

CHRISTIAN CHILESHE

BRINGING ENTREPRENEURSHIP INTO BUSINESS DEVELOPMENT SERVICES—A DEVELOPING COUNTRY PERSPECTIVE

Introduction

Many now see entrepreneurship as playing a critical role in enhancing economic development, especially through its positive effect on the micro-small and medium enterprises (MSME) sectors of developing countries. Business Development Services (BDS) have also been identified as being able to incorporate and so serve as a conveyer of entrepreneurship development amongst MSMEs. Yet there seems to be lack of common understanding of entrepreneurship as a construct and of the extent to which entrepreneurship development may be distinct to what is typically implied in BDS, with many assuming the two fields are effectively identical. This has implications on how entrepreneurship is brought into BDS and, in turn, on how it supports MSME development. This theoretical paper attempts to begin the process of closing this knowledge and practice gap by drawing on various literature on entrepreneurship and BDS, and creating movement towards developing a framework within which future empirical research could be undertaken. The objective is to begin a conversation that could encourage scholarly work around the intersectionality of these concepts and to also support the better understanding and effective infusion of entrepreneurship into BDS practice within a developing country context. To achieve this, the paper utilises a sensemaking approach (Weick, 1979; 1995) to discuss entrepreneurship and BDS from a developing country perspective, and to scan literature with the purpose of identifying relevant building blocks towards the set objective.

The paper starts with a fairly in-depth consideration of the concepts of entrepreneurship and of BDS, and then goes on to explore aspects that may call for greater understanding of the place for entrepreneurship in BDS delivery. The conclusion also includes some pointers to some research, policy and practice implications.

Entrepreneurship

There is currently no universally accepted *definition* of entrepreneurship, with most researchers opting to rather provide *descriptions* that, though revealing important dimensions of the phenomenon, do not necessarily define its parameters (Gartner, 1988). Major strides towards the development of a theoretical framework of entrepreneurship have however been made over the last few decades. Our understanding of entrepreneurship has evolved from the initial focus on establishing a *profit oriented business* (Schumpeter, 1934; Cole, 1968) to looking beyond the profit motive (Gartner, 1985) and on to including the whole process of *following an opportunity irrespective of the existing resources* (Stevenson et al., 1989; Bygrave, 1994). Mui (2011) proposes a definition and conceptual framework that could very well be an important step for the field of entrepreneurship. He refers to entrepreneurship as “*the act of enhancing one’s reality*” (p. 5). Reality is in this context viewed as being bigger than any particular realm of human existence. Mui (ibid) argues that entrepreneurship is not only limited to the realm of economics nor limited to the start-up of firms or profit making. Rather, that it captures the “very essence” of our being (p. 4). It recognises all human progress made, from the first handmade fires of long ago to the nuclear power plants of today. Such progress, Mui asserts, is the result of the ever continuing accumulation of entrepreneurial action. From this more holistic view, entrepreneurship should be seen as being descriptive of the way society and its constituent individuals go about engaging with the various livelihood issues affecting their existence. It should therefore be brought into the discussion of, for instance, the way a rural community sees and responds to the need to ensure safe drinking water and good health practice, or how its respective individuals and households access and utilise various resources. Within this context, successful establishment and operation of a business would merely be only one (albeit important) form of expression of entrepreneurship.

By drawing on the various descriptions of entrepreneurship, and based on this livelihoods perspective, some fundamental “pillars” of entrepreneurship emerge, and include the following:

- i. Entrepreneurship is a transformative process that introduces newness to livelihood structures (and not merely to the products of pre-existing structures). This is the sense in which even the economist Schumpeter (1934) understood the con-

cept;

ii. Opportunity identification and exploitation constitute the “two legs” of entrepreneurship. Opportunity is here defined as ‘*a future situation which is deemed desirable and feasible*’ (Stevenson & Jarillo, 1990, p. 23);

iii. Entrepreneurship (at the stage of opportunity exploitation) requires the commitment of various resources (such as people, information, time and money), though resource adequacy is not a pre-requisite for opportunity exploitation;

iv. The driving force behind entrepreneurship comes from the desire to realize future benefit or value. Such benefit or value could be economic, psychological, social and/or any other as envisaged; and

v. There is also the aspect of risk - the possibility that at least some of the activities may not, in part or wholly, result into the desired future benefits.

The above five “pillars” appear critical to the pursuit of a robust conceptual and theoretical framework of entrepreneurship, and to a globally-accepted definition.

Who is an Entrepreneur?

Central to the concept of entrepreneurship is the individual. In the words of Krueger & Brazeal (1994), “*entrepreneurial potential requires potential entrepreneurs*”. But who then is an entrepreneur? There is growing agreement that an entrepreneur should be seen as an individual with *the ability* (1) to identify opportunities and (2) to develop mechanisms for their successful exploitation. But even with this recognition, and even after Gartner (1988) expressed concern, many references to an entrepreneur continue to still be based on “*what the entrepreneur does*” rather than “*who the entrepreneur is*”. And so, various writings continue to refer to an entrepreneur as a person that successfully starts and operates a business enterprise.

It is however evident that a growing amount of literature has begun to enquire more into the aspect of *the ability* possessed by the entrepreneur and not just how entrepreneurship manifests (as can be seen from Shaver & Scott, 1991 and all the way through to Covin & Lumpkin, 2011). Because this line of enquiry has placed focus on the person of the entrepreneur, the field of psychology has invariably been drawn into the discussion so as to assist in explaining the underlying mental function and resultant behaviour of the entrepreneur (Johannisson, 1998). Further, because entrepreneurship is a phenomenon influenced and experienced within the context of social interaction (i.e it impacts and is impacted by society), the field of sociology has also become implicated.

Various studies have enquired separately into either the psychological or the sociological dimensions pertaining to the entrepreneur and the entrepreneurial environment respectively (e.g. Rauch & Frese, 2000 and Thurik & Dejardin,

2012). But researchers such as Kourilsky (1995) and Thornton (1999) have considered these two dimensions together and so helped in creating a clearer understanding of the entrepreneurial continuum that exists from the individual to the institutional vehicles employed, and onto their environment at large. The outcomes of various research in this sphere enables us to assert that the state of being entrepreneurial involves (1) a state of mind that leads to (2) particular behaviour that combines with (3) particular environmental circumstances.

Based on the foregone, entrepreneurship development could then be understood to include the whole processes of influencing individual mind-sets and behaviour (and even entire environments) towards acts that enhance their reality. Also, the five fundamental “pillars” of entrepreneurship identified above become important to the design, implementation and measurement of entrepreneurship development efforts.

Business Development Services

There is currently still very limited scholarly work in the area of business development services (BDS), with most publications based on developmental projects undertaken in developing countries. It has in the recent past been presented as involving *the tasks and processes pertaining to the analytical preparation of potential enterprise growth opportunities and the support and monitoring of the same* (Sorensen, 2012, p. 26). Though BDS is a function that can be performed internally, it is traditionally linked to a wide range of non-financial services provided by external service suppliers to MSME operators who use them to improve operations and prospects for growth. Within a developing country context BDS is intended to respond to challenges of low levels of productivity and competitiveness amongst MSMEs. Typical services could be categorised into the following seven segments, based on Gagel (2006):

- i. *Market access services* – including facilitating access to market information, establishment of market linkages and other support to expose MSMEs and their offerings;
- ii. *Input supply services* – facilitating firm linkages with providers of inputs;
- iii. *Technology and product development services* – facilitating the development and utilization of appropriate and enterprise-enhancing technologies;
- iv. *Training and technical assistance* – skills development and experience sharing;
- v. *Infrastructure-related and information services* – provision of facilities needed by enterprises;
- vi. *Policy and advocacy* – facilitating active engagement of entrepreneurs in addressing issues affecting them and their operations; and

Access to finance—support to enterprises in their quest for appropriate financial services.

A significant proportion of BDS interventions in developing countries particularly focus on supporting rural agriculture-based enterprises and the agribusiness environment as a whole (Agri-Profocus, 2012). Rural BDS is now increasingly forming a part of overall agricultural extension services that is evolving from provision of basic technical services to including a broader range of support intended to help small holder farmers to view farming as a business.

But evaluations of some of the major BDS programmes in developing countries show that conventional BDS interventions (which by design typically focus on awareness creation and skills development) lack the transformative power to lead to generalised significant levels of business success (as measured by indicators such as productivity, competitiveness, incomes, employment, etc.) amongst MSMEs, and ultimately to overall significantly improve livelihoods (Chileshe et al., 2011). Most studies suggesting otherwise will typically have been commissioned by an agency that also funded the interventions being evaluated, will have an advocacy tone to them and will also appear to utilise doubtful methodologies.

It is increasingly becoming common for BDS interventions to claim to be working towards developing better entrepreneurs out of MSME operators. But a review of the content and implementation processes of such interventions would more likely than not expose challenges with regard to the conceptualisation of entrepreneurship and how it has been incorporated it into the BDS. Most BDS interventions appear to often seek to develop, in MSME operators, specific funder-determined business management competencies intended to enable them exploit equally funder-determined opportunities. But based on how entrepreneurship has been conceptualised above, an entrepreneurial approach would seek to develop the capabilities of the MSME operators to identify business opportunities themselves and to exploit them in the best way they may deem fit. The latter approach is clearly the more complex and longer term, and so may most likely not appeal to most donor-funded BDS projects that often have limited timeframes and pre-set performance parameters.

Even where BDS interventions appear to clearly recognise human transformational imperatives, and where psychological and sociological dimensions are drawn in, questions may still arise with regard to (1) how this intervention framework has been developed and (2) the existence of any research-based evidence of its effectiveness in producing desired results.

Probably the most notable progress towards developing research-based entrepreneurship development models for business development are in the area of entrepreneurship education. But, as would be expected, most of these models lend themselves more to the developed country student who is considering starting a

business than to an out-of-school developing country MSME operator that may have a low to moderate literacy level. Of those that actually target MSME operators, none could be identified that possessed a robust conceptual and theoretical framework that could enable them to be adapted to different socio-economic contexts.

The Human Capabilities Approach and the Search of a Place for Entrepreneurship in BDS

No doubt, the value of entrepreneurship to overall development is in its transformative power that begins with the individual and is experienced in the environment. Based on this view, this paper has identified the Capabilities Approach (CA) as potentially providing a framework for further exploring the role and place of entrepreneurship in BDS. CA is a developmental perspective that seeks to enhance human flourishing by unlocking people's potential (Sen, 2000; Nussbaum, 2000). This suggestion is based on evidence from Gries & Naudé (2010) who have drawn on CA to propose a human development framework that draws in entrepreneurship as a key element in the sustainable economic development process. Could this particular framework be extended specifically to BDS? Or could some valuable lessons be drawn from it in developing another more suited to BDS?

What is clear is that the CA approach would allow for focus to be placed on the person in the business and also on the person in the external environment, and not just on the strategies, systems and operations or on any business or economic aggregates used to view the external environment. Based on this approach, entrepreneurship may then come in to provide the means by which human capabilities could be unlocked, both within the business and in its environment. Resultant transformed mind-sets and social relations become key to continued business opportunity identification and exploitation, and ultimately to sustained development. It is also within this mind-set and social relations context that business management knowledge and skills that come with BDS delivery could be put to optimal use by MSME operators.

Conclusion and scope for further research

The above discussion has sought to demonstrate that entrepreneurship development is a distinct field that is separate from even the business development to which it is often associated. However, based on knowledge drawn from the disciplines of psychology and sociology, we understand that entrepreneurship can enhance the effectiveness of BDS because of the transformative effect it can have on enterprise operators and on associated business environments. In trying to deal with how entrepreneurship could enhance BDS delivery in a developing country

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context, the paper points to the Capabilities Approach (CA) and to its potential to provide an appropriate framework for this purpose. The paper not only calls for a further examination of this approach, but also for revisiting current views, policies and practice in entrepreneurship development and BDS if the normative sustainable development is to ever become a reality in any significant measure. It would particularly be useful to see more empirical studies into the extent to which entrepreneurial aspects (based on this more holistic definition of entrepreneurship) are being incorporated into BDS interventions in developing countries, and to attempt to assess the impact that these specific entrepreneurial aspects may have on MSME development. Resultant evidence may feed into important policy and practice shifts, and possibly provide a step towards the development of a framework for the development and delivery of what could very well become known as *Entrepreneurship and Business Development Services* (EBDS).

Correspondence

Christian Chileshe
Principal Consultant
3C Development Management & Entrepreneurship Experts Limited
4 Kawama Road, Woodlands, P O Box 32273, Lusaka, Zambia
Tel. +260 211 267 905, 0979 405 556. Email: cchileshe.3c@gmail.com

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