

## **Promoting business creation through real world experience in entrepreneurship training programmes**

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Keywords: entrepreneurship, training programmes, Portugal

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## Abstract:

The aim of this paper is to analyse the effectiveness of entrepreneurship training programmes targeting post graduate students. The analysis is based on Project “Começar”, involving a Regional Development Agency in Alentejo (ADRAL), and three Higher Education institutions (Évora University, Beja Polytechnic and Portalegre Polytechnic). Two editions of the programme are closed scrutinized, including self-assessment made by developers of the programme. Results show a success rate of 41%, but additional benefits were also found. Key success factors are identified, and some recommendations are proposed.

## INTRODUCTION

A knowledge-based society stresses the role of innovation, demanding a more entrepreneurial society as a way to increase economic growth, expand employment, and to increase the competitiveness of economies (European Commission, 2003). In Europe, where unemployment is high and where Lisbon Agenda claims for more competitiveness, entrepreneurship education may be one of the few unexploited cost-effective micro-economic tools available for governments in order, to, effectively develop local economies (McMullan and Gillin, 2001).

Acknowledging that entrepreneurship is a holistic phenomenon, entrepreneurial training, among other factors, could promote a more entrepreneurial society. European Commission in two documents (Green Paper Fostering Entrepreneurship and Action Plan: European Agenda to Entrepreneurial Spirit) sustain that entrepreneurship education should grow, from primary to secondary schools, in order to develop basic competencies associated with entrepreneurial behaviours, complemented with entrepreneurship training programmes in order to increase the number of new firms.

Two complementary sets of actions need to be taken to accomplish this goal. The first aims at developing attitudes and behaviours, such as, creativity, self-efficacy, leadership, risk-taking, problem solving, pro-activeness. The second, more restricted, focus the efforts on technical, managerial and similar competences to provide basic knowledge to individuals in order to allow them to create new ventures.

The question of effectiveness of such kind of programmes is crucial to understand how can we increase the number of enterprises in the economy. Several papers focus a specific target such as graduating or post graduate students, trying to understand the impact of specific training programmes of entrepreneurship on entrepreneurial intentions, concluding that being exposed to these subjects increase the desire to set up a new firm (Postigo, Iacobucci and Tamborini, 2004; Vesper and Gartner, 1997). Other strand of research focus on to the impact of training programmes on new venture creation, concluding for a wide variety of results (Henry et al, 2003; McMullan and Gillin, 1998).

Young people are recognised as one segment more prone to entrepreneurship, especially in their desire to set up new firms (GEM, 2005). Therefore, post graduate

students are a primary target to understand how training programmes in entrepreneurship can be effective in its purpose of promoting entrepreneurial attitude and activity. The aim of this paper is to analyse the effectiveness of entrepreneurship training programmes targeting post graduate students. The analysis is based on Projecto Começar, involving a Regional Development Agency in Alentejo (ADRAL), and three Higher Education institutions (Évora University, Beja Polytechnic and assessment Polytechnic). Two editions of the programme are closed scrutinized, including self-made by developers of the programme. In order to guarantee the triangulation of the data, interviews with trainees were undertaken after the completion of the programme.

The paper is organized in six sections, including this introduction. In the following section, we discuss the literature concerned with entrepreneurship training programmes and effectiveness, followed by the methodology used in the research. Section four describes the programme, while section five discusses the main results. Finally, we present conclusions.

## 1. LITERATURE REVIEW

While the relevance of entrepreneurship is acknowledged and the importance of entrepreneurship training programmes is highlighted, what mix of subjects and services should be incorporated in the design of each programme? What kind of pedagogic methods lead to better results, and how to measure the outcomes of each programme? All these issues are not consensual.

Jamieson (1984) suggested three categories for entrepreneurship education and training:

- i) Education about enterprise – where the main objective is to increase the awareness about new venture creation;
- ii) Education for enterprise – learning is focused on attitudes and skills associated to new ventures set up and management, mainly those ones related to managerial issues and questions about how to set up a business;
- iii) Education in enterprise – here the target is established entrepreneurs. The main objective is to improve management skills of individual allow them to improve sustainability of their business.

In the same vein, European Commission (2002) argues that “rather than simply promoting the acquisition of technical knowledge, vocational training increasingly needs to encourage entrepreneurial skills and the ambition to become an entrepreneur.” In a review of several experiences across Europe, Hytti *et al* (2004), found some basic dimensions in entrepreneurship education: (i) education for entrepreneurial attitudes and skills; (ii) training how to create a business; and (iii) awareness of entrepreneurship as a career choice.

Training modules to develop these categories are especially focused on management expertise, including financing, accountancy, information and communication technologies, marketing, human resources or other functional areas. Additionally, the development of competences associated with favourable attitudes towards entrepreneurship is also offered, such as: risk taking, leadership, self-confidence, creativity, and problem solving.

Analysing some courses in higher education institutions, a large majority of the cases is concentrated in the development of functional skills and business plans (Dominginhos *et al*, 2005; Dubbini and Iacobucci, 2004; Hytti *et al*, 2004; Li *et al*, 2003). Other type of courses, training programmes across Europe (Henry *et al*, 2003; Ribeiro *et al*, 2006), offer a more widespread type of training modules, combining personal competences and functional skills, but in all of them it is suppose to develop a business plan.

A summary of these courses is shown in Figure 1

**Figure 1 – Entrepreneurship Training Programmes in Europe**

International Entrepreneurship Training Programmes								
	A - Ireland	B - Ireland	C - Ireland	D - Ireland	E - Holland	F - Sweden	G - Finland	H - Spain
Training modules	2,10,15,17,18,19,23	2,8,10,15,17,18,19,22,24	2,10,15,19	3,9,10,12,15,18,19,22	3,7,8,10,18,19	7,8,9,10,11,12,14,20,21,22,24	3,5,8,9,10,12,14,15,19,23,24	4,7,12,19
Mentoring	√	√	√	√	√	√	√	√
Counselling	√	√		√	√	√	√	√
After care					√	√	√	
Incubation		√			√			
Prize fund/seed capital	√			√				
Trainees*	35	15	38	15	15	15	50	150
New firms*	8	8,7	8	4	12	5	21	18
Success rate*	23%	58%	21%	27%	80%	33%	42%	12%
New jobs	16	18	8	8,5	96	15	100	72

\* - Data for each edition of the programme

1 - Accounting; 2 - Development of business idea; 3 - Product development; 4 - Personal development; 5 - distribution; 6 - Economics  
7 - Entrepreneurship; 8 - Economic viability; 9 - Legal steps to set up a business; 10 - Financing new venture; 11 - Quality management  
12 - Management; 13 - Informatics; 14 - Leadership; 15 - Marketing; 16 - Internet marketing; 17 - Operations and Production  
18 - Market research; 19 - Business Plan; 20 - Prices; 21 - Partnerships; 22 - Patenting; 23 - Human Resources; 24 - Sales

Source: Henry *et al*, 2003

Entrepreneurship Training Programmes in Portugal																							
Target	Duration	Personal development	Business plan	Global Management	Marketing	Financial Management	Operations	Human Resources	Quality	Innovation	Leadership	ICT	Negotiation	Public support	Legal aspects	Tutorial Support	Counselling	Incubation	Prize Funds/Seed Capital	After Care	Trainees	New firms	Success rate
1 BsCs	100h	√	√	√	√					√				√	√						12	3	25%
2 Unemployees <sup>(a)</sup>	300h	√	√	√	√					√				√	√	√					48	0	0%
3 BsCs	450h	√	√	√	√		√	√		√	√										15	3	20%
4 Youngsters	1600h	√	√	√	√		√			√	√			√	√	√		√	√		14	7	50%
5 Women	1023h	√	√	√	√		√						√	√	√	√					14	4	29%
6 Women	187h	√	√	√	√		√						√	√	√	√					131	13	10%
7 All	315h	√	√	√	√		√		√	√	√			√	√	√					13	1	8%
8 Long-Term Unemployees		√	√	√	√									√	√	√	√		√		32	10	31%
9 All	45h																				12	1	8%
10 All	240h																				12	4	33%
11 Women <sup>(b)</sup>	265h	√	√	√	√	√	√	√	√				√	√	√	√		√			224	40	18%
12 Women	320h	√	√	√	√	√	√	√					√	√	√	√					24	6	25%
13 BsCs <sup>(c)</sup>	9 months	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√					40	4	10%
14 BsCs	9 months	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√		√			15	2	13%

(a) - Three editions

(b) - Several editions

(c) - Two editions

Source: Ribeiro *et al*, 2006

A deeper analysis of the data reveals a wide range of contents in training programmes. Business plan is transversal to all the programmes, strongly supported by specialized tutors, with business experience in some cases that helps the trainees to get a more accurate vision of the reality, anticipating problems and develop strategies to overcome these difficulties. The business plan is a fundamental economic tool to get funding from the banks, venture capitalists, public programmes, and more accurate forecasts, because all these institutions require an economic and financial analysis of the business project. Complementarily, training programmes develop crucial subjects to develop the business plan or to manage the future organization, especially marketing, financing, global management and legal steps to set up a firm. But, the number of training modules is quite different across all programmes, from four in Spain and programme C in Ireland, to thirteen in one programme in Portugal.

More interesting to analyse are the services provided in these programmes. Besides tutorial support to develop business plans, almost all the programmes in Ireland, Holland, Sweden, Finland and Spain provide counselling services to help future business owners to design their strategy and to help and guide them with their business. In Portugal, in fourteen programmes analysed, only one offers this type of service. These types of services are very important, because they are provided by professionals with strong management expertise as well as with business relations facilitating the access to potential clients, partners, suppliers or financial institutions. In some cases, these individuals give credit to the projects, accelerating all the procedures and overcome the liability of newness faced by young entrepreneurs with no history in the market. These services are very fruitful for firms, increasing their survival rates, when compared with those who did not receive this type of support (Chrisman and McMullan, 2004).

If one can classify former services as the rule, other, such as incubation, after care and seed capital or prize funds seems to be almost absent in entrepreneurship training programmes. Aftercare services are supplied in 23% of the cases, while incubation is offered in four programmes (18%). Seed capital or prize funds, which could attract entrepreneurs for the enterprise of a new venture is even rarer, only in three cases (14%).

Training programmes are especially concerned with the development of business plans, neglecting some basic support, such as financial funds to start a business capital, logistics facilities for start up, small office to establish contacts with clients and suppliers, phone, fax and internet, and technical assistance that provide basic advice to nurture growth during the first years of activity.

Two additional areas deserve a closer look. Firstly, the methods used to select the trainees. Almost all the programmes choose individuals by means of: an interview, to assess the motivation to set up a business; an evaluation of business idea proposed by each person, seeking innovative ideas; and in some cases, an individual inquiry focusing on attitudes and personal characteristics, complemented with management and technical skills.

If these tools allow the delivers to design an individual profile of each individual, almost none of the programmes make use of this potential to empower individuals. The programmes follow a standardization strategy, offering the same subjects in the same way to all trainees, despite their heterogeneous expectations, skills and competences.

Assessment is one key activity in training in order to identify the efficacy of specific training programmes, providing valuable insights to improve the results. Evaluation of entrepreneurship training programmes is not a common exercise (Hill and Ó Cinnéide, 1998) and is especially concentrated on the assessment of perceptions of the impacts from providers and trainees of the programmes (McMullan, 2001). Additionally, assessment privileges a cross-sectional approach, being rare a longitudinal analysis (Westhead and Storey, 1996; Wyckham, 1989). Other difficulty encompasses the nature of the measure to be used, quantitative and qualitative as well as time frame of results, since fruitful outcomes only appear several months or years later (Cox, 1996; Curran and Stanworth, 1989; Gibb, 1987; Henry et al, 2003; Young, 1997).

According with McMullan and Gillin (2001) entrepreneurship education may get an indicator of success for economy based on:

- the number of post graduates starting a business;
- indicators about business size in terms of employment, sales and perhaps even choice of industries;
- Indicators of growth and success overtime.

Another relevant indicator could be the individual success, who might be measured in terms of earnings, capital gains and non tangible benefits such as enhanced job satisfaction, getting or changing job after the training programme (McMullan and Gillin, 2001).

Taking into account a longitudinal perspective, Jack and Anderson (1998) propose some measures to assess the outcomes of the programme, looking not only for economic goals but also to intentions and desires of trainees, as one can see in Table 1.

**Table 1 – Assessment of Entrepreneurship Training Programmes**

Current Measures	<ul style="list-style-type: none"> <li>• Involvement of trainees</li> <li>• Type of Programme</li> <li>• Interest in entrepreneurship</li> </ul>
Before and After the Programme	<ul style="list-style-type: none"> <li>• Intentions to act</li> <li>• Knowledge acquired</li> <li>• Self perception of learning</li> </ul>
0 – 5 years after <i>terminus</i>	<ul style="list-style-type: none"> <li>• Number and type of new firms</li> <li>• Acquisition of firms</li> <li>• Entrepreneurial career</li> </ul>
3 -10 years after <i>terminus</i>	<ul style="list-style-type: none"> <li>• Survival and reputation of firms</li> <li>• Changing in reputation and innovation level of firms</li> </ul>
More than 10 year after <i>terminus</i>	<ul style="list-style-type: none"> <li>• Contribution for society and economy</li> <li>• Performance of the firm</li> <li>• Level of satisfaction with professional careers</li> <li>• Personal satisfaction</li> </ul>

Source: Jack and Anderson (1998), cited in Henry *et al*, 2003

Despite all these indicators, these programmes are designed, *prima facie*, to increase the number of new firms. Data from USA shows a positive impact of these programmes on survival, sales, innovation and employment (Chrisman and McMullan, 2000). However, in Europe the results are not so good (Davidsson, 2002; Storey, 1994), impelling Davidsson (2000:6) to state that “those who have

entrepreneurial talent do not come to take the courses or counselling and those who actually come are not turned into successful entrepreneurs”.

In another continent, McMullan and Gillin (1998), analysing a Master in Entrepreneurship offered by the University of Swinburne in Australia, found that 87% of students become entrepreneurs. In this programme, contents are designed to develop basic skills associated to set up and manage an entrepreneurial firm. But authors emphasise the role of trainers and tutors with their professional experience as entrepreneurs, providing the experience and acting as role models for students. In another two Universities, one in Australia and another in Canada, success rates were lower, 14% and 38% respectively.

The European programmes analysed before, in Figure 1, show a wide range of results. In average the success rates are 16% in Portugal and around 25% in other programmes across Europe.

However, these results should be read carefully. Firstly, because the time frame used in their assessment is nearly one year, and in some cases, even less. Secondly, because the indicator of success used considers all the number of participants, the results can hide a team effect. In some cases, two or more participants, jointly, set up a firm. In some cases, a more accurate indicator should consider the number of people involved in setting up a firm and not only the number of firms. Thirdly, some programmes impose the development of a business plan in groups of, at least, two individuals, which means that the number of ideas to be developed is less than the number of trainees.

Even with caution, a closer analysis shows some important points. In Portugal, a programme directed to long-term unemployed (programme 2) presents a success rate of 0%. In the interview with the organizational responsible for the programme it was possible to identify the main cause for this number: the lack of motivation of trainees. In all cases they must go under the penalty of losing the subsidy from Social Security. In other case (programme 8), for the same target, the success rate was totally different, around 31%, but from the beginning several partners (municipalities, consultants and a regional development agency) were involved. A deeper analysis of opportunities in the region were made, followed by a balance of competences and a training programme for trainees, complemented with mentoring and after care services.

Other relevant issue is associated with those programmes where incubation services are offered. The cases identified (programme B in Ireland, programme E in Holland and programme 4 in Portugal) reveal the highest rates of new venture creation, 58%, 80% and 50%, respectively. In two of these cases, after care services were also provided. It seems that entrepreneurs felt more comfortable to set up a new firm when uncertainty is lower and when they anticipate some help to overcome the difficulties that they will face in the future.

The number of participants is frequently low, less than 40 individuals by each edition. In two cases (programme F in Spain and programme 6 in Portugal), with more than one hundred people per edition, the average success rates are lower than the one occurring in other programmes. These can be associated with selection procedures. With so much people, a heterogeneous group emerges, with different kind of motivations, skills, and competences. Since all the programmes offer standardize modules, it is difficult to accommodate all these differences and work individually to

overcome all the problems. A trade-off emerges from the analysis: as the number of participants increases the selection procedures seem to become less demanding.

Finally, one mention should be made concerning the pedagogical methodologies used. Frequently, the vast majority of the programmes anchor the main content of the programme in a classroom environment, complemented with workshops where entrepreneurs and other people related with the entrepreneurial process share their experience, promoting the debate with trainees. However, more active methodologies such as simulations, experiential work, or portfolios are rare, which may hamper the development of crucial competence such as risk taking, problem solving, diverging thought, and scenarios assessment (Gibb, 1987; 1991; Tortellier, 2000; Young, 1997), claiming for more active methods, emphasising the role of individuals as learning entities, giving them autonomy and responsibility, anchored in simulations or experiential methods, similar to real business life (Connor *et al*, 1996).

Comparing one group of Irish trainees with other control group with a business idea but not receiving the same preparation in entrepreneurship, shows that the former group created more firms and generated more jobs (Henry *et al*, 2003) allowing authors to state that “entrepreneurship programmes are indeed effective in supporting and developing aspiring entrepreneurs, and that they yield several measurable benefits for the participants ...” (Henry *et al*, 2003: 198).

Besides these tangible economic benefits, other personal advantages arise from training programmes, namely the increase of employability. Interestingly, those ones that become employees after completing the programme earned higher salaries and had richer functions with more responsibility and autonomy (Henry *et al*, 2003). The programme allowed individuals to increase their portfolio of competences, both managerial and behavioural, becoming more entrepreneurial, enhancing the process of intra-entrepreneurship, and facilitating the process of innovation.

In some cases, a strong criticism is made, arguing that some trainees will start their business even without help from these training programmes (OCDE, 2003). We can argue, however, that this criticism is looking only for one phase of entrepreneurial process, the set up. But, as Drucker (1985) proposes, most part of business owners does not have the adequate competences to manage a firm, hampering its growth or compromising its survival. In this case, trainees of training programme are more able to manage growth and subsequent phases in entrepreneurial process.

Facing these challenges, the present papers intends to assess an entrepreneurship training programme targeted to BsCs in its two editions and propose some directions in the design of entrepreneurship training programmes for the future.

## **2. METHOD**

Case studies allow us to get a deeper understanding of the phenomena under study, provide us the perceptions of subjects under analysis (Yin, 1994). In this case, the main objective is to assess the effectiveness of a specific entrepreneurship training programme. For this purpose we will concentrate in the first two categories suggested by McMullan and Gillin (2001): number of firms created; number of industries chosen by individuals. Additionally, we are interested in finding out the main reasons why people do not start a business after the completion of the programme.

Several sources were used to accomplish the objectives. Firstly, the assessment report provided by the delivers of the programme, that includes the relevant

information concerning the organization and development of activities of the programme as well as the evaluation of the programme and tutors by trainees. Besides that, an interview with the responsible for the programme was undertaken which last 45 minutes. Complementarily, eighteen trainees were interviewed by telephone, between November 2005 and March 2006. Those interviews last around 30 minutes, intending to understand how they assess the programme, what kind of reasons explain the option for not starting a business, and the evolution of their businesses.

### 3. CASE STUDY

The programme “Começar” (Begin) was developed in Alentejo Region in Portugal. This is a region suffering from human desertification and facing several problems, associated to lack of entrepreneurial activity and few firms to promote economic development and jobs. Because of this, Alentejo is one the poorest regions in Portugal.

To reduce this problem, the programme is aimed to promote the launching of new ventures by early post graduates as well as entrepreneurship support infrastructures (Entrepreneurship Support Offices) in higher education institutions, turning them into more entrepreneurial organizations. Additionally, the programme was design to anchor qualified people to the region.

The programme is divided in two different learning environments: classrooms and working environment closely linked to entrepreneurs, and sometimes in their firms. It was possible to find some ‘godfather’ firms for specific projects, where trainees develop their work, facing the problems and understand how a business could be managed. The programme lasted for six months, 924 hours (462h in each environment). In Tables 2 and 3 the development of the programme as well the curricula is presented.

**Table 2 - Development of Programme “Começar”**

<i>Schedule</i>	<i>Training Environment</i>
1st month	Class lessons (gathering information to Business Plan)
2 <sup>nd</sup> month	Academic Environment (higher Schools helped by their tutors)
3rd -4 <sup>th</sup> months	Working Environment (The Tutor is an entrepreneur)
5 <sup>th</sup> – 6 <sup>th</sup> months	Tutorial work (They are helped by their academic tutors in order to do theirs business plans)

**Table 3 - Curriculum**

<b>Module</b>	<b>Apprenticeship Environment</b>	<b>Content</b>
Virtual environment	Work environment	Design a logo for firm, find potential clients, contact potential clients and suppliers, define and apply commercial strategies.
Legal formalities	Work environment	Know and apply legal formalities,
From Idea to the Project	Work environment	Market research, corporate strategy, marketing strategy.
Investment Project	Work environment	Writing a business plan, considering an economic and financial analysis of the idea
General Management	Classroom environment	Accounting, financial management, taxes, fiscal obligations.
Entrepreneurial Initiative	Classroom environment	Assessing the idea; brand, location, products and services, human resources, among others.
Tools for enterprise creation	Classroom	Know and apply for public support

	environment	programmes.
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Tutors are high qualified, with degrees in Economics, Management, and Law. Besides the academic tutor in higher education institution, a business tutor, most of them entrepreneurs while others are employees in private institutions, is also provided to help trainees in their business plan.

In two editions 11 men and 11 women attended the programme. The average age is within the 25-29 years old range. Twenty one had a degree and one was completing his studies. Trainees came from social sciences – 41% - especially from History, Philosophy, Education, Journalism, and Law, Engineering (27%), Management and Economics (22%), and Veterinary (9%).

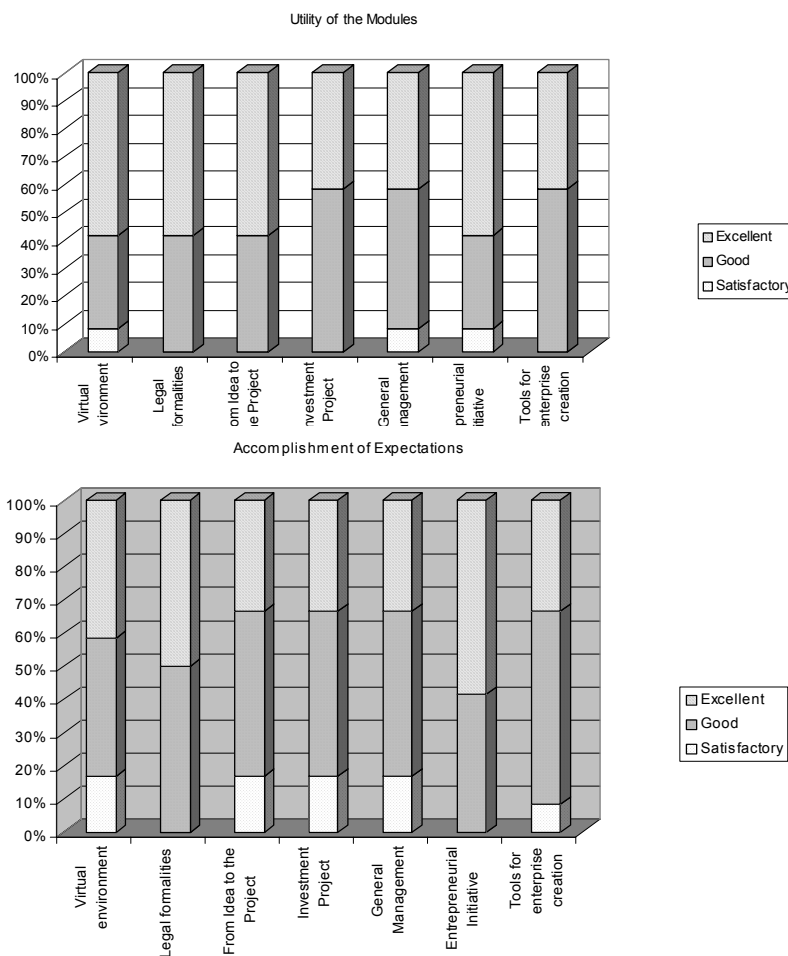
#### 4. RESULTS

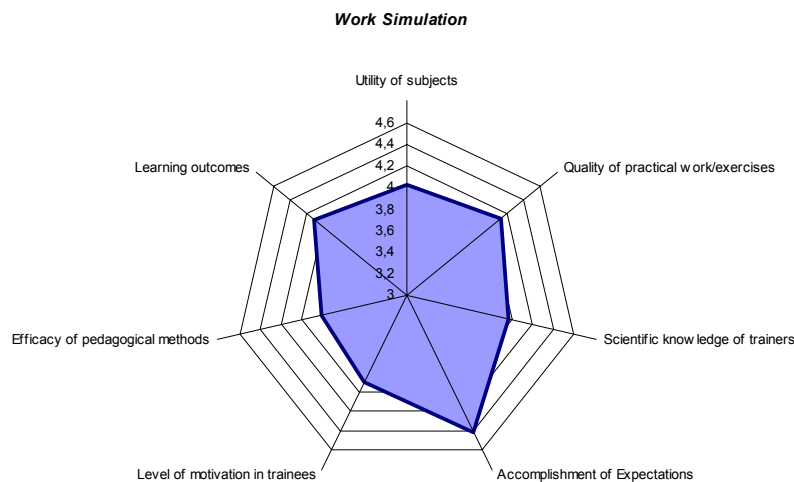
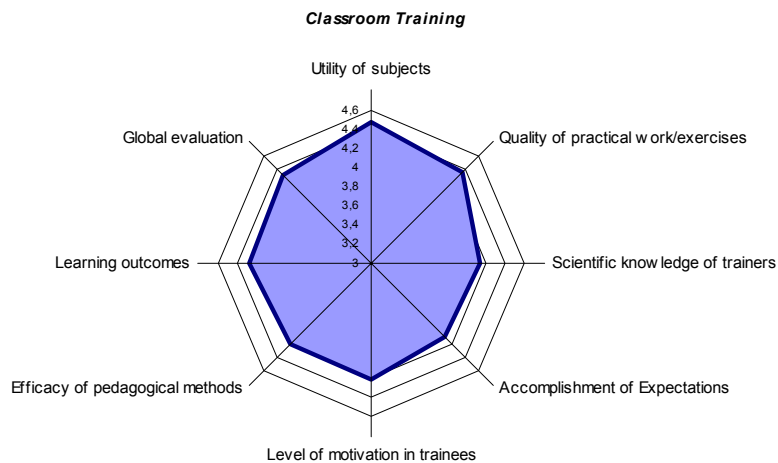
Three types of indicators were used to measure the results of the programme. First, the satisfaction of students with the programme, training modules, tutors and learning outcomes. Secondly, tangible indicators to measure the number of new firms, type of industries and number of employees. Thirdly, a follow up of non starters was carried out.

##### 4.1 – Assessment of the Programme by Trainees

The evaluation of the programme by the trainees is shown in Figure 2.

**Figure 2 – Assessment of “Começar” Programme**





Source: Final Report of Programme “Começar”

Trainees gave high approval levels for utility of training modules and accomplishment of expectation. Results show these courses help trainees to increase their entrepreneurial competences, as the result of learning outcomes reveals an average of 4,1 in a maximum of 5.

This conclusion was confirmed in interviews, where some entrepreneurs put emphasis on the importance of marketing, information and communication technologies, legal procedures, and especially the role of tutors in business plan development.

One mention should be made to the efficacy of pedagogical methods used by tutors as in the work environment, especially in Entrepreneurship Support Offices located in Higher Education Institutions. Across the items analysed it is the only one with lowest score than 4 (3,8). This deserves closer attention in this type of course, especially those ones demanding for more active methodologies.

Besides this assessment by trainees, evaluation was complemented through meetings with trainers and tutors. Strengths and weaknesses identified are presented in Table 4.

**Table 4 – Strengths and Weaknesses of the “Começar” Programme**

Strengths	<ul style="list-style-type: none"> <li>- High level of specialization</li> <li>- Entrepreneurial tutoring</li> <li>- Academic Tutoring</li> <li>- Availability of incentives for auto employment creation</li> <li>- Partnerships</li> <li>- Innovativeness of training model</li> <li>- Diversity of businesses presented by the trainees</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>- Weak intercommunication and intracommunication in higher education institutions</li> <li>- Selection of the target group only in Alentejo region</li> </ul>

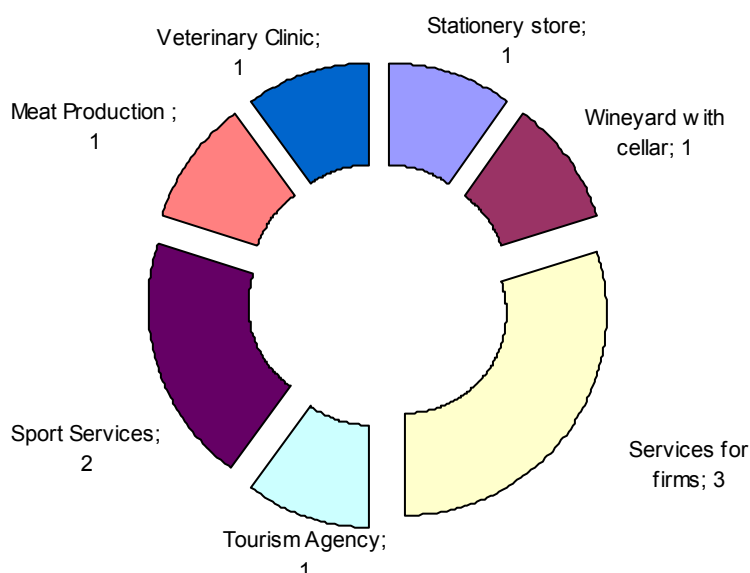
Source: Final Report of “Começar” Programme

### 4.3 – Number and Type of New Firms

From the programme, nine (9) firms were generated in a total of 22 trainees, a success rate of 41%. However, in one case, the firms was set up by two colleagues within the programme, which means a rate of 45% of trainees involved in the process of creation business. The number of males and females launching a firm is exactly the same, five.

New businesses are concentrated in services, with the exception of one case, where the entrepreneur is exploring a farm in meat production. All the firms created are shown in Figure 3.

**Figure 3 – Characterization of New Firms in “Começar” Programme**



Source: Final Report of Programme “Começar”

Firms are exploiting the endogenous resources of the region - agriculture, tourism and the wine - or are anchored in academic qualifications of the trainees. Most firms

did not generate new jobs, beyond the entrepreneurs. In three cases, farming, vet clinic and gymnasium new jobs have already been created.

#### 4.4 – Characterization of non starters

If one considers the number of new business created a priority theme, looking at those who did not start a business can provide us with valuable insights, for several reasons. Firstly, it is relevant to understand what they want to do in a near future. Secondly, finding the motives behind the decision not to start a business could help us to improve the efficacy of the programme. Finally, keeping track of trainees allows us to recognise what were the long term benefits of the programme.

The interviewees carried out with 8 individuals are summarized in Table 4.

**Table 4 – Characterization of Non Starters**

	Qualifications	Motivations	Business Plan	Reasons for not starting a business	Current situation	Plans for the future
1	Education - Teacher of Matematchics	Difficulty to find a job in public system of education	Organization of free time of students	Understood that entrepreneurial career is not a choice	Unemployed	Not starting a business
2	Finishing the degree in Bioquimic Engineering	Getting knowledge to start and managen a firm	Civil construction with live material, such as plants	It is finishing the degree	Free lancer and student	Start a business after the degree
3	Management	Getting knowledge to start and manage a firm	Adventure tourism	New firm is too risky	Trainer	Set up a firm after market tests
4	Economics	Getting knowledge to start and manage a firm	Software for third generation of mobile communications	Lack of technological partners	Working in a municipality	Get a franchising of car washing
5	Journalism and Business Communication	Getting knowledge to start and manage a firm	Clipping firm	Apply for civil servant and got the job	Civil servant in immigration services	Not starting a business
6	Management	Learning, but not set upo a firm in the short run	Cyber cafe with specialized library in business and technology	It is not the main objective	Employee in financial department of a private company	Not starting a business in next 5 years
7	Philosophy and Antropology	Getting knowledge to start and manage a firm	Franchising of scholar tarnsports	Economic situation; lack of financial resources to start a	Director in a NGO, dealing with regional development	Not starting a business
8	History	Getting knowledge to start and manage a firm	Cultural events, historicals excursions	New firm is too risky	Freelancer	Taking steps to start a firm

Source: Research carried out by authors

In the near future, four trainees are not interested in the enterprise of seting up a business, while four are is taking some steps to launch a new firm in the next year.

When we look at reasons why trainees did not start a business, four categories emerge. First, the lack of motivation for this purpose, as from the beginning the main goal was to attend the programme, and another trainee realize that it was not future option. Second, an opportunity cost analysis facing the uncertainty of new business, especially the income to be generated. Third, the lacks of financial resources or real guarantees for one entrepreneur were impossible to overcome. Finally, the lack of partnerships in technology since the trainee did not have these competences.

All but one of the non-starters has found a job after the programme and one is finishing his degree.

When they we asked about the contribution of the course, were unanimous in that the technological and management competences gained are helping them in their work. In case 7, the course has allowed the person to change career and move to a position with newly acquired competences.

## 5. DISCUSSION

Several programmes had been developed to increase the number of new firms anchored in the idea that some competences can be taught to individual with potential to become business owners (Timmons, 1997). Programme “Começar” was

design taking into account this rationale. Targeted to young people, early post graduate, this entrepreneurship training programme incorporate the ideas proposed by Nieuwenhuizen and Van Niekerk (2001) in what concerns qualified trainees. A practical, goal oriented, specific, and action driven training should be delivered. Usually, three main goals must be accomplished:

- i. Teach skilled people how to evaluate an entrepreneurial idea with potential in the economic marketplace;
- ii. Teach qualified people how to start and manage a business. Generally, these individuals do not know the legal steps necessary to start a business, how to analyse market potential, what kind of market research should be carried out, how to complete an economic analysis of the project;
- iii. Teach qualified people how to develop their own ideas and innovations into profitable enterprises.

Trainees were familiarized goals i and ii. From the beginning trainees discuss the ideas and assess their economic potential. Furthermore, they conduct market research, establish contacts with Company Register Officer, create budget requirements, learn how to assess a project in all components, and finally, a develop a business.

Moreover, to compensate for trainees lack of business experience, entrepreneurial and business advice was offered.

Thereby, providing them with insights into the difficulties faced by firms in their everyday activities, help trainees to adapt their business plans. This was recognised as a value added activity by entrepreneurs. In the case of a vet clinic, the entrepreneurs worked in contact with the management of other vet clinic in a nearby town.

During this period they understood how this business is managed, who are the suppliers, the clients, and could anticipate problems in their future activity. Moreover, all the students benefits of the experience of young entrepreneurs, provided by National Association of Young Entrepreneurs, which share their experience and difficulties faced in the same process. One can say, that a community of practice was established (Wenger, 1998), where all the members share their practices and, based on this experience, trainees were able to construct their own knowledge applicable to their business ideas.

This cooperation points out another relevant feature of the programme; the partnerships between a Regional Development Agency and three higher education institutions. The former, provides the knowledge about the region and skilled technicians in entrepreneurship, while the later offer qualified young post graduates with the enthusiasm to become business owners.

However, as it has been pointed out in Final report, the cooperation within and between these institutions becomes difficult. As Hytti *et al* (2004) conclude, in most universities, entrepreneurship studies are not an institutional goal, being developed by one person or department. "Começar" programme suffered the same drawbacks. There were a small team in each institution responsible for the programme, but besides that it was difficult to find the appropriate information about the programme.

This pitfall hampered the selection process. As can be confirmed in Table 4, some beneficiaries did not show, from the very beginning, the motivation for launching a firm. However, as selection procedure is based on the idea presented in application

form and it is not complemented with other methods, such as interviews or balance of competences, the efficacy of the programme is reduced. These cases could be avoided if more demanding procedures were used (Davidsson, 2002; Henry et al, 2003). Getting more trainees into the programme is not synonymous with more people being devoted to the goal of creating a firm.

The vast majority of the trainees apply to the programme because they foresee an unemployment situation in a near future. New firms are examples of survival entrepreneurship (Reynolds *et al*, 2004). They do not incorporate technological innovation and in some cases, as a stationary store, represents more of the same, with no value added for the region. However, new firms allow the fixation of these people to the region, stopping the exodus to other areas, being one of the complementary benefits of the programme.

Because the programme is not target at technological entrepreneurship, no specific competences were incorporated. In one case, the trainee did not start his firm because of lack of specific knowledge in third generation of mobile communications and it was impossible to find someone to fill this gap. One can ask if a business plan should be developed when basic competences are not guaranteed and partners cannot be found. Entrepreneurship training programmes should guarantee the contact with relevant actors to accomplish the goal of launching a firm, under the risk to promote business plans that will never see the light of day.

Finally, this programme did not incorporate any specific financing instrument, as does not happen across Europe (Henry *et al*, 2003). Several business plans have waited some months for funds from public support programmes, delaying their implementation. This area deserves closer attention from promoters of this type of programmes, establishing partnerships with financial institutions or other entities that could guarantee the financing of viable projects.

Analysing the efficacy of “Começar”, one can say that it performs very well when compared with similar entrepreneurship training programmes. The success rate is 41%, while the average of all training programmes (Figure 1) it is around 20%. Besides these new business owners, several other non starters benefit from competences acquired in the programme. In case number 7 of Table 4, the trainee change totally his career, and told us “I never thought to work in a management position. Now, I am considering myself an entrepreneur working for anothers”.

In the same vein, case number 6 shares that “informatics and financial issues developed in “Começar” are helping me in my current job in Financial Department”. We can conclude that, as Henry *et al* (2003) propose, benefits from entrepreneurship training programmes go beyond the number of new firms, should be considered other indicators as the trajectories in labour market followed by non starters.

## **CONCLUSIONS**

This paper examines a entrepreneurship training programme (“Começar”) developed in Portugal, as the result of a partnership between a Regional Development Agency (ADRAL) and three Higher Education Institutions (Évora University, Beja Polytechnic, and Portalegre Polytechnic).

The paper presents some limitations. First, we do not compare, at the same level of analysis, this programme against others. Literature concludes that entrepreneurial

context is relevant to assess the level of entrepreneurship. Second, we do follow a control group with an idea but who did not benefit from entrepreneurship assistance.

Targeted at young post graduates, twenty two students benefited from the assistance provided by the programme. Nine new firms were created after the programme, a success rate of 41%, above the average for similar programmes across the Europe. Moreover, less than one year before the *terminus* of last edition of the programme, two trainees are stepping forward, as the registration and licensing of the firm, the application for funding, and the renting of the space could confirm.

The programme adopts a training/action methodological approach, with the support of business tutors, and with some work experience in real firms. This strategy allows the trainees to overcome their lack of business experience. Classroom training is crucial, especially to develop the relevant competences to start and manage a firm, but it is not enough to promote new business with strong chances to survive.

Trainees should test their ideas in the field, avoiding a theoretical bias. Entrepreneurship Support Offices allow them to conduct market research in the field, to contact potential clients, search for suppliers and incorporate accurate forecasts. Tutors with business experience, apprenticeship in real firms, which can play the role of 'godfather' firms, networking with firms through business associations should be offered to trainees. This result requires a different pedagogical strategy in entrepreneurship training programmes: action driven, based on autonomy and self construction of learning by trainees, supported by experienced tutors. Methods such as simulations, portfolios, and problem based learning, role play and other similar approaches to these ones should be strongly encouraged.

Another relevant area to promote the efficacy of these programmes is the selection process. This case shows as less demanding conditions, based on the assessment of the idea, can select individuals with lack of willingness to become business owners. Start a firm is not an easy task and requires for responsibility, hard work, autonomy and pro-activeness. A more holistic approach is desirable, based especially on balance of competences. This methodology based on self-assessment in several dimensions, such as attitudes, behaviours, management competences among others, allows the providers to design and customize a training pathway for each trainee. Such pathways should be monitored both the middle and final stage of the programme thereby assessing the learning outcomes accomplished by trainees.

This programme also shows that, when assessment is made, other indicators beyond new start ups should be taken into account, as Henry *et al* (2003) propose. Particularly, when a short-term approach is used:

- trainees that change their status in labour market;
- fixation of qualified people in the poorest regions;
- and the benefits of the programme in the performance of work in the current job.

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