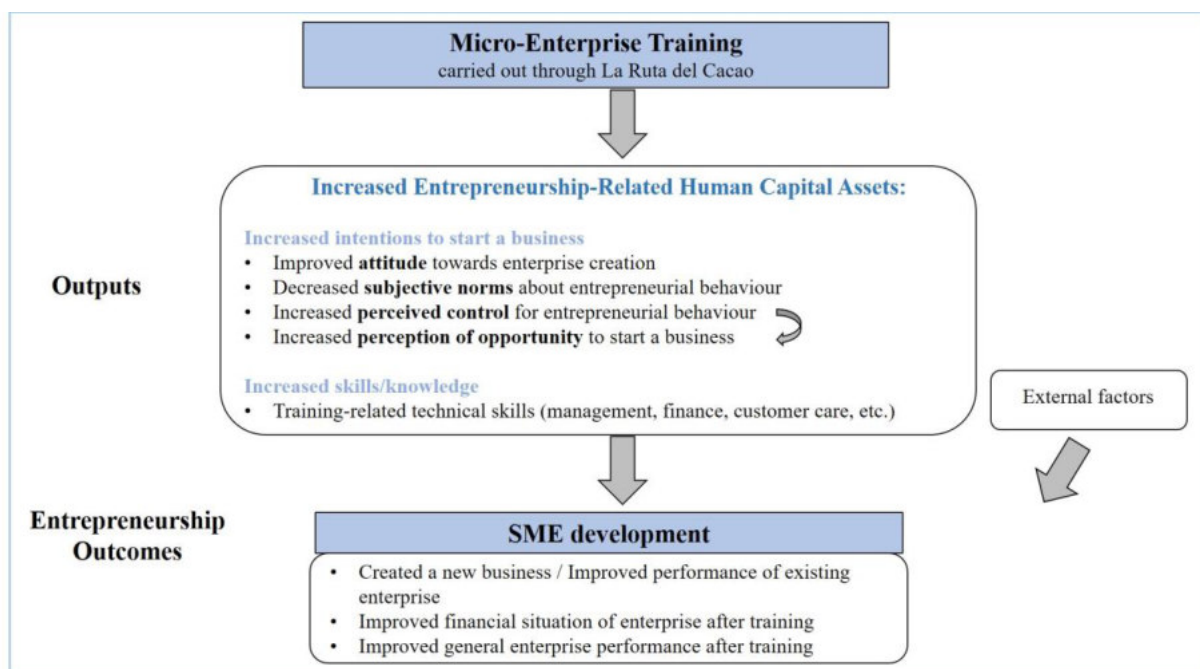


Figure 1: Conceptual Framework of the Study (Adapted from Fayolle and Gailly, 2005: 34; Krueger and Carsrud, 1993: 323).

The independent variable is the provided enterprise training, whereby characteristics such as the number of participated training sessions and the training area are considered components. The dependent variable SME development relates to the creation of new businesses and/or the development of existing enterprises. This development can take place financially or in the form of general enterprise performance improvements after the training. Mediating factors to the antecedents of entrepreneurship behaviour are training outputs as defined using Human Capital Theory and the Theory of Planned Behaviour, i.e. measures of attitude toward the behaviour, subjective norms, perceived behavioural control and intention.

The key strength of this theoretical approach is that it does not only attempt to assess the impact of enterprise training directly in terms of specific entrepreneurial behaviour, which is, as discussed above, difficult to evaluate. The impact of enterprise training is also measured in terms of changes in attitudes and intentions, which are antecedents of the behaviour and for which the Theory of Planned Behaviour and its applications provide validated measurement methodologies (Fayolle and Gailly, 2005: 10). Impact is also measured in terms of changes in training-related skills and knowledge as proposed by Human Capital Theory. This allows a more detailed look at specific skills, knowledge and competencies which the provided training may have brought about. Furthermore, since entrepreneurial behaviour tends to be affected by external factors, the theoretical model of this study remains open to potential exogenous factors, which may have played a role in the case study project. This allows for a holistic view on possible training impacts outside of the proposed impacts.

In addition, the consideration of specific characteristics of training sessions in the analysis enables the researcher to correlate the changes in the independent variable with the dependent variables. On the one hand, this enables measurement and comparison of the impact of specific sessions and on the other hand, it allows the testing of whether the determined impact is affected by specific factors of the design or execution of the training. By linking specific characteristics of the provided training with particular outcomes in terms of intentions, attitudes and competencies, the latter implies that this theoretical framework can be used to not only assess, but also to improve the design and execution of future training.

An analysis of perceived training impacts will operationalize the theoretical framework (illustrated in Figure 1) on a local level and it will reveal the mechanisms through which the case study project affects SME development.

3.4 Chapter Summary

This chapter has provided the necessary grounding for the research through an in-depth discussion of the theoretical and conceptual frameworks used for the study. Beginning with an exposition of Human Capital Theory and its applications in research which deals with the effectiveness of enterprise training measures, the chapter further discussed the Theory of Planned Behaviour, which was first applied in the field of entrepreneurship by Krueger and Carsrud. Both theories represent the theoretical frameworks underpinning the research. Moreover, this chapter provided the framework for this study (Figure 1), which is used to assess the micro-enterprise training impacts of the case study project. The chapter concluded with an explanation of how relevant key variables are operationalized for this study while justifying how the selected framework offers a holistic view on possible training impacts. The next chapter provides the research design and methodology used to collect data, which addressed the study's objectives.

CHAPTER 4 – RESEARCH DESIGN

The research design comprises the “general plan of how the researcher will go about answering the research questions” (Saunders et al., 2009: 600). There are different types of research designs from which to choose when conducting social research. For the present study, the case study design will be adopted. Yin (2009: 18) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. Case study research offers a wide variety of evidence that can be analysed. The case to be studied in this research is the project La Ruta del Cacao.

The following section first describes the case study area (4.1), it summarizes the research methodology (4.2) and it outlines the sampling strategy (4.3) and data collection methods (4.4). Subsequently, it deals with the data processing and analysis (4.5), as well as with limitations of the study (4.6).

4.1 The Case Study Area

The case study project La Ruta del Cacao is located approximately 45 km from Santo Domingo – the capital of the Dominican Republic – in the Monte Plata region, one of the eastern provinces in the DR. The location of the research area is illustrated in Figure 2.

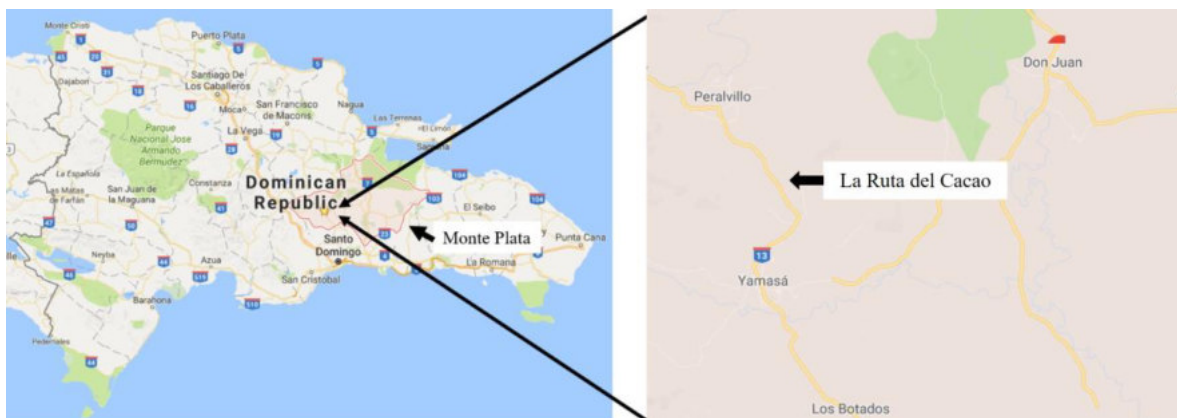


Figure 2: Map of the Research Area in Monte Plata, Dominican Republic (Source: Google Maps).

Monte Plata is one of the poorest provinces in the country with a poverty rate of 70.1% (Pérez, 2014: 71). The project borders the two towns of Yamasá and Peralvillo. Yamasá has a population of 29,198 and Peralvillo 20,900 (ONE, 2012: 38). Based on information provided by key informants, the most common places of residence of the training participants who

provided the data for the present study are Yamasá, Peralvillo, and surrounding villages such as Caimitos, El Mogote, Cercadillo, Don Juan and Los Botados, all located in the Monte Plata region. In addition, the study area includes Santo Domingo, a common place of residence for the target population.

4.2 Research Methodology

In order to assess the hypothesis of the investigation and to answer the research questions, this study will analyze quantitative and qualitative data collected by the researcher in 2017. The application of mixed-method research has the principal purpose of developing analytic density or *richness*, thus stressing the importance of a comprehensive and in-depth understanding of social phenomena through gathering subjective viewpoints or meanings held by relevant individuals (Fielding, 2012: 124).

Quantitative data was collected in the form of a semi-structured survey questionnaire with mainly closed and semi-closed questions. Surveys are used to generate quantifiable data which can be analysed statistically, with the purpose of aggregating, measuring, modelling and predicting behaviour and relations (Garbarino and Holland, 2009: 7). The quantitative data analysis for the present study will assess the relationship between the participation in micro-enterprise training and increase in participant's human capital assets ultimately leading to SME development. This method is the most commonly used in research on entrepreneurship intentions and entrepreneurship education and it enables the researcher to determine if the predictive generalisations of the theory holds true (Creswell, 1994: 2; Fayolle et al., 2015: 65; Souitaris et al., 2007: 574). Given that previous studies on the impact of entrepreneurship training have produced mixed conclusions, the analysis of only quantitative data is not adequate to comprehensively address the research problem. Bryman (2012: 57) stresses in this regard that qualitative data allows for a detailed and in-depth study of cases, thus providing for the explanation and description of cause and effect, rather than proving cause and effect. This means that qualitative data offers the advantage of providing in-depth understanding of the effects which micro-enterprise training carried out through the case study project had on participant's entrepreneurial behaviour. Moreover, due to the small sample size engaged in the quantitative study (42 training participants in total), qualitative data offers a significant advantage by helping to retrieve as much information as possible from the small group. Qualitative data was gathered through Focus Group Discussions (FGD), which gave insights based on the subjective experiences of selected training participants. Both

the quantitative survey questionnaire as well as the guiding questions for the FGD were developed by the researcher after a thorough literature review on entrepreneurship success factors as well as internal project documents. These served as a basis for the development of several indicators to measure entrepreneurial-related human capital assets leading to increased entrepreneurial behaviour.

4.3 Sampling Strategy

The basic sampling units of this study are individual persons who were training participants of the case study project La Ruta del Cacao. Israel (1992: 2) asserts that the whole target population should be used as the sample size when dealing with small population of less than 200. Moreover, Bartlett et al. (2001: 49) suggest the rule that for a population which is less than 100 units researchers should include the entire population because it is not large enough to generate scientifically useful statistics. Considering the small number of training participants (80 training participants in total according to internal project documents), the entire population was used as the sample size for the quantitative survey questionnaire. Study participants were located through lists of training participants provided by key project officials of the local NGO Red Monbayasa. The provided list, however, did not contain a sufficient amount of participant's contacts to interview the entire population as intended. Some project beneficiaries lived in remote communities far away from the study area, some had emigrated to the United States, and some could not be contacted or refused an interview. In total, 42 training beneficiaries were interviewed.

For the FGD, purposive sampling was used to select respondents which were considered knowledgeable in order to offer relevant information on training effects. Krueger (2002: 65) states that it is crucial for researchers to select respondents based on their ability to provide the most relevant information for the research. A total of 16 respondents were selected and split up into two groups of eight participants each. The selection was based on personal judgment of key informants. The preferred number of participants per discussion was six to eight because it allowed the facilitator to dedicate time to each participant's input and to allow an in-depth analysis of the individual cases (Krueger, 2002: 1).

4.4 Data Collection Methods

The current study used data generated from fieldwork collected in 2017. This data was not used for the larger research project and will be analysed for the purpose of this study.

Secondary data was also examined through a review of relevant literature on the topic including: journal articles and other publications on entrepreneurship and entrepreneurship education; internal project documents as well as specific publications dealing with the socio-economic context in the DR.

4.4.1 Semi-Structured Survey Questionnaire

A semi-structured survey questionnaire with mainly closed and semi-closed questions aimed at providing broad-based views from the respondents on changes that have taken place in their lives since the finalization of the case study project in 2011. Some open-ended questions gave the researcher room to explore answers to questions or to elicit additional information in relation to a certain topic when the data collection was carried out on a one-to-one basis. For the present study, changes specifically with regards to entrepreneurship-related human capital assets influencing their entrepreneurial behaviour were relevant for analysis purposes. A pre-test of four cases was carried out to allow necessary adjustments of the survey. Slight adjustments were made after the pre-test to formulate some questions in a clearer and more understandable manner for the study population given their socio-economic backgrounds; content-related adjustments were not made.

4.4.2 Focus Group Discussions

Focus Groups Discussions are group interviews which are a useful instrument to gather people with similar experiences to discuss a specific topic. The main objective is to obtain high-quality data in a social context which allows each individual to consider their own views in the context of the views of others while also bringing new ideas and perspectives (Dilshad and Latif, 2013: 193).

A total of two FGD were carried out, which aimed at understanding the underlying factors and circumstances that lead individuals to (or not to) establish and/or develop an enterprise after provided training, as well as subjective views that may exist on the issue under investigation. Participants of the two FGD had the following characteristics:

- **FGD 1)** Training participants, which have started a business or improved their business after the provided training.
- **FGD 2)** Training participants, which have not started or improved their business after training activities.

As mentioned above, for each discussion six to eight participants were selected using purposive sampling drawing from eight entrepreneurs and eight non-entrepreneurs. The inclusion of perceptions of non-entrepreneurs allowed an analysis of hindering factors for SME development and the identification of other external influencing factors that may have played a role in the individuals choice of not starting a business after the training. For each discussion, eight participants confirmed their participation. Although the researcher had contacted the participants and received confirmations on two occasions, only five participants attended the first discussion and six attended the second one whereby one joined the conversation late as she had a family emergency to take care of. The participants as well as the facilitator were offered a transport incentive, which most did not accept. This is positive as it suggests that participants took part in the discussions with the motivation of sharing their experiences and not with the motivation of receiving a compensation for their participation.

In order to elicit as much useful and relevant data as possible, a moderator and not the researcher was used to facilitate the discussions. The moderator was a Dominican national, who was adequately prepared and trained for the task by the researcher. He understood the research aim and he had the essential role to make sure that everyone had the time and space to answer the questions and that the discussion was not dominated by one or more persons. The researcher took notes (relevant quotes, etc.) and observed the discussions (gestures, dynamics, etc.). Furthermore, the researcher made sure the discussions were recorded to allow a systematic data analysis. In addition, the researcher kept track of time so that each discussion was no longer than 90 minutes.

When using FGD as a tool to collect data, Breen (2006: 467) suggested that a discussion guide should be drawn up because it helps in defining the line of inquiry and in establishing the main points to be covered during the discussion. The performed FGD were carried out on the basis of such a discussion guide which included an introduction to the study; ethical issues such as informed consent and permission to tape record the discussions and a few concluding statements. In addition, it contained the main part of the data collection – the guiding questions – which guided the moderator and participants through the discussions.

4.4.3 Literature Review

The review of relevant literature is crucial since it helps the researcher to place the study in a research context while demonstrating the engagement of the appropriate theoretical and

conceptual framework. A literature review also helps in revealing the issues and concepts relating to the topic. In doing so, the literature review assisted the researcher to design the study in such a way that it would build upon the existing body of knowledge while avoiding duplication (Mouton, 2001). In this study, potential impacts of the provided training were identified through an extensive literature review. The review focused on literature from academic sources (books, journal articles and other academic publications), from relevant case study project documentation provided by the funding organisation UNDP, as well as government documents providing context-related data on the DR.

4.5 Data Processing, Analysis and Presentation

Data analysis is crucial in that it provides a platform for the transformation of data into information. It helps to reduce the data size to controllable proportions and to identify various themes and patterns in the data (Thorne, 2000: 68).

4.5.1 Quantitative Data Analysis

The quantitative fieldwork data collected was processed using the statistical tool SPSS to describe the phenomena being studied while identifying and examining relationships between variables. Descriptive statistics were used to describe, explain and summarise the data, which were then presented using graphical presentations, charts, tables, and frequency distributions. Descriptive analysis was conducted using frequency analyses, crosstabulations, means comparisons, as well as bar and boxplot graphs. Statistical tests applied for the empirical data analysis were planned to include Bivariate Correlation analysis and Independent Samples T-Test. In the light of hypothesis testing, Chi²-Tests was intended to be applied to prove that observations made were not by chance. However, neither correlation analysis, nor Independent Samples T-Test and Chi²-Test could be applied due to the small sample size. Closed and semi-closed questions were structured and analyzed using Microsoft Excel. Answers were grouped and displayed in tables and absolute as well as relative frequencies were calculated. The research objectives and the conceptual framework served as a basis for analysis, as well as for the discussion and interpretation of the findings.

4.5.2 Qualitative Data Analysis

The qualitative fieldwork data collected (FGD-scripts, notes) was systematically analyzed by the researcher in order to obtain a holistic picture of the issues narrated by the participants. Thereafter, the researcher applied manual coding on all the transcripts and the emerging

quotes were grouped together to form categories. According to Saldaña (2013: 8), categorization entails grouping the outcomes of data to reach a conclusion. Data was coded and classified into broad descriptive categories while exploring themes, meanings and issues that emerged from the information gained from the discussions. Cross analysis of both discussion-transcripts provided a clear picture of the commonalities and patterns in the transcripts. The findings were then linked to the research objectives to generate meaning and explanation on the study topic. After making sense of emerging themes, the researcher presented recurring themes and commonalities in textual and narrative form in the relevant sections of the research.

4.6 Feasibility and Limitations of the Research

The theoretical model of this study (illustrated in Figure 1) attempts to capture the main dynamics of the case study. However, it is possible that vital information is missing in the model, which may make the case hard to interpret. Due to resource limitations, the model focuses on a number of expected impacts, yet other impacts are possible and may be of relevance in the study area. Furthermore, training can often produce delayed impacts (Fayolle and Gailly, 2005: 5). Since this evaluation takes place seven years after the beginning of the project, impacts are likely to have taken place. It is acknowledged that while observations of training impacts over a longer period of time could have given more detailed and concrete information. However, this was not possible within the scope of this study.

As noted above, the researcher intended to interview all 80 trainees who had participated in the case study project. However, only 55 were available for an interview. Of these, only 42 were trained and hence interviewed for the purpose of this study. It is acknowledged that the small size of the sample is restrictive and leads results in difficulties with regards to generalizing the findings. The inclusion of qualitative data aimed to address this shortcoming by complementing the quantitative data and allowing an in-depth understanding of training impacts.

With respect to the data collection in the field, several difficulties occurred that may have biased the data. While in some cases the researcher was able to manage one-on-one interviews, in some cases the presence of other individuals during the interviews was inevitable. The majority of homes had at least one other household member, or friends or family present during the interview. The fact that another person was present could have

influenced the participants answers, for instance by giving opinions or answers to questions which had been suggested by others, or by giving more socially accepted answers. Particularly when asking for individual incomes, chances are that some participants indicated a higher individual income, which would bias the data. The researcher tried to be sensitive to these possible problems at all times; for instance, when an interviewee repeated what another individual next to him/her answered, the researcher repeated the question and made it clear that only the opinion of the interviewee was the desired one. When possible, the researcher tried to conduct one-on-one interviews to partly reduce any bias.

With regards to the FGD, a few difficulties arose which may have limited the results. On the day of the discussions, electricity was not functional in the organized venue. The air-conditioning unit was therefore not functioning, and the room was both hot and humid due to the tropical climate in Yamasá. The windows had to be opened, which caused a lot of noise such as loud music from the surrounding area and loud generator noise. The hot climate and noise distracted the participants to a minor extent as they could not focus completely on the discussion. Furthermore, in the last 15 minutes of the second discussion heavy rains disturbed the noise level in the venue. This situation was unforeseeable before the discussions. However, despite the heat and noise, all the tape recordings were for the most part audible. Other disturbances included distractions by children of respondents at times and a phone call received by one participant which limited her flow of information during the phone call. During the discussions, the facilitator managed to keep a continuous flow of conversation from the participants. The researcher had the impression that the facilitator slightly dominated the discussion in his attempt to steer the discussion while extracting relevant information. Hence, answers tended to be quite short and some information may have been lost as a result. Nonetheless, the researcher believes that essential information has been captured through the discussions and a rich analysis based on the gathered data was possible.

4.7 Ethical Considerations

Ethics play an important role in social science research in general and in every aspect of research for development work (NESH, 2006: 5, 2006). The study was carried out in accordance with the ethical standards for research at the University of the Western Cape. In ethical research, special consideration should be given to “avoiding harm to respondents, avoiding undue intrusion, communicating information and obtaining informed consent, rights to confidentiality and anonymity, fair return for assistance, respondent’s rights in data and

publications, respondents involvement in research” (Laws et al., 2003: 233). The present research considered the above listed aspects. This means that obtained information was always treated confidentially. All involved stakeholders in DR, including UNDP and La Red Monbayasa, gave consent to the research. Study participants were informed about the context and the academic purpose of the study. Participants were also asked to sign a letter of consent before any conducted interview. It was up to the participant to withdraw from his/her participation and answers to questions could have been refused.

4.8 Chapter Summary

This chapter outlined the research design and the methodology employed in collecting data for the research. The study applied a case study design which focused on a combination of quantitative and qualitative data collection tools. Primary data collected by the researcher in 2017 was used as secondary data in the present study. The use of both quantitative and qualitative methodologies provided the research with data to quantify training impacts while providing an in-depth understanding of the impacts which micro-enterprise training had on participant’s entrepreneurial behaviour. Data collection tools included secondary data analysis, a literature review, Focus Group Discussions and a semi-structured questionnaire. With regards to the sampling procedures, the entire population was sampled as respondents for the questionnaire while purposive sampling was used to sample respondents for the FGD. Moreover, a combination of descriptive and inferential statistics was utilised to analyze the quantitative fieldwork data while the qualitative analysis was conducted using thematic content analysis. The limitations of the study’s methodology were also outlined in this chapter. The chapter concludes with an ethics statement which was a crucial requirement for conducting the research. This empirical study was based on the methodologies and tools discussed above and the next chapter presents a discussion and analysis of the empirical findings of the research, which is an assessment of micro-enterprise training impacts on SME development in the case study area.

CHAPTER 5 – EMPIRICAL FINDINGS AND DATA ANALYSIS

Based on the methodology outlined in the previous chapter, secondary data collected in 2017 was used to evaluate micro-enterprise training impacts of the case study project on SME development. The theoretical model described in Chapter 3.3 (presented in Figure 1) provided the basis for the following data analysis. This chapter commences with a quantitative analysis of the research findings and thereafter presents the qualitative analysis of the findings.

5.1 Quantitative Analysis

Quantitative data for this study was analyzed and presented using both descriptive and inferential statistics as presented in the following sections.

5.1.1 Descriptive Analysis: Socio-Economic and Demographic Characteristics of Respondents

In total, 42 study participants were interviewed within the course of the field research period of five weeks. While most study participants live in different villages in the target region Monte Plata, approximately 17% of study participants reside in Santo Domingo and Puerto Plata. The majority of individuals in the sample (81%) were born in Yamasá, and the remaining 19% were born in Peralvillo, Santo Domingo and other towns or provinces. This means that most study participants are local to the study area. Figure 3 illustrates the age distribution of study participants.

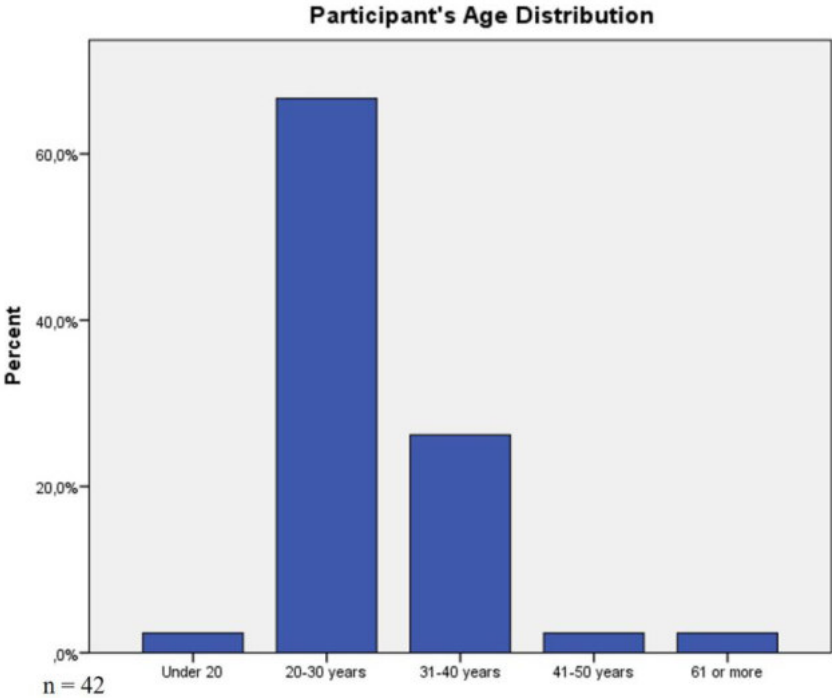


Figure 3: Study Participant's Age Distribution

As illustrated in Figure 3, the majority of participants in the study are concentrated within the younger age groups with 67% between 20-30 years old and 26% between 31-40 years. Another 7% of respondents were under 20 years or above 40 years of age. The average age of beneficiaries was 29.

Table 1 summarizes selected socio-economic characteristics of the sample. The sample contains 50% females and 50% male participants. Study participants live in households consisting of one to eight people, with the majority (65%) living in households of either two, three or four people. The average number of respondents living in one household is 3.95. This number corresponds to the average national data of 3.6 people per household.

Table 1: Summary of Selected Characteristics of the Sample

| Summary of Selected Characteristics of Study Sample | | | |
|---|----|--|----------|
| | n | Sample | St. Dev. |
| Gender division | 42 | 50% Male 50% Female | |
| Average age (in years) | 42 | 29 | |
| Average number of people in household | 42 | 3.95 | 1.7 |
| Marital Status | 42 | 57% Single 19% Married 24% Common-law relationship | |
| Highest completed education | 42 | 2.4% None 2.4% Primary 66.7% Secondary 28.6% Tertiary | |
| Average number of jobs | 42 | 1 | 0.7 |
| Share of students | 42 | 31% | |
| Share of persons without a job | 42 | 12% | |
| Average monthly individual income (in US\$) | 41 | 317 | 299 |
| Average monthly household income (in US\$) | 40 | 879 | 1,103 |
| Average monthly contribution to household income | 42 | 45,4% | 35.2% |

Furthermore, 57% of the sample is single and 24% are in a common-law relationship, meaning that they live in a household with a partner without being legally married. The remaining 19% of the sample is married. A total of 31% of participants is students. All students in the sample perform some kind of economic activity, with 85% working full-time. A total of 12% of respondents is unemployed. It must be noted that the unemployment rate includes so-called *stay-at-home-mothers* who are possibly not in search for employment as they perform non-economic activities such as caring for children and the family home. The unemployment rate in the sample is lower than the national unemployment rate of 14%.

Beneficiaries who are economically active have one (50%) or two jobs (31%). Out of these economically active participants, 60% have a full-time job, while the remainder of the sample work part-time.

5.1.1.1 Average Incomes and Poverty Rates of the Sample

The monthly individual incomes of respondents, who carry out at least one economic activity range from US\$ 40-1,200. The highest earning participants reside in Santo Domingo, where salaries are much higher than in rural areas. One outlier (US\$ 1,600) was removed from the sample because the income indication did not seem realistic in the given context. It is possible in this case that monthly income was indicated before tax reduction. Table 2 summarizes the average incomes and poverty indicators for the study sample.

Table 2: Summary of Selected Poverty Indicators of the Study Sample

| Summary of Selected Poverty Indicators of the Study Sample | | | | |
|---|----|--------|----------|---|
| Poverty Indicator | n | Sample | St. Dev. | National Average |
| Average monthly individual income (in US\$) | 41 | 317 | 299 | 334 |
| Average monthly household income (in US\$) | 40 | 879 | 1,103 | |
| Poverty rate based on national standards (% that lives below 85.7 US\$/month) | 41 | 21.9 | | 30.5 (National Poverty Rate) 51 (Rural Poverty Rate) |
| Poverty rate based on international standards (% that lives below 57 US\$/month or 1.90 US\$/day) | 41 | 17 | | 70.1 (Regional Poverty Rate) |

Study participants earn on average US\$ 317 per month, which is US\$ 17 below the 2016 average individual monthly income after tax in the DR (US\$ 334; ONE, 2016). The standard deviation of US\$ 299 illustrates that the income range of the sample is quite diverse and that the average monthly income therefore may not reflect the reality of many individuals in the sample. In fact, 61.9% of participants in the sample earn less than the average national monthly salary. The average household income of study participants is US\$ 879. Based on World Bank statistics from September 2016, the rural poverty line in the Dominican Republic lies at US\$ 85.7 per person per month (World Bank, 2017b). Based on average monthly income per household member (household income divided by number of people per household), 21.9% of participants receive less than the rural poverty line of US\$ 85.7 per person per month. Based on the World Bank's international poverty line of US\$ 1.90 /day, 17% of all study participants come from a poor household. The sample's poverty rates (both against national and international standards) lie far below the rural poverty rate in DR of 51%.

5.1.1.2 Respondent's Training Participation

Figure 4 illustrates the number of training sessions the sample participated in. While a total of 31% of the sample took part in at least one training session, they revealed that they do not remember the exact number of training sessions they participated in.

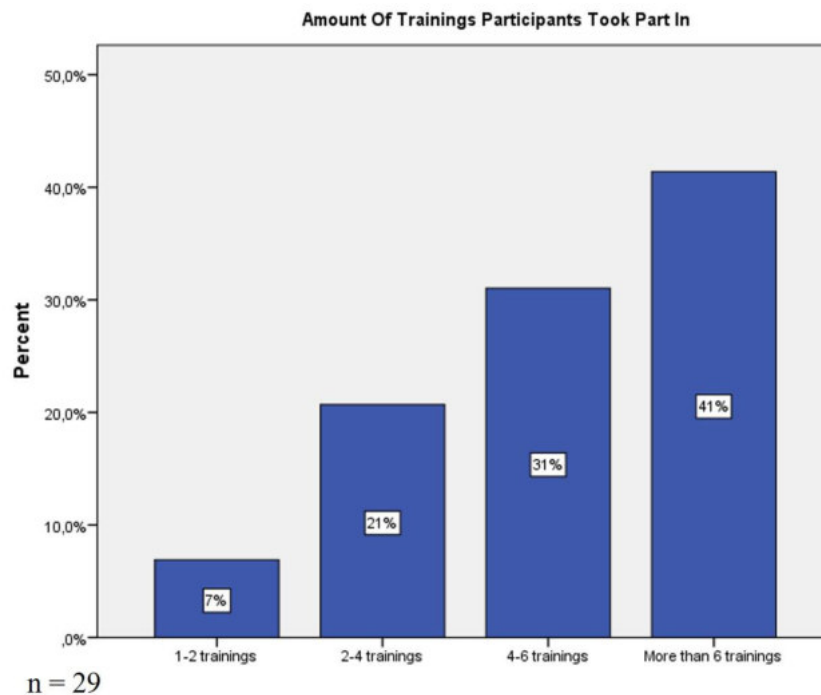


Figure 4: Amount of Training Sessions the Sample Participated In

A total of 4.8% took part in one or two training sessions, 14.3% of participants took part in two to four sessions, 21.4% took part in four to six sessions and a total of 28.6% of the sample took part in more than six training sessions. This means that excluding the group of people who do not remember the exact number of training sessions they participated in, most participants took part in more than six training sessions.

5.1.2 Quantitative Impact of Provided Micro-Enterprise Training

This section first identifies relevant aspects of the theoretical model developed in Chapter 3.3 (Figure 1) for the quantitative impact analysis. Figure 5 shows the theoretical model and it illustrates for which aspects quantitative or qualitative data analysis will be applied. The theoretical model displays expected training impacts which are ultimately expected to lead to SME development. The model serves as the basis for evaluating the impact of the provided training, which in turn provides answers to the research questions of this study.

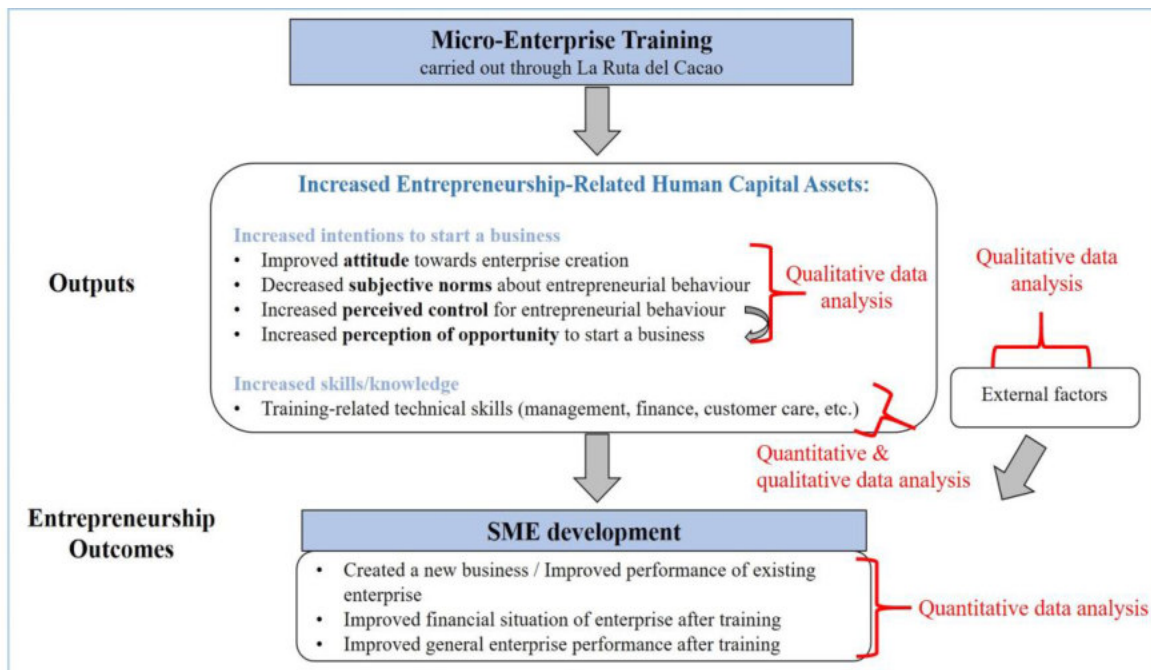


Figure 5: Application of Qualitative and Quantitative Data Analysis

As shown in Figure 5, quantitative data analysis will be applied to investigate training effects with regards to the following aspects:

- 1) Training-related technical skills;
- 2) New business creation / Improved performance of existing enterprise;
- 3) Improved financial situation of enterprises after training; and
- 4) Improved general enterprise performances after training.

5.1.2.1 Effect on training-related technical skills

According to the model illustrated in Chapter 3.3 (Figure 1), training is expected to improve an enterprise's internal capacity such as management, finance or leadership. Furthermore, SME-training is expected to increase the enterprise's revenues through improved sales or customer service, etc., which are a result of the newly obtained skills from the training. In addition, training is expected to improve participant's financial management skills, which enables them to reduce the company's costs, for example through more cost-effective production.

A total of 97.8% of all trainees indicated that they have obtained extra skills through the training. Table 3 illustrates the most mentioned skills obtained during the training. A complete list of mentioned skills can be found in Annex 1.

Table 3: Most Mentioned Skills Obtained During the Project and Training

| Most Mentioned Skills Obtained During the Project and Trainings | | | |
|---|---|-----------|--------------|
| | Skill | Frequency | Share (in %) |
| 1 | Customer Service | 13 | 31% |
| 2 | Knowledge about cocoa cultivation / processing etc. | 12 | 29% |
| 3 | Interpersonal skills (through contact with people, who one doesn't know, including people from other countries) | 11 | 26% |
| 4 | Social relations (being more dynamic and communicative) | 8 | 19% |
| 5 | Detailed knowledge about biodiversity and nature (including cocoa) | 7 | 17% |
| 6 | Finance (e.g. keep a bank book, business finances) | 6 | 14% |
| 7 | Business Management | 5 | 12% |
| 8 | Self-management | 5 | 12% |
| | | | |
| 24 | | | |
| | n=42 | | |

In total, 24 soft and hard skills such as customer service skills, interpersonal and social relation skills, or finance and business management skills were specified by the respondents. In addition, respondents stated to have obtained knowledge in different areas such as cocoa cultivation and processing or biodiversity.

All training participants indicated that they were of the view that these skills can help or are helping them in their work. Table 4 illustrates how these newly obtained skills could help them in their work, or how they are already helping. The table summarizes the most mentioned aspects; a complete list of reasons can be found in Annex 2.

Table 4: Most Mentioned Reasons Why & How Obtained Skills Can Help in Future Work

| Most Mentioned Reasons Why and How Obtained Skills Can Help in Future Work | | | |
|--|--|-----------|--------------|
| | Skill | Frequency | Share (in %) |
| 1 | Improved contact with people, human relations, customer service | 13 | 31% |
| 2 | Improved communication and socializing skills, being more active and dynamic | 7 | 17% |
| 3 | Helps in own business in different ways | 5 | 12% |
| 4 | Helps in current job | 4 | 10% |
| 5 | Practical experience to get a job in tourism | 4 | 10% |
| 6 | Improved knowledge in Finance (know terms, manage finances, save more, cash books) | 3 | 7% |
| 7 | Helps explain and teach things in school, have more knowledge in general | 3 | 7% |
| | ... | | |
| 26 | | | |
| | n=42 | | |

In total, 22% indicated that the obtained skills already helped them in different ways at their work or in their business. Beneficiaries mentioned a total of 26 reasons why and how such obtained skills could help or have helped them in their work. The most mentioned skill was improved human relations in terms of contact with people at work or in general and in terms of customer service. The second most mentioned skill was improved communication and socializing skills. Both these skills refer to interactions with other people.

Beneficiaries were also asked whether they have been able to generate additional income or saved costs due to the training. Of the participants, 60% indicated that they have generated additional income or saved costs since the activities took place.

SME-training is expected to increase the enterprise’s revenues through improved sales or customer service, etc., which are a result of the newly obtained skills from the training. In addition, training is expected to improve participant’s financial management skills, which enables them to reduce the company’s costs.

As mentioned at the beginning of this section, newly obtained skills through SME-training is expected to enable participants to increase their income or savings and to reduce their costs. Figure 6 illustrates the reasons why participants believe the skills obtained during training helped or did not help to generate income or to save more than before the training.

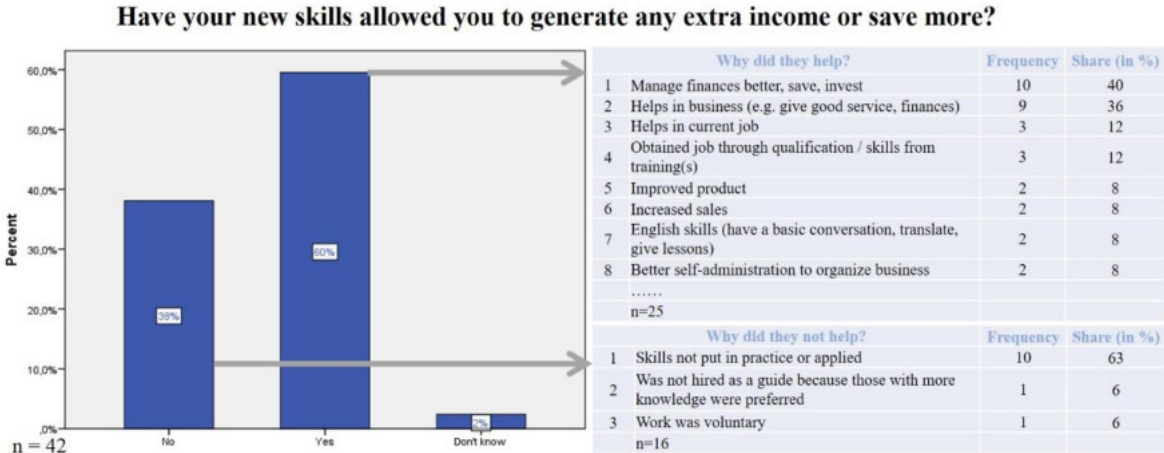


Figure 6: Reasons How New Skills Allowed Beneficiaries to Generate Income & Save More

A total of 40% of participants specified that they had generated income or saved expenses and were now able to manage their finances better than before, had learned how to save or learned the importance of investing. Furthermore, 36% indicated that their newly obtained skills were beneficial in their business and indirectly saved costs (e.g. through better management) and assisted in generating resources (e.g. through providing good customer service, which attracts new customers). As mentioned above, 16% of all beneficiaries indicated that they learned how to save regularly through participating in the project and were as a result able to secure their livelihoods due to increased savings. A total of 12% of the sample who had generated additional resources through participating in the project said that the new skills helped them in their current job and that their current salary is therefore partly guaranteed through these

skills. Additionally, 12% of those that generated additional income indicated to have obtained a job through qualifications developed during the training. According to these respondents, the total value of generated income or saved expenses was indicated to be between US\$ 60 and US\$ 2,000, while some indicated monthly income or savings of up to US\$ 1,200.

Figure 7 shows whether participants feel that the project has brought about significant changes in skills and income in their personal lives. A total of 26% of respondents were of the view that neither skills nor income have significantly improved. While 52% felt that their skills had significantly improved, 7% felt significant changes in income and 12% felt significant changes in income and skills.

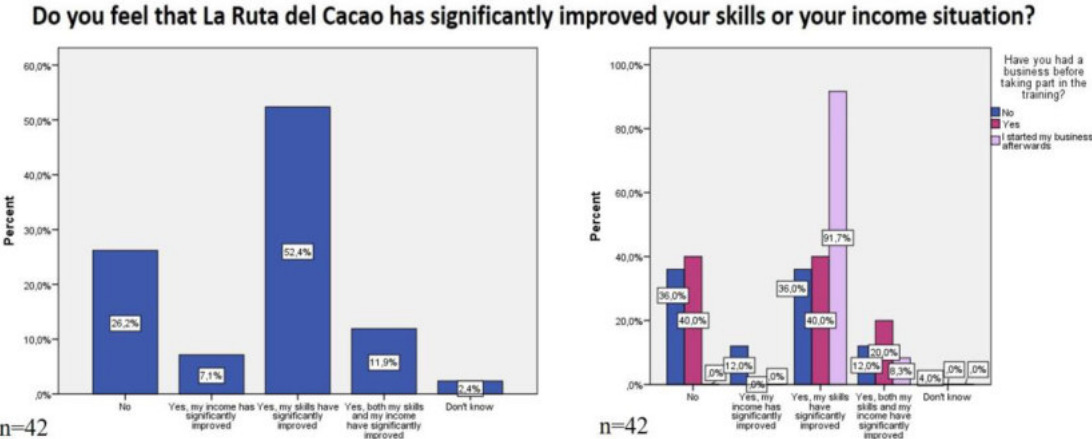


Figure 7: Perceived Significant Changes in Skills and Income

Out of all the entrepreneurs who had started their business after the training, 91.7% indicated that the project has brought about skills enhancement and about 8% indicated that it has increased both skills and income. Out of all entrepreneurs who had a business before the training, 40% indicated that the training has neither significantly improved their skills nor their income, another 40% indicated that only their skills have significantly improved and 20% indicated that they perceived both skills and income to have significantly improved. A statistical crosstabulation analysis showed in this regard that 50% of beneficiaries that had experienced significant skills enhancement and/or significant changes in skills and income, had participated in more than eight training sessions. This means that beneficiaries that participated in the highest number of training sessions, have perceived the most benefits in terms of both skills and income. This result indicates that there is a potential link between the number of training sessions participated in and perceived benefits received from these training sessions. However, the data collected is not sufficient to statistically test for a relationship

between these variables. At the same time, there may be other reasons for this result. For instance, a cognitive bias whereby participants are of the view that the results of their numerous training sessions must be greater than results from few training sessions. Due to this perception, training participants could have expected higher benefits from an increased number of training sessions and therefore perceived personal benefits to be higher than it would have been without this perception.

5.1.2.2 Effect on New Business Creation & Improved Performance of Existing Enterprises

As an indicator for SME development, training was expected to stimulate new business creation and to improve the performance of existing SMEs. Figure 8 illustrates the business creation rate among study participants after the training. It also illustrates the relative share of participants who already had a business before the training and who may have experienced performance improvements through the training. In total, 28.6% of study participants indicated having started their business after the training while 11.9% already had a business before the training.

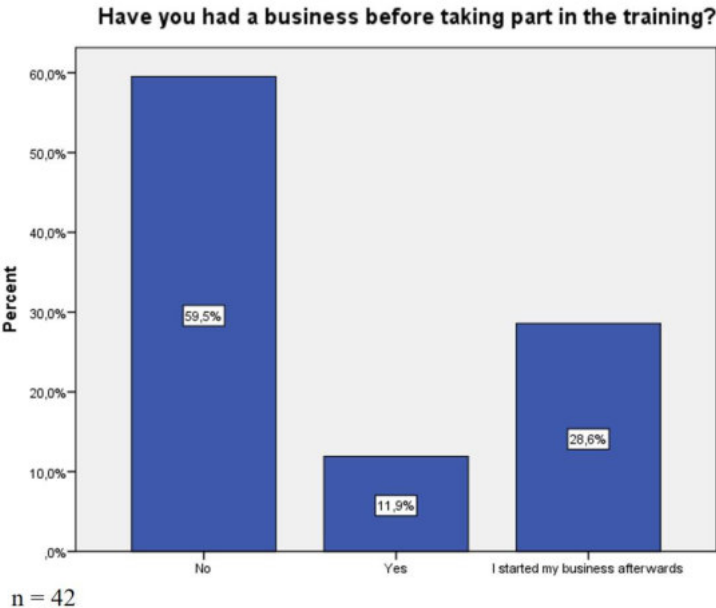


Figure 8: Business Creation Rate and Share of Existing Enterprises in the Sample

Out of all participants who started a business after the training, more than 60% participated in more than six training sessions and almost 30% participated in two to four training sessions. Furthermore, most entrepreneurs who started their business after the training indicated that the training has significantly helped them to increase their skills. It is therefore likely that the training provision itself as well as the amount of training sessions participated in played a role

in their decision to start a business. However, the data at hand is not sufficient to statistically test this relationship. Qualitative data will give more concrete details on the factors that stimulated participants to start a business and to what extent the training played a role in their business creation efforts. With regards to participants who had a business before the training, results as to whether their existing enterprise has improved are rather mixed. A crosstabulation analysis showed that 80% of businesses existent before the training had slightly expanded and 20% had declined. However, due to the small number of cases, it is not possible to statistically test for a relationship between training participation and general enterprise performance. Nevertheless, the results at hand suggest that the enterprise creation rate was almost 30% among the sample and these business owners have – on average – perceived training effects in terms of significant skills and income enhancement stronger than business owners who had already established a business before the training.

5.1.2.3 Effect on Enterprise’s Financial Situation

Figure 9 illustrates how business owners in the sample perceived the development of their enterprise’s financial situation after the training. About 65% of all business owners in the sample indicated that the financial situation of the participants business has deteriorated since the training and 11.8% indicated that it stagnated. The remaining 23.5% indicated that it improved.

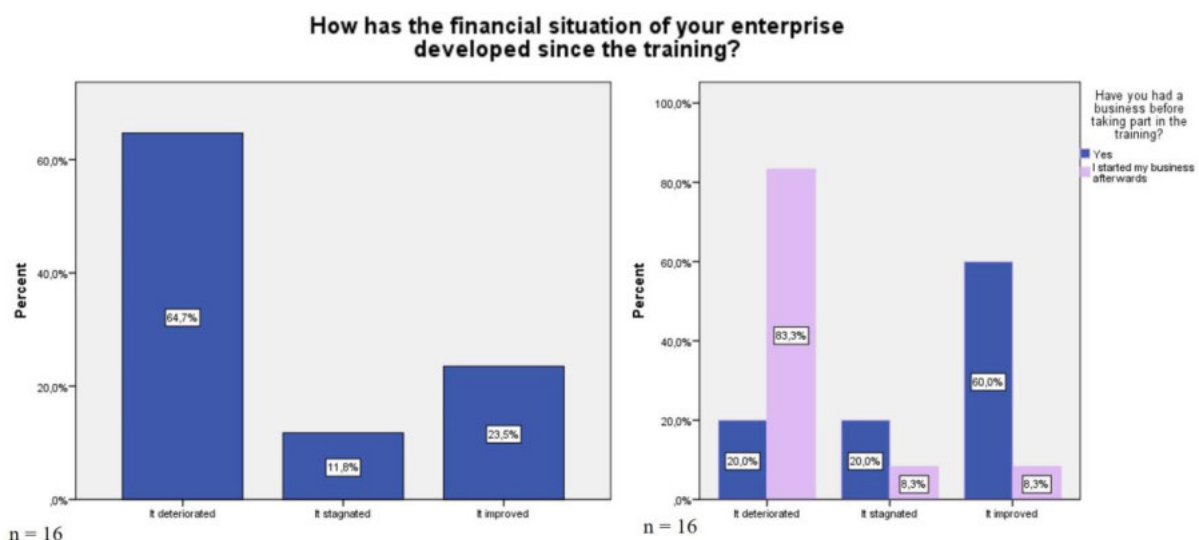


Figure 9: Perceived Development of Enterprise’s Financial Situation Since the Training

Of those entrepreneurs who started a business after the training, 83.3% indicated that their business’ financial situation deteriorated and only 8.3% indicated that it improved after the training. Out of those who already had a business before the training, only 20% indicated that

their business’ financial situation deteriorated and 60% indicated that it improved. These results suggest that the participants who started a business after the training struggled in terms of improving their business` financial situation, while more *established* entrepreneurs in the sample were able to improve their financial situation after the training. Unknown external factors may have played a role in the occurrence of these results, but the nature of the provided training may have also played a role. The training content may have been more helpful or suitable in assisting established entrepreneurs to apply newly obtained knowledge and skills which ultimately improved the enterprise`s financial situation. At the same time, it seems to have been more difficult for entrepreneurs who created a business after the training to apply new skills and knowledge. Additionally, important content with regards to financial management in a newly established enterprise may have been missing in terms of assisting younger enterprises in their early stages. The qualitative analysis will provide more concrete answers to these assumptions.

5.1.2.4 Effect on General Enterprise Performance

Figure 10 illustrates the training participants’ perceptions towards their general enterprise development since the training. Out of all entrepreneurs in the sample, about 47% indicated that their business has expanded significantly after the training; about 41% indicated that it slightly expanded after the training and the remaining 11.8% indicated that their business declined.

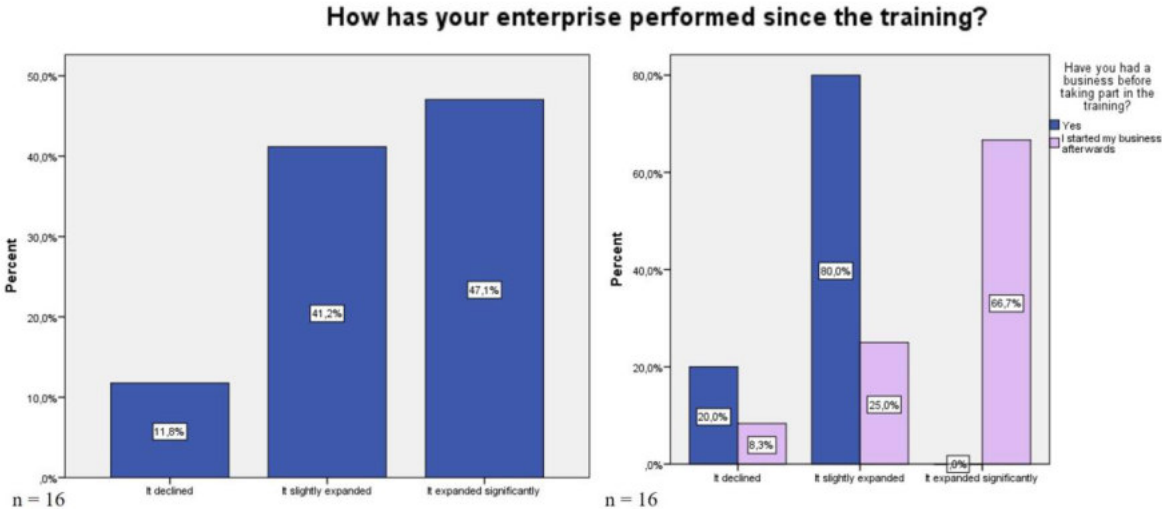


Figure 10: Perceived General Enterprise Development Since the Training

Out of those business owners who started a business after the training, about 67% expanded significantly, 25% expanded slightly and 8.3% declined. Out of those who had a business

before the training, 80% slightly expanded and 20% declined. A crosstabulation analysis showed that all entrepreneurs experiencing significant business expansion started their business after the training. In addition, 62.5% of participants who perceived significant business expansion participated in six or more training sessions. This result indicates that the participation in a higher number of training sessions had an effect on the extent to which participants perceived their businesses expansion. However, this result must be examined critically. First, as mentioned above, due to the small number of cases it is not possible to confirm the suggested link statistically. Second, the fact that participants who took part in more training sessions perceived their effects to be greater than those who participated in less may be due to the cognitive bias explained above.

To summarize the quantitative analysis results, the enterprise creation rate among study participants since the training is about 30%, while 12% already had a business before the training started. Entrepreneurs who started their business after the training have, on average, perceived training effects in terms of significant skills and income enhancement stronger than already established enterprises. Beneficiaries who participated in the highest number of training sessions, perceived the most benefits in terms of both skills and income enhancement. Out of all entrepreneurs in the sample, 47% indicated that their business has expanded significantly after the training; 41% indicated that it slightly expanded and the remaining 12% indicated that their business declined. With regards to the development of the enterprises' financial situation, out of those entrepreneurs indicating that their business' financial situation has deteriorated since the training (65% of entrepreneurs in the sample), 91% are entrepreneurs who started their business after the training. Out of those whose financial situation improved, 75% are participants who have had a business before. This means that while the provided training may have stimulated the creation of businesses per se for about 30% of study participants, young entrepreneurs seem to have experienced challenges with regards to the financial situation of their business, while most already existent SMEs have been able to improve their financial situation after the training. The qualitative analysis will compliment these results to find more detailed answers to the research questions of the study.

5.2 Qualitative Analysis

An important feature of qualitative research is its ability to provide an in-depth analysis of phenomena. According to Blackstock et al. (2007: 726) and Yin (2011), qualitative

methodology allows for a detailed study of social phenomena and thereby helps to provide a deep understanding of the issues at hand.

As outlined above, two FGD attempted to examine the views of both entrepreneurs and non-entrepreneurs as a way of eliciting multiple perspectives and richer information on how provided training enhanced participants skills, knowledge, entrepreneurial intentions and ultimately SME development. After the data collection, the audio files of the FGD were transcribed and analyzed using thematic content analysis, the results of which are presented below. As illustrated in Figure 5, the qualitative analysis will provide a deeper understanding of the research questions by examining:

- 1) Specific factors that have stimulated or hindered the creation of new enterprises
- 2) The extent to which external factors have played a role in starting a business; and
- 3) The extent to which training has increased participant's intentions to start a business.

5.2.1 Stimulating and Hindering Factors to SME Development

The following analysis identifies a number of stimulating and hindering factors to SME development among respondents through an illustration of individual experiences and quotes gathered from the FGD. During the first FGD with non-entrepreneurs, it became clear that all except one respondent had the intention or had taken steps towards creating an enterprise before. However, there seemed to be factors hindering them from turning their ideas into action and moving forward in starting a business. The respondent who stated not intending to start a business was fairly young (around 18 years old) when she attended the training. She was still in school and is now at University. A personal interview with the respondent revealed that her close relatives living in the same household are employees and not entrepreneurs. She explained that the training helped her to provide better customer service, which benefits her in her current job where she deals with many customers. She noted that: "The team work [during the training] helped me to socialize more, now I'm not so shy anymore to approach people". Although the researcher did not get a concrete answer from her as to the reason why she has no intention of starting a business, it is possible that she perceives her behavioural control to be low, i.e. she may feel that it is too difficult for her to become an entrepreneur due to her rather shy personality. The statement also shows that while the training may have helped her to be *less* shy, she possibly still has difficulties approaching people, something which an entrepreneur typically needs to do in order to run his/her business well. In addition, the fact that none of her close family members are entrepreneurs may be a

reason for low social pressure to become an entrepreneur or possibly high social pressure to continue studying. Another respondent described that he and a business partner had a bakery, which he left because he felt his partner wanted to *benefit more* from the business. He indicated that now he feels that he has the competency to start a business again because he has done it before. However, this respondent stated that he “needs to feel secure that everything will turn out good”. One of his fears about starting a business is that he may lose his financial investment into the business. He clearly stated that he is not willing to take a business risk. This confirms that one key characteristic of an entrepreneur seems to be the willingness to take risk, as identified by Fillion (2011: 45), Bjerke (2007: 16f), Schaper and Volery (2004: 6), Kilby (1971: 1) and other scholars outlined in the literature review in Chapter Two. Therefore, it can be assumed that the absence of this trait can be a hindering factor for individuals to start a business. A third respondent mentioned that she had thought about opening a *comedor*, a typical casual Dominican restaurant serving mostly lunch and she wanted to sell Mauby juice. In addition, since her husband grows cocoa, she wanted to sell the cocoa products at her restaurant. She stated that she feels prepared because she knows how to cook and how to maintain good hygiene. One reason for possibly not starting her business was that she stated that she doesn’t like *making business*, in terms of negotiating with people and the act of charging people money. According to her, the training has primarily helped her to improve her personal skills: “It helped me to be a more open person. [...] I used to be very shy”. Based on what the respondents described in this context, the researcher understands that having a *shy* personality as in not being able to socialize, negotiate or communicate well, could be a limiting factor if not addressed. Similar to other respondents, this respondent seemed to have low behavioural control whereby she feels insecure about performing entrepreneurial activities such as negotiating with people due to her personality. A fourth respondent emphasized various times that he really wanted to start a business and set up a small booth selling *chimi*, a typical Dominican burger. However, he expressed that he did not feel prepared and feels that he still needs to learn some skills:

I still need an assessment and learn from a professional, but I do have the idea. I also need practice in cooking.

To the question why he had not started a business yet, he responded that he is afraid to start. A skill that he believes could be taught in future training is “to develop oneself more to lose the fear”. In this respondent’s case, his behavioural control also seems to be low as he expressed fear, which could be a sign for insecurities in being an entrepreneur. Although he does not specifically express this, he may not be willing to take the necessary risk of starting a

business. Another respondent indicated that she would like to start a clothing business. She spoke about having done some research but was of the opinion that she still needed to do a proper market study. She did not see herself as completely prepared to open a business. She wants to know more about her competitors and to learn how others do business in order to improve her skills. She stated: “I have the idea in my mind, but the doubt if everything will work out”. It is likely that – similar to other respondent’s feelings – her fear of starting a business is her major hindering factor for the creation of an enterprise. She also mentioned that missing capital plays a role. Another respondent expressed similar insecurities: “If you want to start you need a location, if you have it, good, but if you want to rent it...” He seemed to be unsure of how to overcome possible obstacles in starting a business such as accessing funding to find solutions to the challenges faced by an entrepreneur. When asked what was missing in the training, the respondents jointly agreed that the topic of Administration, specifically how to administer a business and *how and where to start* was missing. One respondent explains:

What was missing was something more profound on how to start in practice, once we have the resources, how to manage different activities within the business.

Another respondent had the following to say:

We did the training, but something concrete was missing, examples how to start a project in practice. We did some things, but it was not concrete enough.

Another respondent in the FGD with non-entrepreneurs said that although she (and others) improved public speaking skills during the training, she believes that she still has problems in expressing herself and explaining things well. Due to her difficulties in communication, she suggested that the organisation should add a more profound communication session to the training if the training was to be repeated. Respondents found the one-day training sessions too short and not profound enough to learn how to do things in practice. The above insights suggest that one of the hindering factors for SME creation could be the lack of a *step-by-step* guidance on how to start and administer a business. The FGD further suggest that entrepreneurial-related skills such as how to keep a cash book may not necessarily be what all participants needed to increase their perceived behavioural control and their perception of opportunity, which could lead to SME creation. Respondents also noted that the topic of accounting, in terms of keeping track of your income and learning the mathematical part behind this is something that they would also add to the training. Furthermore, several respondents in the FGD with non-entrepreneurs mentioned a number of soft skills that they would add to the training, namely leadership, team work and responsibilities of business

owners. With regards to the organization of the training sessions itself, one respondent emphasized that organization should have been better, that topics were mixed up and that not enough time was dedicated to each part.

While the responses from non-entrepreneurs revealed that certain character traits (not willingness to take risk, shy personality) seem to have been hindering factors for SME development in their cases, interviewed entrepreneurs affirmed that in their opinion, an entrepreneur needs to have certain intrinsic features in order to be a successful entrepreneur. Entrepreneurs mentioned further that being optimistic and proactive are good characteristics of an entrepreneur. One entrepreneur explained as follows:

An entrepreneur looks for solutions to his/her problems, if he owes one person he will look for the money somewhere to pay you back. And this is how he/she continues until he gets where he wants to be.

Other participating entrepreneurs believed that an entrepreneur is someone who keeps going despite possible obstacles. Other mentioned characteristics are being goal-oriented, having a plan where you are heading and being responsible. “An entrepreneur analyses those projects that help him/her give results to climb the ladder”, one respondent says. Others affirmed that making progress and moving forward is part of being an entrepreneur. Another central characteristic of an entrepreneur, according to the respondents, is the willingness to take risks.

[An entrepreneur] is not embarrassed to knock on people's doors [...]. He goes for what he wants. [...] An entrepreneur is not afraid. It's not that he is crazy, although they call us crazy sometimes, because they say: “This is not going to happen, this can't work... how can you put so much money in that?”, but an entrepreneur is not afraid if he is convinced of his business. [...] Because he will go and ask for a loan, and he knows he has to pay it back, but he knows that he has his idea and his project and what he is going to do every day, so he is not afraid to take a loan to create his business.

This quotation reflects the essence of entrepreneurship according to the entrepreneurs, namely proactivity and persistence. This includes not only having a business idea but also the drive to keep going. With regards to daily skills of an entrepreneur, several respondents explain that communication, socializing and making sure that they deliver good quality products are central to their daily activities. They specified that knowing how to sell your products to other people through communication and networking is essential. When asked about their primary motivations to become an entrepreneur, respondents emphasized that they prefer making their own decisions rather than listening to an employer. Hence, they seem to be individuals with rather strong personalities who stand up for what they believe in and liked to put things they believe in into practice. Furthermore, all respondents illustrated with different examples how the ability to plan ahead is central in their activities as an entrepreneur. In their activities, this

ability is closely linked to budgeting and managing finances economically in order to minimize cost and time efforts and maximize benefits.

One respondent explained how he goes *the extra mile* to deliver his product when a client makes a request. Another respondent explained how she proactively builds important networks in her efforts to cut costs and to find ways to work together so that conducive partnerships with mutual benefits develop:

I feed the pigs with chicken leftovers and I pick them up in Santo Domingo. So, every time gas prices go up it costs me more. Sometimes I watch the prices at 11pm and think “Oh god, why didn’t I pick them up three days ago when prices were lower”.

In my case, I need to buy a printer, they are expensive, but I need to plan how much am I going to make within the next months to be able to buy it. If I run out of money, I can’t buy as much merchandise just to buy this printer that I need.

What happened to me was that I was out buying passion fruit and sometimes I would buy two full trucks of passion fruit. And I kept having to rent one [truck], 5-6,000 Pesos every time. And I said no, if this is the problem I’m going to buy a second truck. And I bought it one time. I asked the same person I rented it from for how much he sells it and I said okay give me so many days to buy it and I bought it. Because if my business makes me money, I have to invest to increase the business [...].

The proactivity and persistence of respondents seems to be an important aspect in the development their enterprise. Respondents jointly describe having two major obstacles that they face, namely competitors and prices. With regard to prices, sometimes customers want their product for a cheaper price, but note that the price for raw products varies a lot. The respondent’s explanations on how they deal with these obstacles shows that they are generally not intimidated by competitors and at the same time maintain an optimistic attitude towards the competition they face. Difficulties arising from prices are being overcome by 1) communicating well and being able to sell your product well, 2) negotiating well and 3) budgeting well to have the lowest costs. Furthermore, several respondents illustrate their own innovative ways of offering a competitive advantage by thinking ahead. One respondent provided the following explanation:

I make things up every now and then and I find solutions, for example I sell the pork 5 Pesos less per pound [...] and then I provide delivery service. If you want to buy pork, let’s say 50 pounds, and you want it at six o’clock at home, I will bring it for you at six. I have the advantage that I can put it on my motorbike and bring it and don’t have to put 2-300 Pesos for gas, now it only costs 50 with my motor. [...] That also helps me because my competitors don’t bring it to you, you have to go and pick it up, but I bring it. So, I offer a plus. And if I have sour orange², I will bring you one, too, so you can put it on the pork. “Oh, you bring me 50 pounds? Great, bring me 70 next time”.

² Sour orange is a fruit grown in the Yamasá area, which is used to clean meat or remove the smell of fresh meat, similar to how lemon is used.

Participating entrepreneurs mentioned three major competencies which they learned in the provided training, namely Business Finance, Human Relations (Customer Service and Communication) and Leadership. While some stress that the training helped them to improve in those areas, one respondent noted that she also learnt about Finance and how to manage a business during the training. Another respondent specified that the training did not only help him in the area of Communication and how to treat clients, but assisted specifically in understanding need and preferences of clients. In his view, the training has enabled him to a great extent to provide a good service to clients in his current furniture business. Respondents agreed that they went through a mindset change as a result of the training, noting that none of them knew what to expect from the training and they did not show much interest in the beginning. “If we got the training now we would take full advantage of it”, one respondent said. Another respondent noted the following: “[...] all of it was for free [...] If they would have given a workshop injecting us enthusiasm and interest...”. A survey completed by each respondent before the discussion with entrepreneurs revealed that most respondents took part in the training with the motivation of developing personally, not necessarily to develop a business. Only a fraction of respondents mentioned that they had an interest in achieving business and economic growth through the training. These statements show that it seems to have been unclear to the participants who the training target group was so that interested and motivated individuals would take part. Also, the fact that no incentive for participation (such as a small participation fee) was charged could have influenced participants’ motivation to maximize their learning benefit. These statements contribute to the finding that a strategic approach to the training implementation seems to have been missing in several ways. In this regard, and as respondents have stated, the content and/or sessions seem to have been *mixed up* without a clear approach to the content provision and learning outcomes that were then directly linked to a practical application of entrepreneurial activities. At the same time, there was not a selection of training participants that belonged to a certain target group. In this regard it is useful to analyse the selection procedure used to select training beneficiaries. These were selected through two channels:

- 1) Information about the project and training was distributed through Conacado’s³ cocoa producer associations in Monte Plata. The initiative to become active and take part had to emanate from the individuals themselves and was voluntary.

³ Dominican cocoa producers sell to several private cocoa companies through an association they are part of. Among these private companies, Conacado is one of the largest and made up of several hundred small-scale producer associations with approximately 8,700 members. Since Conacado has a local buying center in Yamasá, the company supported the project La Ruta del Cacao in order to promote the cocoa sector in the region.

- 2) At the same time the project coordinator and active members of the implementing NGO were actively approaching individuals that they personally felt were suitable for the project in their personal environment. The approached persons, who were considered *appropriate* candidates, decided themselves whether they wanted to take part or not.

It is possible that in this selection process, the specific target group for micro-enterprise training (individuals looking to develop an enterprise) was not strategically defined and/or adequately explained as to who the training was directed towards and that this information was possibly not shared adequately. This had the effect that overall training participants had different motivations, intentions and ideas with regards to the benefits they could gain from the training and their intentions to start a business varied greatly. The implication of these varying motivations and intentions was that training outcomes also varied greatly. With regards to the training implementation, the entire group of entrepreneurs emphasized during discussions that the two major aspects missing were 1) follow-up support and 2) sustainability of the project in terms of financing it in the long term. Interestingly, the respondents' opinions match those of non-entrepreneurs whereby they felt they needed more support from other persons.

With regards to other skills and competencies learned during the training which may have not been mentioned, one respondent highlighted that he noticed in several situations that he had learned skills he was not conscious of before. This suggests that there could be other important skills and competencies learned throughout the training which were not mentioned during the discussions. Interviewed entrepreneurs summarized that skills and competencies learned during the training included communication skills, in particular knowing how to communicate with clients and learning how to convince people of their products or services. One participant noted that both training and the contact with entrepreneurial role models provided her with management and leadership competencies. Another respondent provided the following insights:

I definitely learned developing business plans, up to the point where now when I have friends that want to set up a business I've turned so intense in wanting to help them with that business. To the point that when I see that friend again I have a place where they can set up the business, or I have the day we will pick up their merchandise or I have come up with a name for their business, or I have the logo already, so that basically the person can almost start selling.

What stands out in the above statement is that while the above respondent perceived to have gained the competency of developing a business plan, the factor that seems to have driven her to implement her developed plans was her proactive character. This assumption is backed by

the respondent's statement that obtaining Finance and Budgeting skills motivated her to start a savings club in her community. This information strongly suggests that the provision of skills and competencies needs to be accompanied by intrinsic entrepreneurial features which training participants have in order for them to succeed as entrepreneurs. The respondents were of the opinion that topics that were missing in the training was motivation, interest from the participant's side, marketing, promotion, as well as human and customer relation skills. All participants agreed that none of the content of the training sessions should be excluded due to the fact that in terms of running a business, all sessions had significance. One entrepreneur stressed during discussions that what was missing in the training was the provision of marketing and promotion skills. She illustrated that:

Somebody who has a business needs to know how he is going to market and sell. The idea is not only to have the idea and set up the business, but for you to sell.

In terms of the implementation of training sessions, there seemed to have been no strategic approach on how best to support the participants in their different stages of their business idea development when starting an enterprise. Respondents agreed that there were enough available funds through the UNDP Small Grants Programme and capital was not a major obstacle in strategically implementing the project. The project management programme should have ensured that a strategic approach to training implementation was guaranteed. However, based on responses during informal interviews it seems as if the implementation was less result-oriented and not based on a participant's needs analysis, but had a rather *random* nature where entrepreneurial-related sessions were picked randomly.

The above analysis suggests that the intrinsic factors of being able to socialize, negotiate or communicate well, as well as the willingness to take risks and the ability to plan ahead may be entrepreneurial characteristics and the absence of such characteristics may therefore be hindering factors to SME development. Furthermore, budgeting and managing finances well in terms of finding ways to minimize costs and maximize benefits are further competencies of entrepreneurs who participated in the discussions. Finding ways to minimize costs and maximize benefits requires analytical thinking and innovativeness, which could be further stimulating intrinsic factors for SME development. Additionally, the provision of a practical step-by-step guide, either provided by a mentor or as a separate training session, could be a factor influencing participants perceived behavioural control, whereby they would perceive their ability to be an entrepreneur to be higher when given such guidance on where and how

to start an enterprise. Therefore, the absence of a support-mechanism may have been a hindering factor for SME development in this case.

5.2.2 The Role of External Factors

During the discussions with respondents, several external factors could be identified by the researcher, which seemed to have had an influence on participants entrepreneurial behaviour. All entrepreneurs who took part in the discussions indicated that they started their business themselves and did not buy it or take it over from someone else. They either saw an opportunity, or they had lost employment and were forced to do something to earn a living. During the discussion, some entrepreneurs confirmed that having a family to take care of also played a role in their motivation of being an entrepreneur. Furthermore, all respondents indicated in the survey to have family members that are entrepreneurs. One respondent described that she decided to start her business during the training. She noted that what helped her to a great extent was that several people supported her in this endeavour, in particular another training participant who is an entrepreneur, and who to some extent took over a mentor role. Similarly, when a non-entrepreneur was asked what he would have wanted or needed in the provided training, he responded as follows:

I would have liked more support, this was missing in various aspects. [...] Because I did share my idea, but there was no support from another person.

This respondent was of the view that the presence of a role model providing support in terms of how to go about things would make him more secure in his actions and increase his behavioural control. For another respondent, a reason for not starting a business was the lack of capital. She stated that she had tried to get seed funding from a local bank but was not successful “because she is too young” (23 years old). She was of the view that the training should have provided information on how to access micro-enterprise funding. The lack of accessing capital to open a business was also mentioned by other respondents during discussions. The above outlined factors suggest that the act of starting a new business is possibly not only influenced by an individual’s ability to spot opportunities, but that SME development can be triggered by external factors such as losing employment, having a family to take care of and having entrepreneurial role models in the form of a mentor or entrepreneurs in the family. It is further possible that the existence of an entrepreneur in the family places social pressure on respondents to become entrepreneurs and hence increased their intentions to do so.

When considering the role of external factors, the existence of an entrepreneurial role model in the form of a mentor may have increased the respondent's willingness to take risks, their motivation and intentions to create a business. Furthermore, a lack of capital may have been an external factor hindering SME development.

5.2.3 Extent to Which Training Has Increased Participants' Intention to Start a Business

All in all, a comparative analysis of the information obtained during the two Focus Group Discussions shows that respondents perceived to have obtained different types of skills and competencies from the training. To what extent the provided training has increased participant's intentions to start a business is likely to have been dependent on the individual's personality, i.e. mostly intrinsic factors. Specific personality traits that have stimulated SME development were the ability to spot opportunities and to plan ahead, taking risks, proactivity, persistence and the ability to socialize, communicate and negotiate well. At the same time, the absence of these traits seems to have hindered SME development in several cases. Other factors that seem to have hindered SME development were the absence of an entrepreneurial role model or follow-up support from the project and guidance on how and where to start a business. Extrinsic factors that seem to have played a role in starting or not starting a business were the absence of capital, job loss, having a family to take care of and having an entrepreneurial family. The latter is linked to the existence of an entrepreneurial role model. Taking the above-mentioned aspects into account, qualitative analysis suggests that the provided training is likely to have improved respondent's attitude towards enterprise creation, with the exception of the one respondent who indicated no intention of starting a business. The results suggest that interviewed entrepreneurs are more likely to have improved their attitude towards enterprise development than non-entrepreneurs, who have not started a business. The training has not increased perceived behavioural control of non-entrepreneurs. While it is clear that entrepreneurs have gained important skills and competencies during the training, one cannot make conclusions on whether the participants' perceived behavioural control has increased due to the training. Those respondents who indicated that they had no intention of participating in the training to create a business afterwards may have gained increased perceived behavioural control through the training. However, none explicitly mentioned this factor or made clear indications that this assumption holds true. Subjective norms seemed not to have played a great role in the respondents' decision to develop a business and the training is hence not expected to have influenced this aspect.

5.3 Chapter Summary

Quantitative analysis results showed that almost 30% of sample participants have started their business after the training and about 12% already had a business before the training. It remains to be evaluated to what extent the training has contributed to the creation and development of these entrepreneurs. Out of all entrepreneurs in the sample, 31% indicated that newly obtained skills and competencies obtained through the training have enabled them to gain extra income or to save resources. The researcher assumes that the participant's extra income and savings are related to the respective business and advanced skills. On average, entrepreneurs who started their business after the training have perceived training effects in terms of significant skills and income enhancement to a greater degree than already established enterprises. Participants that have taken part in the highest number of training sessions, perceived the most benefits in terms of both skills and income. Almost 20% of entrepreneurs in the sample indicated that their business expanded significantly after the training, while 16% indicated that it had slightly expanded after the training. However, more than half of the entrepreneurs who started their business after the training indicated that their business' financial situation has deteriorated since the training. Out of those whose financial situation improved, 75% are participants who have had a business before. In quantitative terms, the analysis shows rather modest results of training impacts, and statistically, a direct link between the training provision and the 30% enterprise creation rate cannot be established. Furthermore, while it is clear that existing enterprises have been able to improve their financial situation, it is not clear to what extent the training has contributed to this development.

The qualitative analysis reaffirmed quantitative results with regards to skills enhancement. Respondents (entrepreneurs and non-entrepreneurs) indicated to have gained a variety of different types of skills and competencies from the training. The analysis also suggests that the training is likely to have improved most respondents' attitude towards enterprise creation. On the other hand, the training has not increased perceived behavioural control of non-entrepreneurs to the point where they would have started a business. Based on the findings, one cannot make conclusions on whether entrepreneur's perceived behavioural control has increased due to the training or if it was in existence before the training. The training is unlikely to have impacted on the subjective norms of respondents.

It became clear that entrepreneurial behaviour of entrepreneurs in the sample and therewith SME development has been stimulated by several intrinsic factors. These include the ability to spot opportunities and to plan ahead, taking risks, proactivity, an innovative mindset, persistence and the ability to socialize, communicate and negotiate well. The factor(s) that hindered non-entrepreneur respondents from starting a business was identified to be the absence of the above traits. External factors that seem to have played a role in starting or not starting a business identified in the present analysis were a lack of capital, job loss, having a family to take care of and having an entrepreneurial family. The latter is linked to the existence of an entrepreneurial role model. The absence of an entrepreneurial role model or follow-up support from the project as a type of personal assistance providing profound guidance on how and where to start a business has also been identified as a hindering factor to SME development in the sample. The overall results suggest that training impacts on SME development were rather modest.

This chapter dealt extensively with the perceived impacts of micro-enterprise training provided as part of the case study project La Ruta del Cacao on the enhancement of its participants' entrepreneurial behaviour ultimately leading to SME development, using both quantitative and qualitative data analysis. The findings have been streamlined into themes and they were presented according to the theoretical framework of this study (Figure 1). The use of presentations, where necessary, aimed at ensuring consistency. The presentation, analysis and interpretation of the data with regards to perceived training impacts were done systematically, with qualitative data complimenting quantitative data. Through a quantitative analysis, the study established that provided training had a modest impact on the creation of new businesses and the development of existing enterprises; however, statistically generalizable results could not be produced with the data at hand. The qualitative analysis revealed that interviewed entrepreneurs have been provided with important skills, however, it seems as if intrinsic and external factors were driving forces ultimately leading to the creation and development of enterprises rather than these obtained skills and new knowledge. Finally, the chapter concludes with a summary of both quantitative and qualitative analysis results. The following final chapter presents the summary of findings, theoretical reflections, a conclusion and practical recommendations for future initiatives.

CHAPTER 6 – A CRITICAL REFLECTION OF MICRO-ENTERPRISE TRAINING PROVISION AS A STRATEGY FOR SME DEVELOPMENT

The final chapter of this study begins by summarizing the empirical findings elaborated on in Chapter Five (6.1). Subsequently, the researcher critically reflects on theoretical and methodological issues related to the findings, as well as the quality of data collected (6.2). Finally, Chapter Six is rounded off by concluding remarks, which provide answers to the research questions and the hypothesis and critically reflect on micro-enterprise training as a strategy to alleviate unemployment and poverty in developing countries such as DR (6.3).

6.1 Summary of Empirical Findings

The primary objective of this study was to assess the perceived impacts of micro-enterprise training provided by the case study project La Ruta del Cacao as well as the contribution of provided training to SME development. In doing so, the study also intended to identify fostering and hindering factors to SME development. Chapter Five addressed the objectives of this study by presenting quantitative and qualitative empirical data analysis findings. Data was gleaned from secondary data sources, namely a semi-structured questionnaire and two Focus Group Discussions gathered from fieldwork in the case study area in 2017 as well as a literature review. Quantitative data was analyzed and presented using frequency tables, crosstabulations, means comparisons, boxplot graphs and Microsoft Excel as analysis tools. Qualitative data presentation included streamlining data into themes and categories and, where appropriate, the use of quotations to substantiate and augment quantitative data.

From a target population of 80 trainees, only 42 training participants could be interviewed for the purpose of this study. For the two FGD, eight participants had confirmed their participation, however, only five attended the first FGD and six attended the second FGD. Out of the 42 respondents, half were male and half were female. A total of 12% of participants did not undertake any economic activity and was hence considered unemployed. About 22% of participants receive less than the rural poverty line of US\$ 85.7 per person per month.

Figure 11 illustrates the empirical findings on the perceived impacts of micro-enterprise training provided through the case study project on SME development based on the theoretical model of this study.

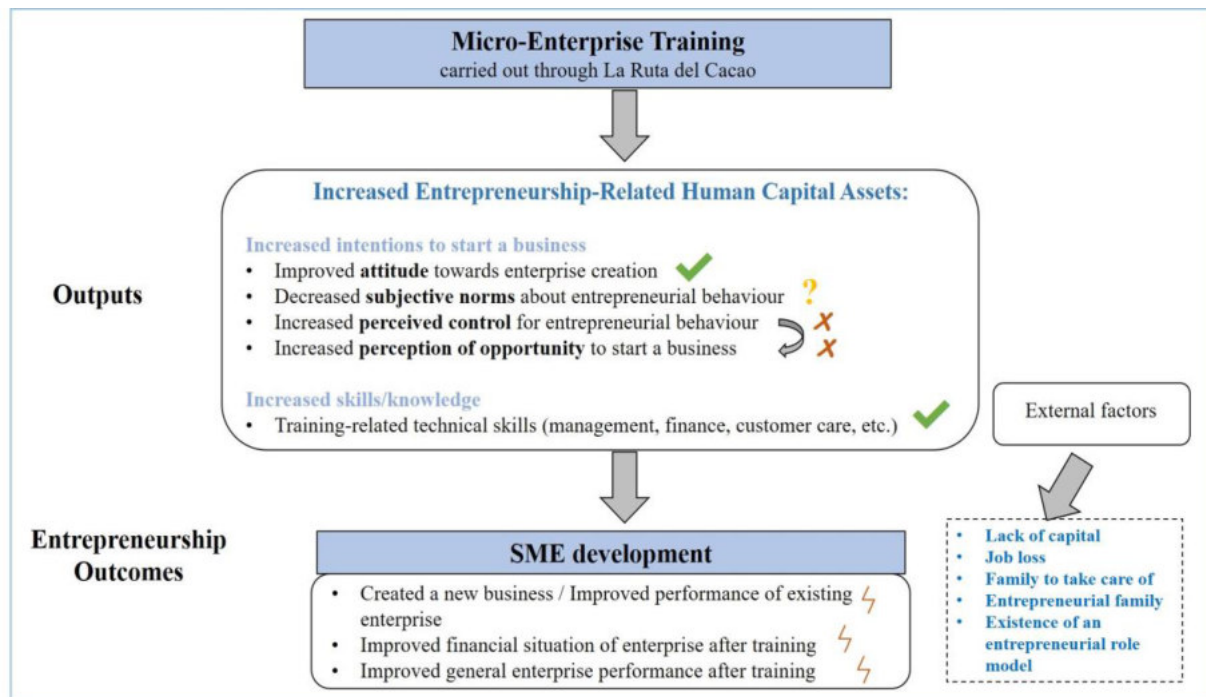


Figure 11: Analysis Results of Micro-Enterprise Training Impacts on SME Development

The provided micro-enterprise training was expected to bring about changes in the participants entrepreneurship-related human capital assets displayed as outputs in Figure 11. These outputs were namely increased entrepreneurial intentions and increased skills and knowledge. Ultimately, these changes were expected to result in SME development in terms of new business creation and (general and financial) business improvements as entrepreneurship outcomes. The developed theoretical framework for this study (presented in Figure 1) served as a basis for the data analysis and the interpretation of findings.

With regards to changes in attitude towards enterprise creation (one training output listed in Figure 11), the training is likely to have improved the respondents' attitude towards the latter. Interviewed entrepreneurs agreed that their motivations to develop their business increased during the training. It is likely that the same applies for other training participants since almost all interviewed non-entrepreneurs indicated that they would like to start a business and hence have a positive attitude towards enterprise creation. Subjective norms do not seem to have played a role in the respondent's decision to develop a business and the training is hence not expected to have decreased participants' subjective norms about entrepreneurial behaviour - another training output listed in Figure 11. Lacking behavioural control for entrepreneurial behaviour was identified as one of the major hindering factors in enterprise creation among non-entrepreneurs. In the case of the entrepreneurs, intrinsic traits are likely to have been the primary stimulating factor for their entrepreneurial behaviour and not changes in their

behavioural control brought about by the provided training (a third training output listed in Figure 11). In addition, participants' perception of opportunity (a fourth training output listed in Figure 11) is unlikely to have increased due to the training. While some entrepreneurs in the sample indicated to have started their business because they saw an opportunity, it is more likely that this opportunity recognition was brought about by their intrinsic character traits and not due to the training. Overall, according to the respondents' perceptions, entrepreneurial intentions only slightly improved as a result of the training. Furthermore, the presence of entrepreneurial role models in the form of family members which are entrepreneurs is likely to have had an effect on respondent's entrepreneurial behaviour rather than the provided training. Other identified external factors which played a role in respondent's decisions to start or not start a business were lacking capital, employment loss and having a family to take care of.

With regards to skills and knowledge, the last training output listed in Figure 11, 97.8% of all interviewed respondents indicated having gained a total of 24 soft and hard skills and knowledge in different areas, which assisted them in starting or developing their own micro-enterprise. Results indicated that respondents that participated in the highest number of training sessions have perceived the most benefits in terms of both skills and income enhancements. In addition, a total of about 30% of the sample started a business after the training, out of which more than 60% participated in more than six training sessions. Statistically, a relationship between the number of training sessions and SME creation or skills and income enhancement could not be confirmed. While it is not clear whether any of these entrepreneurs would have started a business without the project, the respective participants indicated that the gained skills and knowledge from training activities have helped in various ways to perform well in their business. The overall findings suggest that while obtained skills and competencies may have helped entrepreneurs in the sample, entrepreneurial behaviour resulting in SME creation and development was rather rooted in the entrepreneur's personality traits and not brought about by specific skills or competencies obtained through the training. It is possible that the training provision itself as well as an increased number of training sessions participated in increased entrepreneur's motivation to start a business, but this could not be confirmed, neither statistically nor through the FGD.

With regards to the financial situation of businesses in the sample (listed as another training outcome in Figure 11), results were mixed. More than half of the group of business owners in

the sample indicated that the financial situation of their business has deteriorated since the training and almost 25% indicated that it improved. On average, more established entrepreneurs in the sample were able to rather improve their financial situation after the training while newly established SMEs' financial situation deteriorated. Ironically, with regards to general business performance (listed as another training output in Figure 11), almost half of the entrepreneurs in the sample indicated that their business has expanded significantly after the training and only 12% indicated that their business declined. Furthermore, the majority of businesses in existence before the training slightly expanded, while only 20% declined.

The results indicate that participation in the training may have influenced the extent to which participant's businesses expanded. In addition, the amount of training sessions participated in also seems to have played a role in the expansion of businesses: the more training sessions entrepreneurs participated in, the greater they perceived the effect on general enterprise performance. This interpretation, however, must be looked at critically. First, as mentioned above, due to the small number of cases it is not possible to confirm the suggested link statistically. Second, the fact that participants who took part in more training sessions perceived their effects to be greater than those who participated in less may be due to a cognitive bias, as explained above. The overall results suggest that perceived training impacts on SME development were rather modest.

The mixed results of empirical findings draw attention to various identified external factors which respondents perceived as hindering or stimulating factors to SME creation. Hindering factors were a lack of capital as well as an entrepreneurial role model. Stimulating factors were job loss, having a family to take care of, being part of an entrepreneurial family or having an entrepreneurial role model. Intrinsic character traits which were identified as driving forces for SME creation in the sample were the willingness to take risk, being proactive and persistent, having budgeting skills, being able to plan ahead and having communication skills in terms of socializing, networking and negotiation skills.

The empirical findings suggest that the provision of human capital assets through micro-enterprise training needs to be accompanied by participants' intrinsic entrepreneurial features in order for them to be successful in entrepreneurial activities.

6.2 Critical Reflection and Limitations

A critical reflection of the empirical results includes an examination of the extent to which the data confirms theoretical aspects elaborated on in Chapter Three. In summary, the collected sample data hints at certain directions of the developed theory, but systematic links that had been expected could not be established. For instance, the data does not confirm a systematic link between the provided micro-enterprise training and SME development as put forward by numerous scholars (Charney and Libecap, 2000: 40; Lee et al., 2005: 41; Fayolle and Gailly, 2005: 3). While especially the qualitative discussions as well as informal individual interviews confirm a positive influence of the training, the suggested theoretic links elaborated on in Chapter Three (Krueger and Carsrud, 1993: 326; Shane and Venkatraman, 2000: 223; Baum et al., 2001: 301; Frese et al., 2007: 1492; Brush et al., 2001: 72) could not be statistically established with the collected data. Data confirms the theoretical link suggested by Boyd and Vozikis (1994: 71) and Tkachev and Kolvereid (1999: 271) that an entrepreneurial role model is a dominant factor in individual's decision of starting a business. It has therefore proven successful to leave the model open to the influence of exogenous factors. Due to the small sample size it was difficult to quantify and measure effects on human capital assets. Although respondents provided useful qualitative information, it remained difficult in the end to make systematic conclusions on perceived training impacts based on this information. The study results confirm the notion put forward by scholars such as Dewhurst et al (2007), Huang (2001) and Patton et al. (2000) that existing empirical evidence does not demonstrate a conclusive link between training and its impact on business performance.

A critical reflection is also necessary with regards to the reliability and quality of the collected data. As mentioned in Chapter Five, a possible cognitive bias includes that perceptions on human capital impacts may have been perceived more positively than without the existence of this bias. While it may not be possible to completely eliminate this bias, the researcher tried to be cognizant of this issue during the fieldwork and carefully considered possibly biased answers. The overall data collected is nevertheless believed to be reliable. Although methodological issues outlined above made it difficult to capture impacts of the project, the results of the analysis results are expected to be valid.

The empirical analysis results also require critical reflection with regards to their empirical significance and representability, i.e. whether the sample results may also be applicable to

other training initiatives or other regions. It is very likely that the scope of the results can be extended to a broader spectrum. Other training initiatives carried out in rural Dominican Republic or similar contexts are likely to bear similarly modest results in fostering SME development if no strategic approach to the training initiative is followed, as was the case in this project.

6.3 Conclusion

Due to the persistence of unemployment and poverty in rural Dominican Republic, the effectiveness of micro-enterprise training as a strategy to foster SME development, which has the potential to provide employment opportunities and alleviate poverty, was evaluated in a local context within the course of this study. The eco-tourism project La Ruta del Cacao served as a case study to evaluate impacts of micro-enterprise training on SME development in the case study area. The goal of the training initiative was to stimulate enterprise creation providing employment opportunities for entrepreneurs and possible further employment for beneficiaries. The research questions of the study attempted to identify training impacts and in doing so, to examine to what extent the provided training has contributed to the development of SMEs. Furthermore, the research questions attempted to identify contributing and hindering factors to SME development. Empirical results based on the data analysis indicated that the project showed only modest success in fostering entrepreneurship and SME development as training outcomes and the creation and development of SMEs in the sample cannot be directly associated with the training provision. However, some positive changes in respondent's human capital assets could be identified. To finally answer the research questions, the empirical data analysis points to the conclusion that training impacts on SME development are very modest. As a result, the hypothesis stated in Chapter 1.3 cannot be confirmed. The hypothesis stated that the training provided through La Ruta del Cacao impacts entrepreneurial intention and hence entrepreneurial behaviour positively, which translates into SME development. While positive effects could be identified, these could not be directly linked to SME creation and development in the sample.

Due to the methodological issues outlined in the preceding section, the effectiveness of micro-enterprise training as a strategy to decrease unemployment and alleviate poverty cannot be evaluated accurately and has to be examined critically. The empirical results suggest that the training implementation did not follow a strategic approach with regards to the selection of prospective entrepreneurs, suitable content tailored to a clearly defined target group with

similar motivations and intentions, concrete envisioned entrepreneurial outcomes and the provision of a support mechanism. It may therefore make sense for future training initiatives to focus on a more strategic definition of the target group, e.g. individuals who have taken steps towards enterprise creation or start-ups, and to provide these participants with content and support that is geared towards their entrepreneurial stage and their enterprise development goals. In conclusion, the present study shows that in cases where its implementation is not based on a strategic approach, the provision of micro-enterprise training may not be a suitable strategy for SME development. In the future, members of La Red Monbayasa can learn from the initiative and further develop existing potentials of the project. For instance, the NGO could first define who they want to target with their training program. A focus could be to trigger motivations of individuals who have considered opening a business, or a target group could comprise individuals which have already taken concrete steps towards enterprise creation. The NGO could also specifically target enterprises in certain sectors, such as the tourism sector which is currently in its initial development stage in the region. The selection of themes and content for the training sessions as well as implementation details (length of sessions, time in between sessions, selection of knowledgeable trainers) need to be carefully chosen based on the participant's entrepreneurial stage. Local stakeholders such as the Ministry of Industry & Commerce, which is responsible for SME development in the DR, could be contacted to provide valuable advice and knowledge in this area. In addition, the newly established SME center at the national university Universidad Nacional Pedro Henríquez Ureña (UNPHU) can provide advice services with regards to suitable content provision. Ultimately, the development of a mentor-program or result-oriented follow-up support could be a beneficial step to guide young entrepreneurs into the right direction and to provide one-on-one support depending on the individual's entrepreneurial struggles. Stakeholders such as the donor organization UNDP or the municipalities of Yamasá and Peralvillo could be useful partners in the implementation of training initiatives, providing not only financial but also technical support.

The empirical results have shown that a central missing aspect in the program has been sustainability, whereby participants were not adequately supported, and the implementing NGO has not been able to sustain its training activities to provide long-term support for entrepreneurs. A general critique of UNDP's Small Grants Programme, which was one of the funding mechanisms for the project, has been that it does not consider sustainability of its supported projects. This critique has been confirmed through the results of the present study

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whereby possible positive long-term impacts of the supported projects were not realized but could have been fostered through an effective support-mechanism in place.

Despite the methodological issues faced during this study, the researcher believes that the present research provides a valuable contribution to the existing empirical database on the effectiveness of SME-training in rural Dominican Republic.

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ANNEX

Annex 1

| Complete list of mentioned skills obtained during the project & trainings | | | |
|---|---|-----------|--------------|
| | Skill | Frequency | Share (in %) |
| 1 | Customer Service | 13 | 31% |
| 2 | Knowledge about cocoa cultivation / processing etc. | 12 | 29% |
| 3 | Interpersonal skills (through contact with people, who one doesn't know, including people from other countries) | 11 | 26% |
| 4 | Social relations (being more dynamic and communicative) | 8 | 19% |
| 5 | Detailed knowledge about biodiversity and nature (including cocoa) | 7 | 17% |
| 6 | Finance (e.g. keep a bank book, business finances) | 6 | 14% |
| 7 | Business Management | 5 | 12% |
| 8 | Self-management | 5 | 12% |
| 9 | Knowledge about (eco-)tourism | 4 | 10% |
| 10 | Personal development (different perspectives, maturity) | 4 | 10% |
| 11 | Marketing | 3 | 7% |
| 12 | Public speaking (feeling more comfortable speaking in public) | 3 | 7% |
| 13 | Leadership (including leading people in a business) | 3 | 7% |
| 14 | Basic English | 3 | 7% |
| 15 | Improved expression, being able to explain things (about cocoa and in general) | 3 | 7% |
| 16 | Sales | 2 | 5% |
| 17 | Human Relations | 2 | 5% |
| 18 | Computer skills | 2 | 5% |
| 19 | F&B handling (e.g. read labels) | 2 | 5% |
| 20 | Team work | 2 | 5% |
| 21 | Project development | 1 | 2% |
| 22 | Waiter skills | 1 | 2% |
| 23 | Application of knowledge at work and in own business | 1 | 2% |
| 24 | Planning or thinking ahead | 1 | 2% |
| n=42 | | | |

REFERENCES

Annex 2

| Complete list of mentioned skills obtained during the project & trainings | | | |
|---|---|-----------|--------------|
| | Skill | Frequency | Share (in %) |
| 1 | Customer Service | 13 | 31% |
| 2 | Knowledge about cocoa cultivation / processing etc. | 12 | 29% |
| 3 | Interpersonal skills (through contact with people, who one doesn't know, including people from other countries) | 11 | 26% |
| 4 | Social relations (being more dynamic and communicative) | 8 | 19% |
| 5 | Detailed knowledge about biodiversity and nature (including cocoa) | 7 | 17% |
| 6 | Finance (e.g. keep a bank book, business finances) | 6 | 14% |
| 7 | Business Management | 5 | 12% |
| 8 | Self-management | 5 | 12% |
| 9 | Knowledge about (eco-)tourism | 4 | 10% |
| 10 | Personal development (different perspectives, maturity) | 4 | 10% |
| 11 | Marketing | 3 | 7% |
| 12 | Public speaking (feeling more comfortable speaking in public) | 3 | 7% |
| 13 | Leadership (including leading people in a business) | 3 | 7% |
| 14 | Basic English | 3 | 7% |
| 15 | Improved expression, being able to explain things (about cocoa and in general) | 3 | 7% |
| 16 | Sales | 2 | 5% |
| 17 | Human Relations | 2 | 5% |
| 18 | Computer skills | 2 | 5% |
| 19 | F&B handling (e.g. read labels) | 2 | 5% |
| 20 | Team work | 2 | 5% |
| 21 | Project development | 1 | 2% |
| 22 | Waiter skills | 1 | 2% |
| 23 | Application of knowledge at work and in own business | 1 | 2% |
| 24 | Planning or thinking ahead | 1 | 2% |
| n=42 | | | |