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The Effect of Training on Promoting Entrepreneurial Culture: Evidence from Iran

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ABSTRACT

Entrepreneurship training is a systematic, structured, and objectivism activity that people who has potential ability would be creatively educated or entrepreneurs would be educated to increase their skills and capabilities. In addition, society culture has a considerable impact on entrepreneurship dimensions. Hence, this paper's primary purpose is to describe the effect of entrepreneur training on promoting entrepreneurial culture. The survey, of 400 managers, entrepreneurs and trained people, investigates how the dimensions of entrepreneurship training including training skills, stimulating motivations and fostering attributes help to promote entrepreneurial culture. Data were collected using a self-administrated questionnaire. Both descriptive and inferential statistics were employed for the analysis and the degree of error is α= 0.05. The data illustrate that training of skills, motivation and fostering attributes have promoted entrepreneurial culture in society. However, the importance and priority of these dimensions was different. This paper enriches research on the effect of entrepreneurship training programs on entrepreneurial culture.
KEYWORDS Entrepreneurial culture, motivation, Training, Skills, Attribute

1. INTRODUCTION

Scrutiny of the role and effectiveness of entrepreneurship training has increased in recent years. Academics, practitioners and governments worldwide increasingly recognise the role of education and training in providing entrepreneurs with the necessary business skills and acumen to plan, set-up and grow their business ideas (De Faoite et al., 2004). Nowadays, many of the world's developed countries have shifted from an industrial economy to a knowledge economy (Sawyer, 2006). According to Drucker (1993) the knowledge economy is based on the production and distribution of knowledge and information, rather than the production and distribution of things. Traditional success criteria like product efficiency, in the 1960s and 1970s and quality management in the 1980s and 1990s have now been replaced by creativity, innovation and knowledge (TRACTORS project, 2007). In the field of entrepreneurship, the "trainability" of the entrepreneur is accepted as given (Kuratko and Hodgetts, 1998) while, research has revealed a link between entrepreneurship training and a higher propensity to venture (Petridou et al., 2009; Menzies and Tatroff, 2006). The fundamental skill to create an idea and transform it into a viable growth-oriented business forms an unconditional and integrated necessity in entrepreneurship training programs (Antonites, 2003). There is a close relationship between learning and entrepreneurial achievement in which learning is the dynamic process, which enables entrepreneurial behavior to be enacted (Rae and Carswell, 2000). Furthermore, in designing entrepreneurs' training and development programs, in today's economy, where knowledge is a central part of the economic system, the identification of the relationship between training and entrepreneurial culture is crucial. The strategy of the European Union highlighted the importance of developing an entrepreneurial culture by fostering the right mindset, entrepreneurship skills and awareness of career opportunities (Commission of the European Communities, 2006). Hence, the purpose of this paper is to investigate the effect of training on promoting entrepreneurial culture in society in order to facilitate in designing and developing training interventions. The paper consists of four major parts in addition to the Introduction. In the first part an attempt will be made to describe theoretical background. Then the research methodology will be presented. In the third part the analysis of the survey will be made and results will be discussed. The fourth part is the epilogue, which serves as a capstone for the paper.

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2. Theoretical background

Entrepreneurship training

Entrepreneurial success in general seems to be closely related to the motives, skills and attitudes of the entrepreneur (Reijonen and Komppula, 2007). The ability to discern or create an economic opportunity, creativity, visionary targets, imagination, innovation, need to achieve, initiative, imagination, risk taking attitudes, co-ordination and allocation abilities, decision-making, managerial, supervising, marketing and accounting skills, trust, dynamism, cooperativeness, ability to trust and communicate, internal focus of control and problem solving are amongst the most sited characteristics of an entrepreneur in the history of entrepreneurial thought (Hisrich and Peters, 1998). Recognising that the entrepreneurial role can seemingly be culturally and experientially acquired indirectly gives support to the view that it might also be influenced by training interventions (Gibb, 1987). The content of entrepreneurship training programs varies. Some programs stress practical application at the expense of conceptual development. While others tend to emphasize planning issues or the development of specific behaviours and skills such as: influence others, co-ordinate and contract the employment of factors of production, supply financial capital, decision making, take calculated risks, creativity, etc.(Ibrahim and Soufani, 2002). If entrepreneurship training is to be effective, the contention is that it must be so not only through factual knowledge and the limited skills acquired in the classroom, but also through the stimulation of new ventures, the success of those ventures and the increasing capacity of the entrepreneur to pursue even greater success (Hansemark, 1998). The most commonly cited objectives of entrepreneurship training programs for entrepreneurs, whose main focus is on ensuring the growth and feature development of the business (Garavan and O'Cinneide, 1994) are to:

- acquire knowledge and skills germane to entrepreneurship;
- acquire skills in the use of techniques, in the analysis of business situations and in the synthesis of action plans;
- provide specific skills related to management development and growth as well as to product development, marketing, accounting, etc.;
- identify and stimulate entrepreneurial drive, talent and skills; and
- devise attitudes towards entrepreneurship and change.

Such a multiplicity of objectives poses significant problems in relation to the design, content and objectives of the training intervention. In this direction, entrepreneurship training programs have been criticised for not actually addressing the real needs of entrepreneurs (Jennings and Hawley, 1996). Based on the above it could be argued that considering the needs of the participants should be a major factor when developing a specific training program in order to increase its effectiveness. Indeed, there is often a gap between the perceptions of the training providers and those of established entrepreneurs in terms of training needs. For example, according to Hisrich and Peters (1998), who examined the participants' perspective on the objectives of a training program, found that participants believed that training programs should be more practical orientated and geared at one's chance of success. Gibb (1987) also explored the relationship between education and training and the popular theme of "enterprise culture". He argued that many of the values and structures pervading in university education and university business schools may be the antithesis of entrepreneurship. Gibb's work provided a framework for current study.

Entrepreneurial culture

The claim that differences in economic success may be related to the presence or lack of an entrepreneurial culture is not new (Leff, 1979). In an attempt to bridge the different approaches to entrepreneurship, Suarez-Villa (1989) discusses the role of entrepreneurship from different theoretical angles. Regarding the importance of entrepreneurial culture, he writes that differences in economic performance between regions, as reflected in their achievement motivation structures, could provide significant insights in the process of long term spatial economic development (Suarez-Villa, 1989, p. 17). In an empirical test of McCelland's need for achievement as an index of the entrepreneurial values present in a society, Freeman (1976) found support for the significant role of entrepreneurial culture in explaining differences in national product. An analysis of corporate entrepreneurship and its relation with the degree of Hofstede's (2001) measure of individualism-collectivism in different countries including the US, showed that entrepreneurship declines the more collectivism is emphasized (Morris, et al. 1994). Though it was also found that dysfunctional (high) levels of individualism exist, this result suggests that cultures in which group-thinking may outweigh individual initiative few individuals would put their (perhaps latent) entrepreneurial ambitions into action. Shane (1993) applied Hofstede's four dimensional culture framework to study national differences in rates of innovation. He found that culture, defined as 'the collective programming of the mind which distinguishes the members of one group from another' (Hofstede, 1980, p. 25), affects a country's innovativeness. More specifically, Shane (1993) found that the cultural value of uncertainty acceptance is strongly related to rates of innovation. While the Hofstede dimensions are conceptually attractive and are available for a large

number of countries, they reflect general cultural characteristics and have not been developed to rank societies in terms of their specific entrepreneurial culture. Aoyama (2009) illustrated how regional culture plays an important role in shaping entrepreneurship, even in a new economic sector. According to Aoyama (2009) successful entrepreneurship today must respond to the demands from global market forces. Yet, simultaneously, entrepreneurs must also respond to local social contexts, shaped by historical and regional economic conditions. Results of Aoyama's qualitative research showed that entrepreneurship is an integral aspect of evolving and complex regional systems.

3. Hypotheses development

The main hypothesis of the study is that, entrepreneurship training promotes entrepreneurial culture. According to the literature, the research hypotheses are:

H1. Entrepreneurship training increases entrepreneurial skills of alumni.
H2. Entrepreneurship training stimulates entrepreneurial motivations of alumni.
H3. Entrepreneurship training fosters entrepreneurial attributes of alumni.

4. RESEARCH METHODOLOGY

Sampling

To achieve research goal, a field survey was used at Tehran, Iran. The target population was managers, entrepreneurs and trained people (alumni) in the entrepreneurial centers of the mentioned state. A confidence interval approach was used to determine the sample size, suggested by Burns and Bush (1995). The sample size was set at 400 at the 95% confidence level (Burns & Bush, 1995). We used systematic-sampling plan to achieve estimated sample. Respondents were selected from a list randomly. Surveys with cover letters were delivered to respondents.

Instrument

The main instrument used in current study was a self-administrated questionnaire. Fifteen items with five-point Likert scale were used to measure research variables. A pilot test was conducted to fine-tune the survey instrument. Managers, entrepreneurs and trained people were asked to participate in the pilot test. Fifty survey questionnaires were distributed, and 35 surveys were returned for pilot test. Wording for the final questionnaire was slightly modified based on the respondent feedback of the pilot test. Cronbach's alpha was used to verify the internal consistency reliability. The results of the pilot study show overall Cronbach's alphas of 0.76 in which is satisfactory in social sciences research.

Variables

Independent variables are elements of entrepreneurship training that include training skills, stimulating motivations and fostering attributes. Stimulating motivations contains increased tendency to create new business, increasing risk-bearing and increasing motivation for utilization of opportunities. The element of attributes contains self-confidence, creativity, innovation, individualism (tendency to be independent), achievement motivation, cooperation feeling, bearing ambiguity, and responsiveness. Finally, training skills contains economic analysis skills, financial management, negotiation techniques, and teamwork activities. Dependant variable is entrepreneurial culture.

Data Analysis

To test the proposed hypotheses, Kolmogorov-Smirnov test, binomial test, Kruskal Wallis Test, and Friedman test were performed and the results were reported in the result section. The data was processed with the statistical software of SPSS 16.0.

5. RESULTS

A commonly used test for normality is the Kolmogorov–Smirnov test. Before testing hypotheses, one should check whether the research data deviate from normality. This is commonly done by using the Kolmogorov–Smirnov test hoping to get $p > 0.05$ or at least $p > 0.01$ to show that there is no significant deviation from normality. Note that we test for deviation from normality and small p-values indicate that deviation from normality is likely. Our objective is therefore to get high p-values (Drezner and Turel, 2011). When the research data in Table 1 is analyzed in SPSS, the Kolmogorov–Smirnov statistic is 3.718, 4.239, and 3.637 with a p-value of 0.000 which indicates significant deviation from normality. Hence, we should use nonparametric tests.

Table 1. Kolmogorov–Smirnov test

		Fostering attributes	Stimulating motivations	Increasing skills
N		389	389	370
Normal parameters	Mean	1.8650	1.8346	2.0236
	Standard deviation	.34923	.59668	.71753
Most Extreme Differences	Absolute	.189	.215	.189
	positive	.189	.215	.189
	negative	-.115	-.150	-.110
Kolmogorov-Smirnov Z		3.718	4.239	3.637
Asymp. Sig. (2-tailed)		.000	.000	.000

Binomial test was conducted to test the hypotheses. The results of the binomial test (see Table 2) are as follows:
H1 was accepted, because observed proportion (0.85) is significantly ($p < 0.05$) greater than test proportion (0.50);
H2 was accepted, because observed proportion (0.97) is significantly ($p < 0.05$) greater than test proportion (0.50);
H3 was accepted, because observed proportion (1.00) is significantly ($p < 0.05$) greater than test proportion (0.50).

Table 2. Binomial test results

		Category	*n*	Observed proportion	Test proportion	Asymp. sig. (2-tailed)
Fostering attributes	Group1	<= 3	389	1	0.5	0.000
	Group2	>3	0	0.0		
	Total		389	1.00		
Stimulating motivations	Group1	<= 3	376	0.97	0.5	0.000
	Group2	>3	13	0.3		
	Total		389	1.00		
Increasing skills	Group1	<= 3	313	0.85	0.5	0.000
	Group2	>3	57	0.15		
	Total		370	1.00		

The Friedman test was used to rank entrepreneurship-training elements. Table 3 indicates that there is a significant difference among these elements ($\chi 2= 3.457$, $p<0.05$). as shown in table 3, the element of increasing skills have the highest rank among others.

Table 3. Friedman test

Element	Mean rank
Increasing skills	2.06
Fostering attributes	2.01
Stimulating motivations	1.93
χ^2= 3.457, df=2, p-value= 0.000	

The Kruskal–Wallis (KW) nonparametric analysis of variance is often used instead of a standard one-way ANOVA when data are from a suspected non-normal population. The KW omnibus procedure tests for some differences between groups. The test is based on an analysis of mean ranks (Elliott and Hynan, 2011).we used the test to investigate the difference between three groups of respondents including managers, entrepreneurs and trained people regarding entrepreneurship training. Table 4 indicates that in all cases, there is a significant different among respondent groups ($p<0.05$). In terms of fostering attributes, managers, entrepreneurs and trained people had respectively more attention to promoting entrepreneurial culture. In terms of stimulating motivations, managers, trained people and entrepreneurs had respectively more attention to promoting entrepreneurial culture. In terms of training skills, entrepreneurs, trained people and managers had respectively more attention to promoting entrepreneurial culture.

Table 4. Kruskal Wallis Test

	Group	n	Mean rank
Fostering attributes χ^2= 0.538, df=2, p-value= 0.004	Managers	11	213.05
	Entrepreneurs	58	201.00
	Trained people	320	193.29
	Total	389	
Stimulating motivations χ^2= 0.856, df=2, p-value= 0.03	Managers	11	213.59
	Entrepreneurs	58	184.80
	Trained people	320	196.21
	Total	389	
Increasing skills χ^2= 0.372, df=2, p-value= 0.04	Managers	11	112.68
	Entrepreneurs	58	186.36
	Trained people	301	188.00
	Total	370	

6. Conclusion

The current research focused on entrepreneurship training and its effects on entrepreneurial culture in the society. Analysis of information obtained from a questionnaire revealed that the elements of entrepreneurship training including Fostering attributes, Stimulating motivations, and Increasing skills have significant impact on promoting entrepreneurial culture. As a result of the analysis, the following major suggestions in entrepreneurship training can be outlined:

- Providing suitable training context in entrepreneurship centers can foster attributes, stimulate motivations and increase skills required for entrepreneurship activities.
- The importance of entrepreneurship training was highlighted for managers, entrepreneurs and trained people. that is, the training is a key factor in promoting entrepreneurial culture.
- According to findings, attributes of entrepreneurs are not necessarily inherent, but they can be gained. Hence, the managers of organizations should put more attention on training programs to promote entrepreneurial culture and capabilities.

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