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Entrepreneurial Becoming: an Educational Pathway out of Poverty

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This paper reports a longitudinal analysis of 20 necessity driven micro-entrepreneurs operating in Beira, Central Mozambique, who received funding and training from the same NGO to establish or grow their business activities and reports the development of these entrepreneurs in terms of their acquired entrepreneurial potential for long-term success. The results indicate there is a process of entrepreneurial becoming that is not just about access to finance but especially learning and, when successful, this process supports the transformation of survival micro-enterprises into entrepreneurial micro-businesses. The concept of 'becoming' contains an implicit temporal dimension. Becoming suggests a transformation over time: a change from what one is already. In this study, we witness a significant change in understanding how a business needs to operate, in recognizing opportunities, thinking more creatively, and building self-confidence.

Keywords: micro-entrepreneurship, managerial capital, training, action learning, Mozambique.

INTRODUCTION

Small and micro-enterprises play a significant part in the process of economic development of every country (Mayrhofer & Hendriks 2003; Kuratko 2005), meaning that the entrepreneur is the catalyst of economic progress. The role of micro-enterprises is particularly important in developing economies as they represent a major source of employment and income.

However existing studies in developing countries, where most small businesses are better classified as 'survival' micro-enterprises – given that they start off for survival purposes instead of representing a career choice – show a low success rate and an apparent inability to grow (Bloom et al. 2010; Roy & Wheeler 2006). This is despite numerous initiatives having been executed over the last few decades to promote small business development as a means of alleviating poverty. Considerable resources are now made available through a variety of schemes, yet there appears to be little empirical evidence of the impact of this financing for business growth (Sievers & Vandenberg 2007; Brett 2006; Mayouz 1999; Sachs, 1992).

Many of these programs have been set up to provide micro-finance, often identified as the solution to poverty (Buckley 1997) despite warnings from the World Bank (Pless & Maak 2009) that micro credit alone may not result in poverty reduction. The origin of micro-finance can be traced back to Muhammad Yunus, who had started in 1976 lending small sums to the poor without asking for

collateral, before setting up the Grameen Bank in 1983. Since then, the expansion of microfinance, viewed by national governments, industry, NGOs, and donors as an effective tool for eradicating poverty, has been incredible. Given its premises that credit constraints alone, not skills, are the obstacle to the entrepreneurial poor, micro-entrepreneurship research has often focused on financial constraints, arguing that by giving the poor access to credit allows them to immediately put into practice the skills they already possess (Yunus, 1999). However, as a result of this line of thinking, the lack of business skills is rarely explored (Karlan & Valdivia, 2011).

This is unfortunate as the repeated failures suggest it is not just about access to funding but that there are still many gaps in our understanding of entrepreneurial activities under conditions of material poverty and across different cultural settings (Peredo and Chrisman 2006; Peterson 1988). It seems in fact that a successful program cannot just provide credit, but must also understand the specific context and combine that particular service with others according to the requirements of the local population.

While there is no doubt that limited access to funding prevents the poor from increasing their standard of living (De Mel et al. 2008; Roy & Wheeler 2006) – as also other externalities do, such as bureaucratized governments, corruption, diseases, poor educational standards and weak urban infrastructure (Woodward et al. 2011) – it remains questionable if they are already maximizing profits given the resources available to them, or if entrepreneurship and managerial training would lead to improved outcomes. Human capital theory states in fact that knowledge increases the cognitive abilities of individuals, leading to more productive potential activity (Becker, 1964).

This research seeks further evidence for the notion that learning and training are central to eradicate extreme poverty and hunger as they visibly drive productivity and promote economic growth. The fundamental argument of the paper is that if ‘business skills’ training is important for the success of an entrepreneur in general, its significance in developing countries is paramount given the very small margin for error. Prospective entrepreneurs in developing economies are in fact faced with scarce access to funding, limited education background, often illiteracy, a hostile environment, continuous health challenges, poor government support, run-down infrastructures, and lacking opportunities to tap into knowledge networks; all of which make the success and growth of enterprises extremely difficult. Given the general belief that individuals who perceive to possess the necessary knowledge and skills to start a business are more likely to do so, this paper aims to investigate if basic entrepreneurship and management training can have a positive effect on the poor and what sort of outcomes can be predicted.

Entrepreneurship Education and Training

Many studies have addressed the supply side of entrepreneurship education and training, providing useful information on the range of entrepreneurship programs offered around the world (Hegarty 2006; Cheung 2008; Ibrahim & Soufani 2002). In 2005 there were more than 2,200 entrepreneurship courses in the U.S.A. alone at over 1,600 schools (Kuratko 2005). While the number and range of courses has expanded exponentially over the last 25 years, we have also witnessed a significant debate in terms of what should be taught and how (Ronstadt 1987), which has led to some level of agreement. In terms of skills a proper entrepreneurship program should develop, among others,

negotiation, leadership, creative thinking (Vesper & McMullen 1988), as well as the awareness of an entrepreneur's career options (Donckels 1991; Byabashaija & Katono 2011), entrepreneurial personality (Scott & Twomey 1998), and new venture development challenges (Plaschka & Welsch 1990). With regard to teaching delivery, 'experiential learning' is recommended as a preferred method (Solomon, Duffy & Tarabishy, 2002), individual activities are favoured over group activities (Sexton & Upton 1984), and the program should overall be relatively unstructured (Walter & Dohse, 2009). Also, with regard to 'what' and 'how', it is crucially important to recognize the audience and the context before setting up an entrepreneurship program (Mayrhofer & Hendriks 2003; Chamlee-Wright 2005).

Although there is evidence that entrepreneurship is a discipline that can be taught and learnt (Drucker 1985; Kuratko 2005), research findings in developed (Bellu et al. 1990; Davidsson & Honig, 2003) as well as developing countries (Honig 1996; Karlan & Valdivia, 2011) have been inconsistent in estimating the effectiveness of entrepreneurial education and training, concluding that improvements in either tacit or explicit knowledge (Polanyi, 1967) carry weak consequences for entrepreneurial activity and success. Data from thirty eight countries participating in the Global Entrepreneurship Monitor (GEM) was compared in a special report to assess the impact of training and education on an individual's propensity for entrepreneurial attitudes or behaviour. A gain from training was present only *"in contexts with favourable institutional environments, where the training-induced positive skills, perceptions and intentions can be translated into action"* (Martinez et al. 2010:6), which implied the following recommendation for developing nations: do not invest large-scale resources in training programs until basic framework conditions are satisfactory. This suggestion has most recently been validated by Byabashaija and Katono's (2011) research in Uganda.

In the context of survival micro-entrepreneurs in developing countries, there is more concern with informal entrepreneurship training (i.e. tacit knowledge) rather than formal education (i.e. explicit knowledge). The distinction between the two has been defined by GEM (Martinez et al. 2010:8) as follows:

- Entrepreneurship training is very specific in scope and represents *"the building of knowledge and skills in preparation for starting a business"*.
- Entrepreneurship education can be much broader and *is the building of knowledge and skills either "about" or "for the purpose of" entrepreneurship generally, as part of recognized education programs at primary, secondary or tertiary-level educational institutions"*.

In particular, the informal training discussed in this paper is the experiential learning, or learn-by-doing, which enhances learning through the immediate application of concepts (Sexton and Upton 1987). In other words, the study is aimed at observing the personal transformation process influenced by the self-reflective feedback of action learning (Ceely et al. 2008). The selection of this learning mechanism over others is dictated by the consideration that business issues such as planning, selling, budget accounting, and day-to-day management remain of course important to poor micro-entrepreneurs, but there is also a strong emphasis on changing people's attitudes in terms of recognizing opportunities, thinking more creatively, and gaining self-confidence (Stevenson & Gumpert 1985, Sexton & Upton 1987).

While there is inconsistency in estimating the effectiveness of entrepreneurial education, the need for management training in developing countries is gaining momentum as growing evidence

suggests that low productivity of firms results from a lack of managerial capital (Bloom et al. 2010; Bruhn, Karlan & Schoar 2010; Sonobe et al. 2011). Some of these studies go further to say that micro-entrepreneurs in developing countries generally know so little about management that rudimentary, as opposed to standard, training is most effective in improving their business practices. This receives some support from this study. Drexler et al. (2010) focused on financial decision-making and reported that basic and simplified training of accounting produced significant performance improvements. Mano et al. (2011) found similar results with regard not just to elementary accounting, but also business planning.

To summarize the discussion so far, necessity entrepreneurs in developing countries lack, among other things, basic business skills and an entrepreneurial mindset, being risk adverse, driven only by their most basic needs, and without growth aspirations (Roy and Wheeler 2006). Assuming that entrepreneurship can be taught (Drucker 1985), two research questions arise. First, how can organizations that assist micro-entrepreneurs, who enter the informal sector to make a living, offer education and training services that match their support requirements? And second, when the delivery of training and education is appropriate and guided by the context in which service provision occurs, does it have the potential of changing the mindset of necessity entrepreneurs?

RESEARCH CONTEXT

This study was conducted in Mozambique, which today remains among the poorest countries in the world with a GNI per capita of \$440US dollars (World Bank 2010), but also represents one of Africa's success stories, having proven the ability to rebound in the face of adversity and complete devastation following Portuguese colonialism, Marxist dictatorship, and two decades of civil war (Dalglish, 2008).

After Portugal kept a firm control over Mozambique for five centuries, exploiting the country's natural resources and population through slavery first and forced labour after, in 1962 Frelimo, or Front for the Liberation of Mozambique, was established and began a violent revolution which then spilled into a civil war when the Portuguese left the country in 1974. It was only in 1990 that the country abandoned Marxist-Leninist ideas and returned to a market-driven economy. While the situation in the country has been gradually improving over the last decade, Mozambique, heavily affected by an inefficient bureaucracy, violent crime, ruined infrastructure, high illiteracy rates and poor communication links was still under an unofficial state of anarchy until the late 1990s (Dana, 1996).

Apart from being among the poorest countries in Africa, Mozambique also has a different history than most Sub-Saharan nations. In contrast to British colonies which had been settled by educated and wealthy Europeans, Mozambique and Angola were colonized by poor and illiterate Portuguese farmers. So while the British abandoned their colonies leaving behind an emerging entrepreneurial class, the Portuguese left behind a confused society of serfs (Dana, 1996).

To help the population out of extreme poverty, a number of microfinance organizations have introduced credit-with-education integrated initiatives to build the human capital of micro-entrepreneurs. One of the few organizations to have survived the financial crisis of 2008/09 is

Awaken Mozambique, an NGO operating in Beira, the second largest city in the country. The NGO lends small sums to the poor without asking for collateral nor charging interest, but making entrepreneurial training a necessary component of the program for which participants are charged a set 10% service fee. Apart from partially covering the operating costs, a second reason to request this small contribution comes from the belief that people have less appreciation for something given away free.

METHODS

This paper reports a longitudinal analysis started in April 2010 of a group of survival micro-enterprises, who received micro-funding from the same NGO to establish or grow their business activities and examines the entrepreneurs in terms of their potential for long-term success. A total of 20 businesses operating across different industry sectors are investigated using two surveys: a loan application used to gather demographics and business plan information, and a review distributed 8 months after the loan was given to assess how the money was spent, the health of the business, and the self development of the entrepreneur. Both data collection tools included mostly open ended questions and the borrower was assisted in completing them by a fluent Portuguese-English interpreter given the high degree of illiteracy in the country and to minimize the loss of data in translation. The table below outlines the process just described.

Table_1: Process of data collection and service delivery

Sep-09	→	Apr-10	→	Sep-10	→	May-11	Jul-11
Complete loan application with assistance by local staff in Mozambique	Attend two business planning workshops and adjust business idea	Loan application approved by local Advisory Committee	Loan granting process (including notification to the Australian Committee)	Loan issued	Attend fortnightly business training until full loan repayment	Complete loan review survey	End of term of the loan

While it was the first time for this particular group of entrepreneurs to be the subject of a study, the researchers had already developed a strong relationship with the local community dating back to 2004 (Dalglish, 2008). Over the years, a sort of ethnographic research project has been conducted with the researchers spending significant amounts of time in the community in a participant-observation role learning a lot about the context and its people. Additionally, the long-term relationship has progressively allowed a sense of trust to be developed towards the 'white' foreigners that their history had taught to suspect (Fadahusi 2000).

In this study the terms entrepreneur and survival micro-enterprise are used interchangeably, but the emphasis is definitely on the former: the individual. In particular, the researchers are set to investigate the process of entrepreneurial becoming, a transformation during which individuals reframe their view of what 'successful' means (Roy & Wheeler 2006), develop their businesses, change their attitudes and aspirations, and increase self-confidence. To establish if such process of change exists and is influenced by training and practice, the first and second surveys investigated the psychological shift in the person mind more than the monetary return on investment.

The questions in the first survey were framed around the following ideas:

- Why do they want to borrow? Is it indicative of entrepreneurial intent?

- How do they estimate success?
- Is the business started out of necessity or choice?
- What is the nature of the business they want to start/continue?

The second survey was structured with the following ideas in mind:

- How have they benefited from the loan – in business or personally?
- What have they learnt? What do they see the impact of this experience as being?
- What training have they undertaken/sought? How has it helped them?
- Do they want to borrow again – why? Does this suggest development/entrepreneurship?

DATA: THE MICRO-ENTREPRENEURS

The study looked at 20 micro-entrepreneurs, five nascent and fifteen existing, operating across different industry sectors which included grocery operations, agriculture, farming, tailoring, carpentry, butcher's shop, and retailing.

Start-Ups

1. Amina Cotinho Massinge is a 52 year old widow who had never been in business before. She borrowed \$200 to set up a small shop and sell charcoal. She can neither read nor write. She initially applied for a loan because they were suffering from hunger at home. Her comments on the benefits of the business are heart-warming. *“The business has benefited me a lot because my children now never sleep hungry or go to school without materials”*. She has never missed a training session or a repayment.
2. Cecilia Gola, 27, borrowed \$350, which she paid back in 5 months, to sell chicken parts – necks, gizzards and claws. She applied for the loan when widowed and without a means of support. Her father, a guard on the minimum wage already had 10 people to support. She has made a great success with the business and has been able to pay for her brother to undertake a teacher training course. Her biggest challenge is supply and the transport issues associated with buying from distant sources.
3. Nhamucha Joao is a 49 year old mother. She had no visible means of support and is unable to read or write. She borrowed \$175 to start a business selling dry fish and other local produce. Her main challenge has been sourcing stock, particularly in the wet season when drying fish is a problem.
4. Maria Adriano Castigo is 34 years old and lives with her husband, who works, 2 children, and her mother in law. Maria had aspirations to open a hairdressing salon however found that her loan of \$200 did not give enough working capital and she started selling charcoal instead.
5. Victor Paulino Guenjere, aged 54, borrowed \$170 to buy sleeping mats. These are used as beds in most poor homes. While Victor's business is not particularly successful, he has learnt through the training provided and now his experience, the importance of planning, budgeting and the recognition of the costs of transporting goods to sell.

Existing Businesses

6. Agostinho Jose Xavier is 79 years old and a highly respected figure in the community. He borrowed \$350 dollars to start a canteen to supplement his income as a pastor. He has been successful enough to start another business farming chickens. Despite his wife's illness and passing away, he still paid his loan regularly.
7. Alberto Mario Chiusa is one of the younger borrowers at 32. He intended going into business with his wife to sell snacks and soft drinks, borrowing \$200 for this purpose. The business has not been successful as his wife left him with the 4 children to care for. He would like to start again if successful in completing repayments.
8. Anita Chico Luis is a 32 years old widow and mother of 4. She sells maize and borrowed \$350 dollars to rescue her business. She cannot read or write, having never attended school. Anita attended all training sessions and reports having learnt a lot from the experience. Her family is better off and the business remains active with the prospect of expanding with the addition of a freezer. Her biggest challenge is the costs associated with transport of stock to/from home.
9. Benjamin Felisberto Bauaze is 37 and has a business going from office to office selling suits. He sources these suits in Zimbabwe. He now employs 2 workers. He has attended all the training sessions and is hoping to start another business selling satellite dishes. He has had some difficulty keeping up with payments when his customers are late paying him.
10. Colaco Chicote Mbaticioiane is 54 and looks after a household of 10 people including 8 children. He is an experienced tailor and has borrowed \$525 dollars to expand his business. The success of the experience is evident as he *"managed to put town water at my house, bought freezer and 2 Hectares of land to cultivate maize"*. He is planning to buy a second sewing machine.
11. Fernando Magul Saquene, 45, has 14 people in his house including 8 children and lives on \$300/month. He has a stall at the local market and sells goat meat. His reason for borrowing was to increase the business volume and so he did as *"the loan boosted the business to another level"*. There was no delay in repayments and he attended the majority of the seminars. Like other borrowers, he also reported transportation of live goats being his biggest challenge.
12. Fina Bernado Antonio is 34 years old and lives in a household of 9 with 4 children. She borrowed \$350 dollars to expand her maize business, which is the only source of income for the family. When asked how she benefited from this loan, and the training she received, she answered: *"My kids are going to school; I am able to provide breakfast, lunch and dinner, build my house so I don't have to rent and still have money to buy stock."* Her biggest challenge now is the transport of her supplies which comes from 300 kilometres away and is not reliable.
13. Francisco Romao Morais is 43 years of age and is the sole provider for a family of 9. He has been a carpenter for 12 years and used the \$200 he borrowed to buy wood. He did not

appear to have made the best of this investment having significant marketing and debt collection problems.

14. Gonsalo Franque is 69 years of age. He is the sole supporter of 3 children. He has been a carpenter for 10 years but had difficulty raising the money to buy raw materials. He borrowed \$350 dollars for this purpose and it has made all the difference to his business. He said: *"I have made more money in the works I have done now than in my entire life."* He would like to expand his business further and employ one person to help.
15. Ilda Maria is a 52 year old widow who has run a small canteen on her own. She borrowed \$700 and made the very best of it. She attended all the training sessions and made the following comments about the impact of training. *"The training helped more than I thought at the beginning. The principles taught when put into practice generates money. Due to this today I have 3 workers and 2 shops."*
16. Ines Jesse borrowed \$700. With this amount she bought a garden for the cultivation of rice. She is hopeful of harvesting 800kg of rice which will give her a good profit. This is a particularly important outcome as the supply and cost of basic food such as rice are a big issue in Mozambique. She also started a fish business to provide cash flow until harvest time. The biggest issue she has faced is that of transportation – both of fish and getting her harvest to market.
17. Jose Pepa Antonio is 44 years of age and the sole provider for 5 people. He had experience selling goat meat but made less than \$30 a month for lack of capital. He borrowed \$200 and is on track with his repayments. He still faces two major obstacles: high transportation costs when having to travel out of the city due to supply shortage, and operating without his own freezer which means having to pay for rental space if he doesn't sell his stock on the day.
18. Luis Manuel Chimoio Lopes is 70 years of age. He borrowed \$200 for his food and canteen business. When asked what the intent of the loan was, he responded *"to fight poverty in the family, with hopes of improving our lives."* ". Luis has been late with only one loan repayment due to the death of a nephew 200km away. Luis also suffered the loss of his business when thieves broke into his home. He started again.
19. Manuel Macanga Balanca is 42 years of age and the sole supporter of 10 people. He used his loan of \$200 to increase his buying power, enabling him to buy more than one goat at a time – for goat meat. He has attended every training seminar. His biggest challenge is supply. He often has to go out of town to buy his goats and this presents transport problems. When this caused difficulties for him he consulted the team and so has managed to stay up to date with his repayments.
20. Rosa Maria Abdula Ussene is 47 years of age and the sole supporter of a family of 5. She borrowed \$350 to expand the canteen/grocery store that she was running. She is keen to expand further. She has never missed a payment. She had previously borrowed from a bank, but found her increased profits were all used to repay the interest on the loan, so the family did not benefit.

DATA ANALYSIS

Results from the initial survey allowed the researchers to frame the background and intentions of the applicants. In terms of demographics, there was a similar distribution among applicants between males (12) and females (8). With regard to age, only one applicant was below 30 years old, with the majority aged between 30 and 50 (12). Given the high mortality rate in the country, reporting 7 individuals over 50 was an unexpected result, perhaps indicative of the impact of health issues that often cause the death of parents leaving children in the hands of grandparents, who do not have the income required to feed everyone in the family. Also the low number of young applicants is consistent with previous studies. Finally, in terms of education, none of the 20 applicants exceeded grade 12 with the majority (12) not having reached grade 7. Three applicants were unable to read and write. This is very different from the profile of entrepreneurs in developed economies.

The average household comprised 7 people with an income per capita of \$26US a month, below the poverty threshold estimated by the World Bank in 2008 of \$1.25/day (Ravallion et al. 2009). Household size varied between 2 and 14 individuals, while per capita income fluctuated between \$10-78 a month. Given the situation of despair in which most applicants were at the time of the loan being issued, it was not surprising that when asked why they applied for a loan, nearly all answered *“to fight poverty in the family”* or a variation of the same.

A quarter of the applicants borrowed money to start a business, while the remaining 15 sought funds to preserve existing micro-businesses, both groups displaying successful and less successful cases. When asked how they were expecting to succeed in their business endeavours, the unanimous answer was by undertaking the management training offered to them through the organization.

Throughout the 12 months between the time of borrowing and completion of loan repayments, applicants were required to attend a series of training sessions, which for the most part were attended by all participants (13 borrowers attended every seminar, while the remaining 7 attended multiple meetings). The sessions included:

- Two business planning workshops before receiving the loan
- Fortnightly training until the loan was repaid
- One seminar was delivered by international presenters over this time period. It dealt with basic budgeting at both business and household level.

Topics run by local staff at their fortnightly seminars included: how to manage a business, how to save money, how to work within a budget, how to market, and the importance of paying back the loan.

A second survey was distributed 8 months after the loan was granted. Apart assessing the health of the business, the most important aspect was to gauge whether training, initially perceived to be so important by the applicants, had also been equally effective in the self development of the entrepreneurs. To do so, we sought to understand:

- 1) How the program had benefited applicants, their families, and their businesses
- 2) What they learnt
- 3) In what circumstances they sought individual assistance

In terms of measurable outcomes, 16 borrowers significantly improved their lives with 7 of those also reporting substantial growth in their businesses. Of the 4 who failed, one was the result of thieves breaking into his house, one having chosen an unsuitable business model, and two unjustified.

With regard to learning, half of the entrepreneurs emphasized their improved business skills, and in particular budgeting. However, even more interesting was the response of the other half who apparently weren't satisfied by simply listing a set of acquired skills, but instead wanted to convey the much more holistic transformation they had experienced. This group talked about "*a new experience that opened my eyes*", which resulted in better management of the business, improved administration of personal finances, greater confidence in one's abilities and potential. So, apart from a change in understanding how a business needs to operate, there is also strong evidence of a self-development process that started the transformation of passive individuals into entrepreneurs.

The third question dealt with applicants seeking individual assistance from staff. Surprisingly, there was not much one-on-one interaction between the two groups with the only instances pertaining cases of delayed loan repayments, under which circumstances micro-entrepreneurs were initiating dialogue with the staff to explain their reasons. This behaviour of seeking individual advice only as a reactive mechanism, when in trouble, instead of taking advantage of one-to-one coaching as an additional resource for learning is in sharp contrast with the clear thirst for knowledge shown by the micro-entrepreneurs when attending all group seminars, compulsory and optional. Over the next phase of this ethnographic study the researchers will delve deeper into the local community, through participative-observation, to shed some light on this issue. At this stage, at least two hypotheses should be tested: fear of looking incompetent or sounding 'stupid', and not recognizing the talents and knowledge of the local staff.

Regardless of why one-to-one coaching was not used as much as expected, training in more general terms has been widely recognised as an extremely valuable resource by all participants, some arguing they didn't seek individual assistance because the fortnightly group training had been great and enough for them.

Once the role of training in stimulating the transformation process of the entrepreneurs has been established, the next issue was to determine how significant those changes had been. One way to do so was by assessing their future aspirations. When the money had initially been borrowed, five applicants were aiming to start a new business as a mean of survival, while the rest sought money to maintain their current micro-businesses. Eight months later there appeared to be a much different situation. All the 16 micro-entrepreneurs, who had succeeded, reported their intentions to borrow additional funding to expand their businesses with the aims of employing others, diversifying their activities, increasing their degree of innovation, and furthering their professional development. The four businesses that failed intended to reapply for a loan after finishing repayments and preparing a more thorough business plan.

In conclusion, the self-reflective feedback of action learning was confirmed by apparent changes in how the entrepreneurs think. While at the start of the process they were thinking only about surviving without improving their status in a sustainable manner, after 6-8 months they were planning the next growth stage.

CONSTRAINTS

There were a number of significant constraints in the data collection. The interviews and data collection were undertaken by local people with limited training in how to do this. The answers were then translated into English. Each of these processes leaves room for error.

The interviewers were known to the borrowers, but in the case particularly of the first interview, the borrowers were seeking a loan and therefore would be likely to frame their requests to the requirements of the interviewer. However, the results of the review interviews are particularly interesting as they have recorded failure as well as success and the borrowers have been willing to share their difficulties and frustrations as well as their achievements. This was reassuring that a reasonably accurate picture has been drawn of the impact of the loan over a relatively short period of time.

One of the strengths of using local interviewers who have the trust of the borrowers is that it is a way of doing justice to the voice of the people (Knibbe & Versteeg, 2008). This voice is often lacking in the large studies done on micro-finance as a way of poverty alleviation, which reflect the cultural norms of an often alien culture. Desjalais (1997) advocates that human experience should be central to the research agenda and the participative methods used allow that, while the international reports provide the international frame within which that experience sits. With this in mind the strengths of the methods used outweigh the constraints.

DISCUSSION AND FUTURE RESEARCH

The context in which this research project is set is clearly at the base of the pyramid, where entrepreneurial activity is sought by the many as an alternative to non-existent or underpaid and uncertain employment. There is no doubt that these are survival entrepreneurs. However, there is evidence of a process that gradually transforms them into micro-entrepreneurs genuinely able of growing their businesses with the long term goal of participating in the formal economy. Many of them have matured plans to move beyond the survival stage and have acted towards those goals when empowered with access to finance and training. So the only significant difference between survival entrepreneurs in developing countries and micro entrepreneurs in developed economies appears to be in the initial motivation rather than the activities they engage in, the informal context within which they operate, or their newly acquired aspirations.

This is an important finding for a country like Mozambique, where the population is still traumatized from historical events and lacks the motivation to invest much effort in promoting business (Dana 1996). They are results that validate the notion that entrepreneurship education can influence an individual's motivation to strive for something that might otherwise seem impossible or too risky (Martinez et al. 2010).

As little is known about the process of growth from 'survival' entrepreneurship to ongoing participation in the formal economy, this study begins to fill a significant gap in our understanding of

enterprise development in developing economies. To carry on with this task, the next phase of this ethnographic study is for the researchers to immerse themselves once more into the local community to shed some light on new issues uncovered. Firstly we still need more clarity over what are the most effective ways of teaching entrepreneurship and developing managerial capital in poor communities. At least two aspects deserve attention here: the apparent reluctance of using one-to-one coaching and the longer term training effects. A second theme to investigate is the increased awareness developed by entrepreneurs of the business environment, its opportunities and constraints (e.g. regarding transport costs and inefficiency). Third, the significance of community and social capital seems to often reoccur through two distinct perspectives: the willingness of successful micro-entrepreneurs to support others in their community who want to develop business ideas and the benefits they personally get from networks.

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