

Assessing the Effectiveness of Microenterprise Training and Technical Assistance Services

**Institute for Social and Economic Development
(ISED)**

*Prepared by:
Jan Losby and Jill Robinson
910 23rd Avenue
Coralville, IA 52241
Telephone: (319) 338-2331
Fax: (319) 338-5824*

**FIELD
Microenterprise Fund for Innovation, Effectiveness,
Learning, and Dissemination**

The Aspen Institute

NOVEMBER 2001

TABLE OF CONTENTS

I.	RESEARCH QUESTIONS	3
II.	METHODOLOGY	6
	A. DATA COLLECTION PROCEDURES	6
	B. SAMPLE.....	7
	C. ANALYTIC METHOD.....	11
	D. STRENGTHS AND LIMITATIONS OF METHODOLOGY	11
III.	FINDINGS	13
	A. PARTICIPANT CHARACTERISTICS	13
	B. TRAINING INTERVENTION	19
	C. EFFECTIVENESS OF TRAINING INTERVENTIONS RELATIVE TO PARTICIPANT CHARACTERISTICS	29
	D. INTERMEDIATE INDICATORS AS PROXIES FOR FINAL OUTCOMES	30
	E. QUESTIONS FOR FUTURE RESEARCH.....	30
IV.	IMPLICATIONS	31
	A. IMPLICATIONS FOR PROGRAMS	31
	B. IMPLICATIONS FOR THE FIELD.....	32

INTRODUCTION

This research project reflects the Institute for Social and Economic Development's (ISED) continuing commitment to improving the quality and effectiveness of our training and technical assistance services for low-income entrepreneurs and aspiring business owners. The research results discussed in this report build our capacity to achieve positive outcomes for microenterprise training participants by identifying how participant characteristics and training interventions are related to both intermediate indicators and final outcomes. It is our belief that participant characteristics and the training intervention itself are associated with success in the training program and the achievement of later business outcomes. Before describing the research design of this project, a brief overview of ISED's history, structure, and services is provided. This description provides a glimpse at our organization's philosophy, which ultimately influenced our design of this research project.

BACKGROUND

Since 1988, ISED has operated a statewide microenterprise development program in Iowa to help economically and socially disadvantaged individuals and members of economically distressed communities to start, expand or strengthen small businesses and to become economically independent. ISED helps people use their talents and skills to start small businesses, obtain quality jobs and build financial assets. Since 1988, nearly 7,000 people have chosen ISED to help them gain the skills and confidence to achieve economic self-sufficiency and build a solid future for themselves and their families. More than 1,350 people have started or expanded businesses within Iowa and have accessed \$7.8 million in financing. Over 42 percent of business owners were receiving public assistance at the time of enrollment in our program. Our participants have a business survival rate of 58 percent.

ISED offers a comprehensive business training program that helps people without business experience gain the skills and knowledge they will need to plan, start, expand and operate a microenterprise. Our curriculum is a step-by-step process to start a microenterprise, covering the fundamentals of business planning, marketing and management. In the training, participants assess their business and personal readiness, prepare a business plan, conduct feasibility research, draft marketing plans, and determine capital needs. The training itself consists of a formal series of weekly 3-hour workshops over a 13-week period (39 hours of classroom instruction). Some trainings are offered in a condensed cycle with multiple 3-hour workshops occurring in one week.

The classroom training is supplemented by one-on-one technical assistance, access to business financing, to help our business owners stay in business, and follow-up assistance. ISED does not charge a fee for any of these microenterprise services.

- **Technical Assistance:** ISED meets individually with participants to resolve specific issues related to business operation, including refining business and marketing plans.
- **Access to Business Financing:** ISED helps participants access financing through existing state, local, private and commercial loan sources.

- Follow-Up Assistance: ISED meets with business owners to assist them to meet new and ongoing challenges, including problem-solving and business expansion.

I. RESEARCH QUESTIONS

As a training-led program, we focused our inquiry on two important components of our program: the participants and the training. Participants possess many strengths, skills and resources that affect their ability to complete the training and ultimately achieve positive business outcomes. Participants also face challenges or difficult life circumstances that may negatively affect their chances. We recognize that even though we provide a standard microenterprise curriculum to all participants, there is variability in the actual training participants experience. The trainings vary by the skills of the business trainer (the ISED staff person who leads the training) and the level of commitment participants bring to the training. From years of operating a microenterprise training program we have developed hunches or working hypotheses related to these ideas, but we have never tested these assumptions. Through this research project we have had the opportunity to systematically examine these issues.

Through discussions with business trainers and program managers we identified key participant characteristics that we believe are related to successful outcomes. For example, some participants begin training with extensive business knowledge or exposure to business ownership through childhood. Do these participants have a greater chance for success? Other participants have extensive personal resources they can draw from once they decide to pursue self-employment, while others do not have this level of support. We also recognize that ISED's impact is limited to the 39 classroom training hours and any supplemental support the participants may seek. On the other hand, the participants have significant people in their lives who yield a great deal of influence and who may be sources of support or discouragement for the participants. We wish to explore whether personal supports make a difference. Based on research ISED conducted with a different population to examine the mediating effects of support systems, we believe this is a critical ingredient of future success.

This earlier research also provided evidence that the "dosage" of the treatment or intervention affects participant outcomes. To consider this issue in the microenterprise context, we looked carefully at the business trainers' style of training and the level of contact between the participants and the business trainers outside of the classroom setting. We realize that even though all participants are going through the same training, they are not experiencing the training in the same way. For example, some participants fail to attend every class or fail to complete their class assignments, while others attend every session and complete all assignments. Does this make a difference? We want to understand if the level of engagement or commitment to the training itself affects participant outcomes.

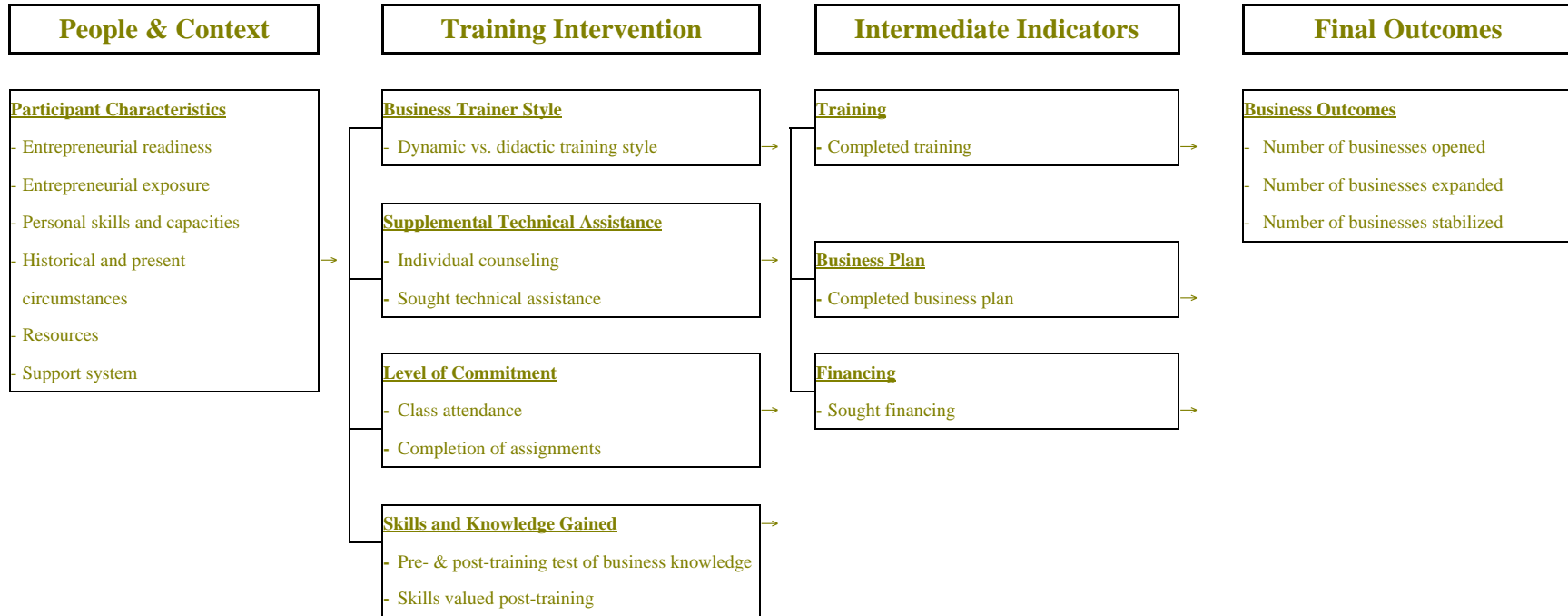
This project also identifies whether a relationship exists between intermediate indicators, which are often assumed to be proxies for business success, and successful final outcomes, which constitute the true "bottom line" for microenterprise programs. Some participants graduate from the training but do not complete their written business plan. Do participants who complete business plans have a greater likelihood to open a business? Some participants exhibit a considerable increase in their knowledge from the start of training to the end of training; do these participants fare better?

For these reasons we deliberately selected a research design that would allow us to consider these issues. We addressed six research questions in this research project. They are:

1. How are participant characteristics associated with intermediate indicators?
2. How are participant characteristics associated with final outcomes?
3. How are differences in interventions associated with intermediate indicators?
4. How are differences in interventions associated with final outcomes?
5. Are certain training interventions more effective for specific participants?
6. To what extent are intermediate indicators reliable proxies for final outcomes?

We have developed a logic model to portray the relationship between personal and contextual factors, variations in the program services and supports, intermediate indicators, and final outcomes. Our model, depicted on the following page, presents the specific variables of interest we are including in our research. Looking at the model from left to right, we begin with the participants. The specific participant characteristics we consider include entrepreneurial readiness, personal skills and capacities, historical and current life circumstances, resources, and social support. The aspects of the training intervention include the training style of the business trainer, the technical assistance accessed outside of the classroom, level of commitment to the training, the amount of knowledge gained and skills deemed useful post-training. During our discussions with ISED's business trainers it became clear that there are critical milestones that need to be achieved before a participant opens, stabilizes or expands a business. We have labeled these "intermediate indicators" in our model. These are signs of participant progress in the microenterprise training program (i.e., completing the training, completing a full written business plan and success in seeking financing). Final outcomes look at various aspects of the businesses that participants have opened, expanded or stabilized.

**Diagram 1
ISED Logic Model**



II. METHODOLOGY

To address the six research questions, we chose a multi-pronged, quantitative survey research design. The strategy of this project was twofold. First, we developed new protocols and instruments specifically for this study to collect data on the training intervention, participant characteristics and intermediate indicators. Second, we used current microenterprise program application, intake, and tracking forms (maintained in ISED’s management information system or MIS) to collect data on participant characteristics and final outcomes. The data collection procedures, sample, analytical method, and strengths and limitations of the selected methodology are discussed in this section.

A. DATA COLLECTION PROCEDURES

We selected this multi-pronged survey research method for three reasons. First, we were sensitive to the fact that participants are asked to provide a considerable amount of personal information for ISED’s existing MIS. When we envisioned the additional data needs for this FIELD project, we were especially careful to not overburden the participants. We deliberately used data available through the MIS and only created new data collection tools when absolutely necessary. Second, we wanted to work within the training structure in place to gather the data. We did not want to place additional demands on the participants or the business trainers to gather the data. Third, we selected a purely quantitative approach because we knew we would have a large enough sample to complete statistical analyses that would help us better understand the relationships among our variables of interest.

We developed five brief data collection tools specifically for the FIELD project. (See Table 1 below for a brief description of the tools). Participants, business trainers and researchers completed specific forms.

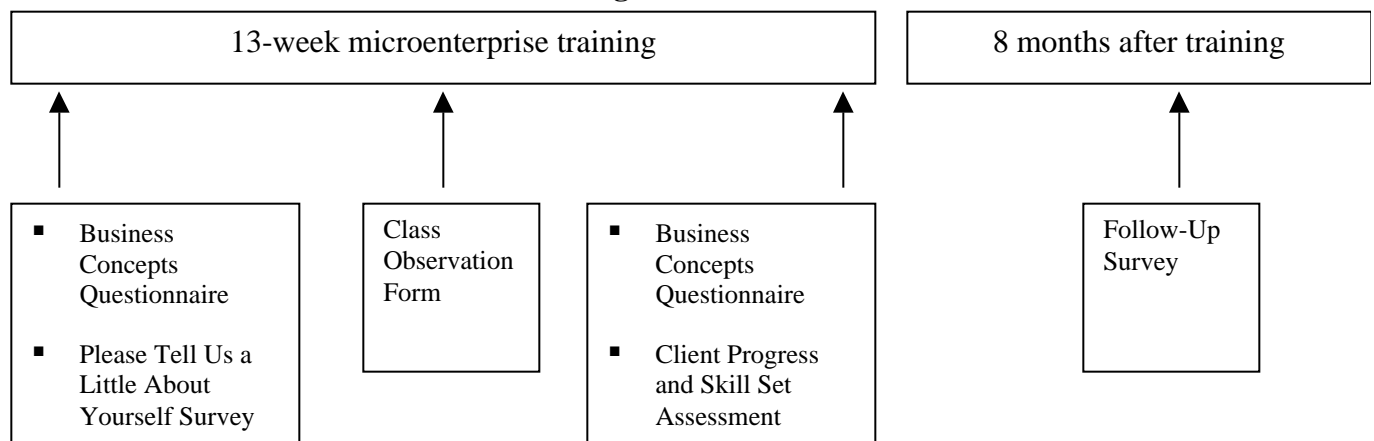
**Table 1
Data Collection Tools**

Data Collection Tool	Completed By	Timing of Administration	Measures
Business Concepts Questionnaire	Each participant	Twice: start of training and end of training	Confidence in understanding key business concepts
Please Tell Us a Little About Yourself Survey	Each participant	At training enrollment (towards beginning of training)	Pre-training research into business ownership; skills; family support; resources and barriers; business ownership experience
Client Progress and Skill Set Assessment	Business trainers (for each participant who completed training)	Within a week after training completion	Contact outside of class time; progress during training; business trainer’s assessment of client’s skills
Follow-Up Survey	Participants who completed training	Approximately 8 months after training	Business status; utilization of business concepts taught in training; income; amount of time spent weekly developing business
Class Observation Form	Researchers (one form for each business trainer)	At any point during training	Business trainer’s style; use of class time; utilization of curriculum and personal and participants’

			experiences; business trainer's view of his/her role in the class
--	--	--	---

Data was collected during the training classes and at training completion. One of these tools was administered twice as a pre- and a post-test to measure changes that occurred during the course of training. Most often the business trainers administered the forms during their classes; we also mailed follow-up surveys to participants who completed the training approximately eight months after training completion. Participants were not compensated for completing these forms. The diagram below shows the timing of the specific data collection activities.

**Diagram 2
Timing of Data Collection**



We maintained a separate Access database of the data collected through these FIELD tools. All of the data were linked to ISED's separately-maintained MIS. This database contains a vast amount of client-level data collected throughout the training process, including demographics, income and welfare receipt, business information, attendance at training, outcomes, and annual tracking data for those participants who start businesses.

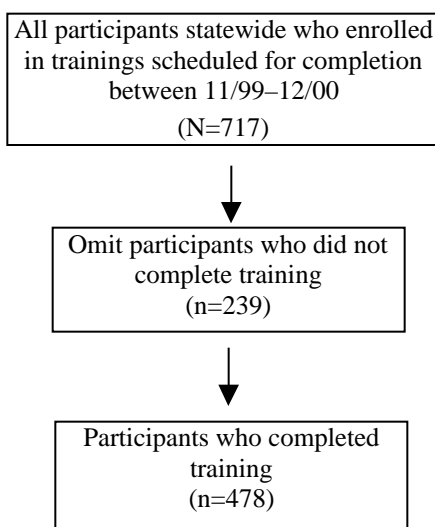
B. SAMPLE

The sample includes all participants statewide who completed the ISED's microenterprise training program between November 1999 and December 2000. Training was offered as group classes at ISED branch offices in five of Iowa's larger communities (Des Moines, Davenport, Cedar Rapids, Waterloo, and Sioux City). In remote rural communities where ISED does not have a branch office, training classes or one-on-one training sessions were offered by ISED business training consultants. During this 14-month period, 717 individuals participated in ISED's training courses. The sampling procedures we used are depicted in Diagram 3.

The findings presented in this report are based on the 478 participants who completed training. For the majority of the analyses, we only included participants who completed training since our research questions are focused on the experiences and behaviors of completers rather than on those participants who failed to graduate.

For a few specific analyses we do consider the completers and non-completers. One of our key intermediate indicators is “training completion.” To determine if personal characteristics or training interventions are associated with completing training, we do report limited information on the 239 participants who began but did not complete training.

Diagram 3
Sampling Procedure



Description of the Sample Members: Nearly three-quarters of the 478 participants who completed training attended one of 32 classes offered at ISED branch offices in Iowa’s larger communities; an additional 114 (24 %) attended classes conducted by ISED business training consultants in rural communities. Fifteen participants (3 %) received one-on-one training from ISED’s consultants in rural areas and branch office business trainers using the same curriculum used in the classroom training.

The typical participant is a 38-year-old, married, fairly well-educated Caucasian woman with two years of college, nearly eight years of employment at a single job, and one child under age 18 in her household. Participants range in age from 19 to 69 years, with an average age of 38. Sixty-five percent of the participants are women. Almost half are married; 31 percent are divorced, separated or widowed; and 22 percent have never been married. 72 percent are Caucasian and 22 percent are African American. Hispanics, Native Americans, Asians/Pacific Islanders, and other ethnicities make up the remaining 6 percent. Some of the key characteristics are noted in Table 2.

Nearly half of the participants have earned a high school diploma or GED. A considerable number have continued their education—12 percent technical training, 24 percent 2- or 4-year college degree, 4 percent master’s degree or higher.

On average, participants had been employed at one job for over seven years. Almost two-thirds (62 %) of the participants were employed when they applied for training. More than half of the participants (56 %) reported incomes below 100 percent of the poverty line when they applied for the training program; 85 percent were below 200 percent of the poverty line. More than one-third (39 %) were receiving some type of public assistance at the time they applied for the program—most often Food Stamps or welfare cash assistance.

Some participants began training with extensive business ownership experience. One-quarter (or 116 participants) owned a business at the start of training and an additional 12 percent had been previous business owners. Of the 116 businesses in operation at the start of training, the most common type of business was service (45 %), followed by retail (32 %).

Table 2
Participant Demographics at Training Enrollment

Variable	Number	Percent
Total number of participants	478	
Training setting		
Branch office class	349	73 %
Rural class	114	24 %
One-on-one	15	3 %
Gender		
Women	308	65 %
Men	164	35 %
Age		
Under 24	38	8 %
25 – 35	150	33 %
36 – 45	152	34 %
46 – 55	84	19 %
56 and older	28	6 %
Marital status		
Married	217	47 %
Separated/Divorced	133	29 %
Single, never married	102	22 %
Widowed	7	<2 %
Level of education		
Less than high school	55	12 %
High school/GED	232	49 %
Vocational/Technical training	56	12 %
2-year college degree	53	11 %
4-year college degree	62	13 %
Master's degree or higher	18	<4 %
Level of income		
Not low income (above HHS standard)	72	15 %
100 % of HHS poverty standard	268	56 %
150 % of HHS poverty standard	57	12 %
185 % of HHS poverty standard	52	11 %
200 % of HHS poverty standard	29	6 %
Number of children living at home		
0	147	31 %
1 – 2	207	44 %
3 or more	115	25 %

NOTE: Percentages are calculated on the number of respondents for each variable. This may vary depending on the number of missing responses.

C. ANALYTIC METHOD

Given the relatively large sample size, we were able to use a variety of statistical methods to analyze the relationships among participant characteristics, training interventions, intermediate indicators, and final participant outcomes. Methods included descriptive (e.g., percentages, means, and medians), bivariate (e.g., chi-square and t-tests) and multivariate (e.g., linear and logistic regression) statistical procedures. We used Microsoft Access and SPSS 10.0 for Windows to conduct the analyses.

We note the following about the statistical confidence level we are reporting in this study. A confidence level reflects the amount of evidence researchers want to have to ensure they are accepting true findings rather than those simply due to chance. In traditional academic research, a 95 percent confidence level (also referred to as a .05 level of confidence or a p-value of .05) is conventionally used as a decision rule for testing statistical significance. Conducting a test that achieves significance at the 95 percent confidence level means that one can be 95 percent confident that the findings were not the result of chance.

In the presentation of our findings, we note statistically significant differences at the .10 level of confidence. For many social service programs, 95 percent may be excessive and conclusions for which researchers are 90 percent confident may be quite adequate.¹ For this reason, we chose to report findings with a 90 percent confidence level and higher. While the findings that do not meet the 90 percent confidence level may not meet the academic decision rule, these findings may still be of interest because they have clinical or practical significance.

D. STRENGTHS AND LIMITATIONS OF METHODOLOGY

This study's methodology has both strengths and limitations.

Strengths: One of this project's strengths is the rich data from the tools designed specifically for this research project and the MIS. Through these two data sources, we have input from the participants themselves, the business trainers and the researchers' observations. These multiple perspectives enhance the breadth and depth of the data collected. Another strength of this methodology is the size of the sample. We intentionally included all participants who completed the training program. The sample size of 478 permitted us to use sophisticated statistical techniques to answer our research questions. A final strength is that we are fortunate to have 13 years of experience on which to base our assumptions and develop our thinking. The logic model developed for this research project is a compilation of our understanding and will continue to be refined. It is a clear benefit to have a framework around which to test and try out our assumptions. Having a plan was helpful when we began the project and it was a useful tool in guiding our analysis.

Limitations: One limitation is that the MIS was not designed expressly for this research study, so we were limited by the existing measurement of variables. For example, the MIS forms do not include numerical values for personal and business assets; rather, participants are asked to indicate if the asset is worth more, less or about the same as one year ago. However, the advantages of using this database far outweigh the disadvantages of re-asking the participants all of the questions in the MIS using slightly different wording.

¹ For additional information on this issue, please refer to Wholey, J., Hatry, H., & Newcomer, K. (Eds.) Handbook of practical program evaluation (1994).

A second limitation is the current tracking mechanism in place under the MIS. To be cost-effective and to not duplicate efforts, we relied on existing MIS data collection procedures. Business outcomes are recorded when a participant starts, expands or stabilizes a business. These outcomes can occur at any time. When an outcome occurs during the training, the information is easily obtained, but if an outcome occurs after training completion, ISED is only aware of it if the participant has had contact with the business trainer. ISED does not contact the participants after training completion unless an outcome is known to have occurred. To address this concern, under the FIELD project, we sent mail-out follow-up surveys to participants 8 months after training completion. It is unclear how much of the FIELD data collection will be incorporated into the mainstream MIS. As noted earlier, completing the traditional MIS forms is quite extensive for both the participants and the business trainers. It may not be realistic or feasible to adopt all of the tools.

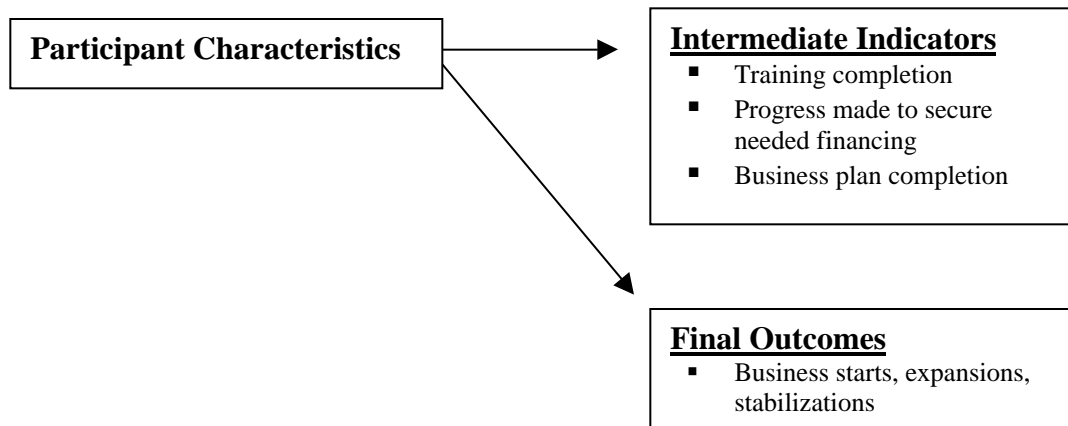
A third limitation is the time frame of the project. Because of the relatively short time frame involved in this project, it was difficult to fully investigate the final outcomes for all participants in the study group. A related limitation is that the research design is a single point with an 8-month follow-up. The snapshot of experiences we will gather has a narrower focus than if we had the opportunity to survey the same group of people multiple times over a longer period. Given the impetus to provide timely results to the microenterprise community, such a longitudinal study would not be realistic. Many of our participants acquire a waiver that enables them to continue to receive public assistance and turn initial business profits back into the business for a specified period of time. This results in a longer period of welfare receipt, but the businesses are stronger when the owner finally leaves public assistance.

III. FINDINGS

We have organized the findings around the six research questions. The four sections include discussion of (a) participant characteristics, (b) training interventions, (c) interaction among participant characteristics, training interventions and outcomes, and (d) the use of intermediate indicators as proxies.

A. PARTICIPANT CHARACTERISTICS

First, we look at the relationship between participant characteristics, intermediate indicators and final outcomes. The specific participant characteristics we considered include entrepreneurial readiness, personal skills and capacities, historical and current life circumstances, resources, and social support. The intermediate indicators are completing the training, completing a full written business plan and success in seeking needed financing. The final outcomes are any business outcomes after training completion.



Training Completion: At the most fundamental level, we believe that graduating from training is an important intermediate indicator. To complete or graduate training means that the person has stayed involved in the class for the 13 weeks with steady attendance and has demonstrated progress to the business trainer. There is no test or product (e.g., a written business plan) that needs to be completed in order to graduate training.

The results provide strong evidence that current business ownership, growing up in a family which owned a business, and social support are associated with completing training which ISED believes is one of the critical first steps on the path toward achieving business outcomes. The variables associated with completing training are presented in Table 3 based on a linear progression. At the top of the table are those events that happened longest ago—growing up in a family which ran a business—and continue through characteristics that describe the participants' current situations—being a current business owner.

The columns in Table 3 represent the percentage of participants who completed and did not complete training, the difference between these percentages and the probability or confidence level that the difference is due to the specific participant characteristic (variable) under consideration. For example, the first row of the table shows that participants who grew up in a family that ran their own

business are 30 percent more likely to complete the training than participants who did not grow up in an entrepreneurial family. If participants worked in the family business, they are 21 percent more likely to complete the training than those who did not work in the family business. These differences are significant at the .001 level.

Table 3
Participant Characteristics and Training Completion

Variable	Completed Training (n=478)	Did Not Complete Training (n=239)	Difference	p-level
Grew up in a family which ran own business	38 %	8 %	30 %	****
Worked in family business while growing up	28 %	7 %	21 %	****
Family business related to current business idea	7 %	3 %	4 %	**
Previous business owners	19 %	4 %	15 %	****
Number of years owned business	4.75 yrs	9.9 yrs	5.15 yrs	*
Current business owners	24 %	5 %	19 %	****
Significant people in participant's life encouraged participant to start own business	73 %	61 %	12 %	*
Currently has someone to count on to:				
Watch children	50 %	17 %	33 %	****
Run errands	63 %	21 %	42 %	****
Lend car or provide ride	69 %	23 %	46 %	****
Use their phone	68 %	23 %	45 %	****
Lend money	56 %	15 %	41 %	****
Give encouragement and reassurance	71 %	22 %	49 %	****
Participant provides support to someone else	67 %	21 %	46 %	****
Number of current barriers	4.4	4.9	-0.5	

NOTE: In this and subsequent tables the following notation is used: *p .10 **p .05 ***p .01 ****p .001.

The lack of an asterisk indicates the difference between the variables is not statistically significant at even the .10 level.

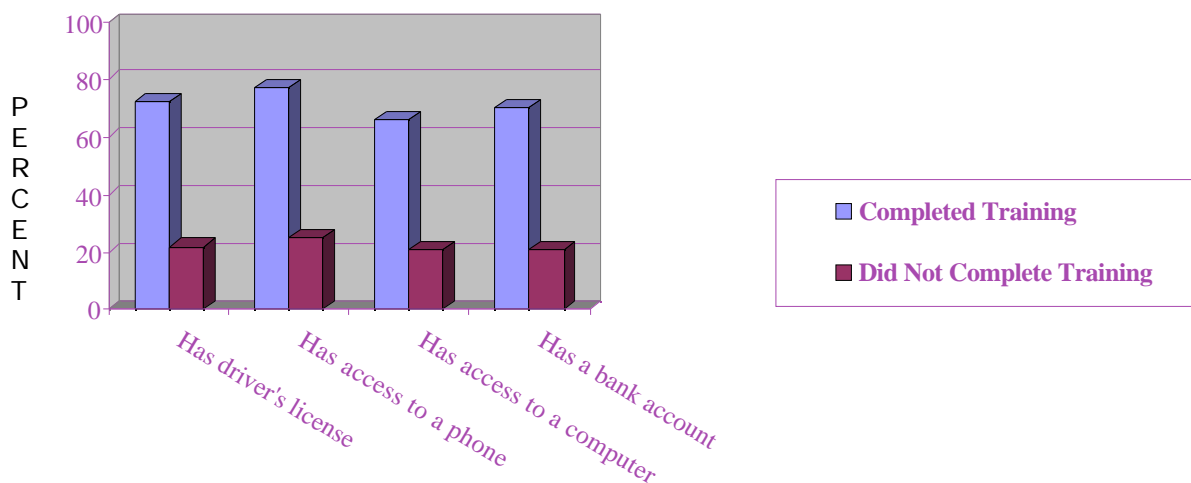
Previous business owners are 15 percent more likely to complete training than participants who did not own a business before starting the training. It is interesting to note, however, that the longer a person operated a previous business, the less likely she or he is to complete training—previous business owners who did not complete training had operated a business for an average of 9.9 years, compared with an average of 4.75 years for those who did complete the training. Participants who began the training as business owners are 19 percent more likely to complete the training than participants who are not current business owners. These differences are all statistically significant.

Participants most likely to complete the training have extensive support systems. Participants who have significant people in their lives, who support their decisions to run businesses are 12 percent more likely to complete training (significant at the .05 level). They also have people in their lives who will watch their children, run errands, provide transportation, provide the use of their phone, lend money and give encouragement (all significant at the .001 level). This evidence supports the hypothesis that participants who have more personal support are more likely to successfully complete the training.

In addition to having these resources, participants who complete training provide similar support to other people in their lives. Participants who act as resources to other people are 46 percent more likely to complete training (significant at the .001 level). This is evidence that the level of connectedness participants have is a key component to completing training. Being supported and being a person who supports others facilitates success—completing the training and later opening, stabilizing or expanding a business.

It is clear that being connected to other people strongly supports participants to complete training. Related to this issue is whether having personal resources is associated with higher rates of training completion. We wanted to understand if the number of personal resources affected a participant's ability to complete the training. We asked participants to note if they had reliable transportation, a driver's license, access to a telephone, access to a computer and a bank account. Overall if a participant had all of these resources, the participant was 12 percent more likely to complete the training (this is significant at the .05 level of confidence). A few of the differences are depicted in Chart 1.

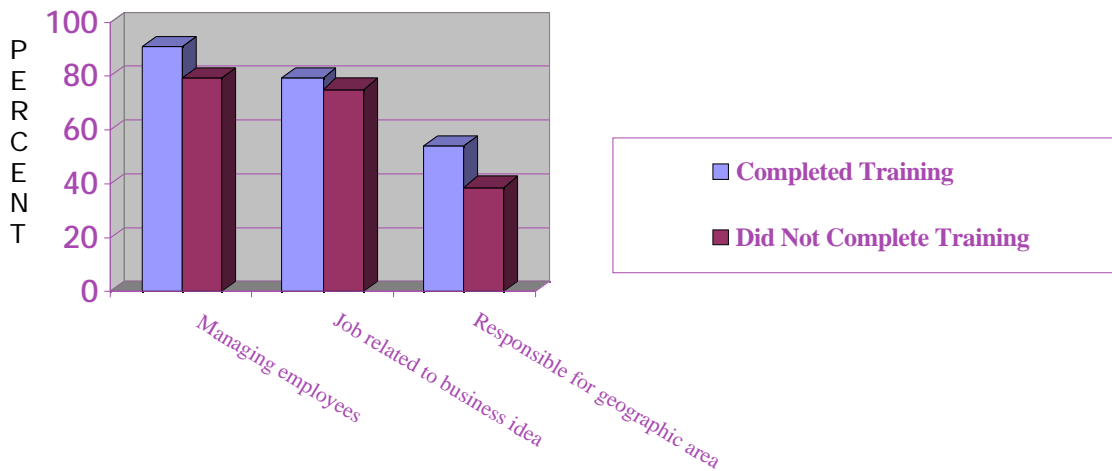
Chart 1
Personal Resources and Training Completion Rate



Another area of interest was the potential impact personal barriers may have on completing training. Participants were asked to indicate if they had barriers such as transportation, child care, housing, drugs or alcohol use, and health problems. The results show completers do have slightly fewer personal barriers (4.4 compared with 4.9 out of a possible 14 listed barriers), but this difference is not statistically significant. We expected barriers to play a more important role in determining success. It appears having supportive people in one's life, having personal resources and being a resource to other people outweighs the potential difficulties personal barriers may cause.

Participants most likely to complete the training have considerably more relevant work experience than those individuals who did not complete the training. Successful participants have work experience managing/supervising other employees, being responsible for a geographical area, daily opening/closing of a store; they have had jobs in which they worked alone and interacted with customers; and have had job or volunteer experiences related to their current business idea. These results are depicted in Chart 2.

**Chart 2
Employment Experience and Training Completion Rate**



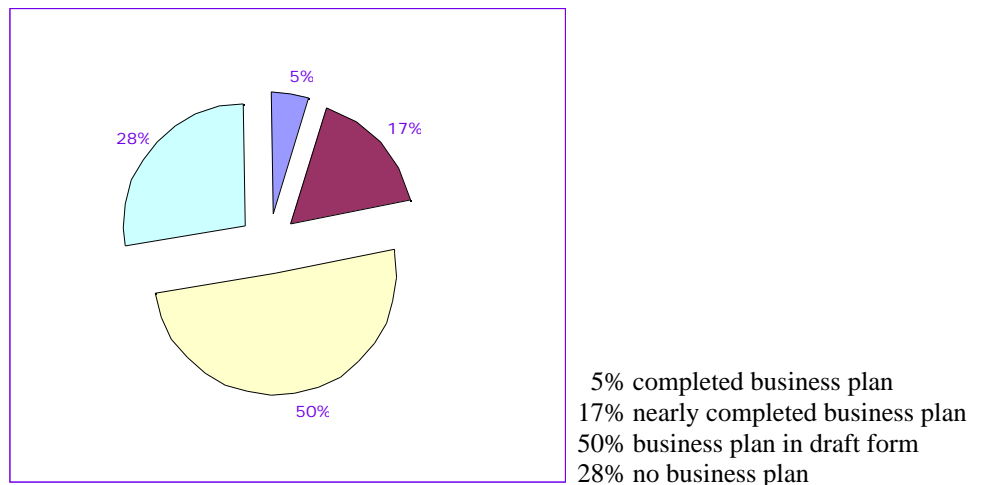
Financing Sought: Another intermediate indicator is whether participants make progress in securing needed financing while in training. We define “progress in securing needed financing” as preparing application forms but not applying, applying for financing and the decision is pending, or obtaining financing. We only considered participants who identify securing financing as a goal. There are some participants who are not pursuing financing due to the nature of their business or who do not need the financial backing at this time.

Participants most likely to make progress in securing needed financing have the following characteristics: they currently own a business or have owned a business in the past, looked seriously into business ownership before starting the training, and had a high level of commitment to the training itself as evidenced by high attendance and completion of assignments. This intermediate indicator is related to final outcomes (opening, stabilizing or expanding a business). After training completion, participants who made progress in securing financing are 32 percent more likely to have opened, stabilized, or expanded a business; this is significant at the .0001 level of confidence (results not shown).

Business Plan: ISED’s training curriculum is organized around four major sections of the business plan (i.e., the business description, organization plan, marketing plan and financial plan). We wanted to determine if completing a business plan is a critical step on the path toward achieving business outcomes. We assume that having a business plan positively affects the likelihood that a participant will be successful in securing needed financing. This formal written document can be submitted to lending institutions and may influence their decision to provide financing. Having a business plan is not a criterion for graduating ISED training. Some participants do open a business without a completed written business plan.

Our findings show that by the end of training, 22 percent of training completers have a formal written (or nearly completed) business plan and 50 percent of training completers have their business plans in rough draft form. The remaining 28 percent do not have a business plan (we do not know if this means the participant decided not to complete a business plan or if it means the participant is working on a business plan but has not made progress). These figures are shown in Chart 3.

**Chart 3
Business Plan Completion at the End of Training**



We do find a strong positive association between completing a business plan and making progress toward securing needed financing. Participants are 45 percent more likely to make progress in securing financing when they have a completed business plan (this is significant at the .0001 level of confidence). More than three-quarters of the participants (78 %) who have made progress in securing financing also had a completed (or nearly completed) business plan. Less than one-third made progress in securing financing when they did not have a completed business plan. One explanation for the association between having a business plan and securing financing is that business trainers really stress the importance of completing a business plan to those participants who are seeking financing. These participants have a tangible need to have a business plan.

Completing a business plan is also positively associated with having a business outcome after graduating from training. Participants who had a completed (or nearly completed) business plan were 24 percent more likely to have a business outcome (either a business start, business stabilization or

business expansion) at some point after finishing the training. This difference is significant at the .0001 level of confidence (results not shown).

Final Outcomes: In addition to the intermediate indicators, we also examined how participant characteristics are related to final outcomes (opened, stabilized or expanded a business). At the start of training, 116 participants were operating a business. Within eight months of completing the training, 39 participants (or 33.6 percent) either stabilized or expanded their business. Of the 362 participants who were not operating a business at the start of training, 64 (or 17.7 percent) opened a new business within eight months of completing training. In subsequent tables, “operating a business” refers to participants who opened, stabilized or expanded their business within eight months of finishing the training. These figures are presented in Table 4.

Table 4
Final Outcomes Achieved Within Eight Months After Training Completion

	Number	Percent
Began training with an existing business	116	
Stabilized business within 8 months after training completion	19	16.4 %
Expanded business within 8 months after training completion	20	17.2 %
Did not have a business at the start of training	362	
Opened a business within 8 months after training completion	64	17.7 %

We found that some participant characteristics are related to opening, stabilizing or expanding a business eight months after completing the training. Of all the participant characteristics we analyzed, the six variables that have the highest association with achieving a final outcome are noted in Table 5. The evidence shows participants who had high motivation as seen by taking the time to research the implications of running a business and having a definite business idea were more likely to open, stabilize or expand a business eight months after training than those who did not research or have a business idea. Participants who have relevant work experience are 19 percent more likely to achieve a final outcome. Participants who have more extensive personal resources, social support networks and provide support to others are more likely to open, stabilize or expand a business. In general, the participants who are successful in completing the training have similar characteristics and life experiences to the participants who later achieve their final goal of business ownership.

Table 5
Participant Characteristics and Achieving a Final Outcome
8 Months after Training Completion

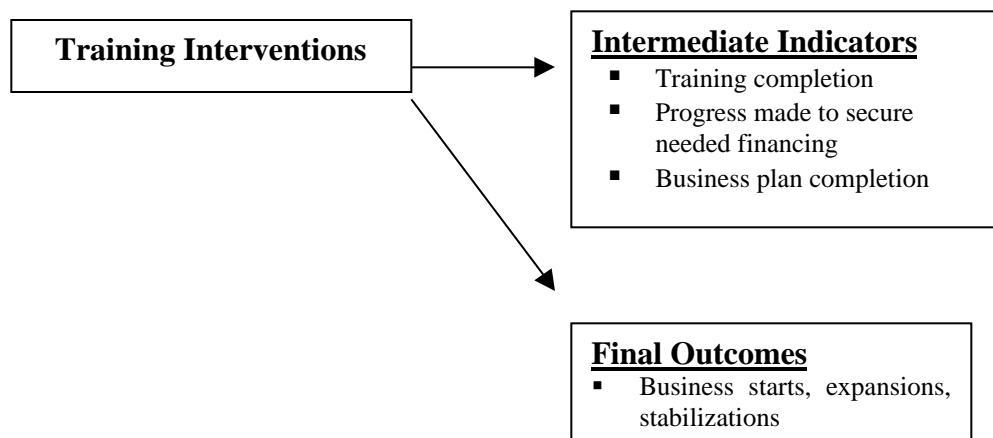
Variable	Operating a Business	Not Operating a Business	Difference	p-level
Researched idea of running business prior to starting training	79 %	58 %	21 %	**
Had a definite business idea at the start of training	68 %	51 %	17 %	*
Had relevant work experience	66 %	47 %	19 %	*
Personal resources (phone, car, computer, telephone)	70 %	37 %	33 %	**
Family supports participant's decision to start own business	65 %	48 %	17 %	*
Significant people in participant's life encouraged participant to start own business	65 %	48 %	17 %	*
Participant provides support to someone else	57 %	29 %	28 %	**

*p .10 **p .05

NOTE: The term “operating a business” refers to participants who have opened, stabilized or expanded a business.

B. TRAINING INTERVENTION

In this section, we consider the following aspects of the microenterprise training: the business trainers’ teaching style, the participants’ level of engagement in the training and the use of supplemental training. We are looking at whether differences in training interventions are associated with different intermediate indicators and final outcomes.



Business Trainer Style: We assessed each business trainer’s style by considering the use of class time, reliance on training curriculum and having an experiential or participatory focus. Business trainers fell on a continuum between dynamic and didactic, with no one being completely dynamic or completely didactic. The characteristics of *dynamic business trainers* include relying on personal experiences in addition to the curriculum, setting the pace of the class on participants’ behavior, viewing the trainer’s role as a guide or resource person and encouraging discussion among participants. The characteristics of *didactic business trainers* include relying on the curriculum with minimal personal experience, setting the pace of the class on structure of the curriculum, viewing the trainer’s role as teacher or trainer and discouraging discussion among participants.

We found the more dynamic the business trainer, the greater the positive intermediate and final participant outcomes. Participants who had dynamic business trainers were more likely to complete homework assignments, have high attendance and complete the training. These participants were also more likely to seek or secure financing, prepare a complete business plan and have opened a business within 8 months of training completion.

There is evidence that the business trainer’s style affects intermediate indicators. The results are presented in Table 6. Participants who had a dynamic business trainer were 21 percent more likely to complete their class assignments (77 % vs. 56 %); this difference is statistically significant. Participants who had a dynamic business trainer had lower attendance than those participants who had a didactic business trainer (78 % vs. 83 %).

Table 6
Business Trainer Style and Intermediate Indicators and Final Outcomes

Variable	Dynamic Business Trainer	Didactic Business Trainer	Difference	p-level
Completed most of the class assignments	77 %	56 %	21 %	***
Attendance rate (100% = attended all classes)	78 %	83 %	-8 %	**
Completed training	72 %	52 %	20 %	****
Completed a full business plan	37 %	5 %	32 %	***
Participant’s level of commitment to training (range 3 to 9; 9 being higher engagement)	7.24	6.48	.76	***
Made progress to seek financing if needed	44 %	49 %	-5 %	
Rated maximum number of skills useful 8 months after training completion	63 %	68 %	-5 %	*
Opened, stabilized, or expanded a business at training completion	27 %	25 %	2 %	
Opened, stabilized, or expanded a business within 8 months after training completion	33 %	28 %	5 %	*

*p .10 **p .05 ***p .01 ****p .001

Thirty-seven percent of those who had a dynamic business trainer completed a full business plan, while 5 percent of the participants who had a didactic business trainer completed a full business plan. This means that 32 percent more of the participants who had a dynamic business trainer completed their business plan, which is statistically significant. This is an important finding because in ISED’s curriculum the preparation of the business plan is the foundation of the training itself. It is an indicator that the participant is serious about starting, expanding, or stabilizing a business.

Dynamic business trainers assessed their participants as being more engaged in the training (based on attendance, input during class and level of commitment) than did didactic business trainers. Participants in a dynamic business trainer’s class had a “level of engagement” rating of 7.24 compared with 6.48 for participants in a didactic class (a score of 9 being the highest level of engagement). This difference is statistically significant and may be evidence that dynamic business trainers lead classes that are more enjoyable to participants, which may result in these participants being more committed to the class. This is an important program consideration since non-completion rates are always a concern.

When we looked at the connection between training style and final outcomes (whether a participant started, stabilized or expanded a business) at training completion, the difference is still present, though not as strong. Participants in a dynamic business trainer’s class were two percent more likely to have started, stabilized, or expanded a business at training completion, though this difference is not statistically significant. Eight months after training completion, participants who had a dynamic business trainer were five percent more likely to have started, stabilized or expanded a business (33 % vs. 28 %). This difference is statistically significant.

Training Experiences: We also found differences in training experiences and the completion of a business plan. Participants who complete their business plans are 39 percent more likely to have completed their weekly class assignments and are also more likely to have had higher attendance and a higher level of commitment to the training. These results are presented in Table 7.

Table 7
Training Experiences and Business Plan Completion

Variable	Completed Business Plan	Did Not Complete Business Plan	Difference	p-level
Completed most of the class assignments	62 %	23 %	39 %	****
Attendance rate (100% = attended all classes)	83 %	79 %	4 %	*
Participant’s level of commitment to training ^a	8.1	7.2	.9	****
Sought a lot of help outside of classroom	42 %	29 %	13 %	***
Average number of hours of technical assistance received outside of the classroom per participant	6.6 hrs	8.6 hrs	-2.0 hrs	
Made progress to seek financing if needed	78 %	31 %	47 %	****

*p .10 **p .05 ***p .01 ****p .001

^a Range 3 to 9; 9 being higher engagement.

Supplemental Training: To determine if participants who sought technical assistance beyond the classroom setting fared better than those who did not, business trainers tracked contact outside of the classroom from the start of training to completion. In this study, we define “technical assistance” as telephone calls, in-person meetings, and e-mail communication with the business trainer; attending computer labs; accessing community resources; and having a formal business mentor. Participants initiate this interest on their own by contacting the business trainer to set up one-on-one technical assistance or to seek a referral to an existing community resource.

More technical assistance does not translate into achieving intermediate indicators. Participants who spent more time with the business trainer outside of the classroom were less likely to complete their business plan. On average, participants who completed a business plan sought two fewer hours in technical assistance outside of the classroom than participants who did not complete a business plan. Participants who seek resources outside of the class sessions have the following characteristics:

- do not complete homework assignments
- do not attend classes regularly
- have low to moderate commitment

Given this mixture of personal characteristics, it is difficult to know what is occurring. One explanation may be that participants who did not grasp the material in class because they did not complete assignments, had low attendance or low commitment, were accessing business trainers outside of class to “catch up.” We have anecdotal evidence from the business trainers that lends support to this explanation for some individuals. On the other hand, it may be that participants who seek support outside of the class sessions are “high-end customers”—people who avail themselves of all potential supports in order to get the most out of the training. Business trainers do indicate that participants who need financing are more likely to dedicate additional hours to complete their business plan.

Final Outcomes: We analyzed the connection between training interventions and final outcomes (whether a participant started, stabilized or expanded a business) eight months after training completion and these results are presented in Table 8. Some of the differences are statistically significant. There is continued evidence that participants who are more engaged to the training are nine percent more likely to achieve a final outcome. Participants who completed most of their class assignments are ten percent more likely to have a final outcome eight months after training completion. Completing a business plan and seeking financing are associated with opening, expanding or stabilizing a business. Participants who sought technical assistance were more likely to have a final outcome. Overall, participants who are actively involved in the training (i.e., attending regularly, completing assignments, completing a business plan) are more likely to successfully achieve their goal of being business owners.

Table 8
Training Interventions and Achieving a Final Outcome
8 Months after Training Completion

Variable	Operating a Business	Not Operating a Business	Difference	p-level
Completed most of the class assignments	64 %	54 %	10 %	*
High attendance rate	77 %	69 %	6 %	
High level of commitment to training	71	62 %	9 %	*
Completed or nearly completed a business plan	70 %	59 %	11 %	*
Made progress to seek financing if needed	63 %	56 %	7 %	
Supplemental technical assistance outside of class	54 %	48 %	6 %	

*p .10 **p .05

NOTE: The term “operating a business” refers to participants who have opened, stabilized, or expanded a business.

Confidence in Understanding Critical Business Skills: Another aspect of the training is the amount of learning that takes place from the start of training to the end of training. Through intensive discussions with the business trainers, we identified the critical skills addressed in the training curriculum. These are the skills business trainers believe are the focus of the training itself. The trainers determined these are the skills participants will walk away with when they complete the training. These specific skills are noted in the first column of Table 9.

Using a five-point scale (1=not at all confident and 5=confident), we asked participants to rate their confidence in understanding each of these skills by responding to the question “*Today, I feel confident that I understand . . .*” Through the use of a pre- and post-test and an eight-month follow-up, we were able to assess the areas in which participants were the most confident at three points in time.

Confidence at the Start of Training. Confidence scores at the start of training are presented in Table 9. Participants were fairly confident at the start of training (47 out of a possible 75; being confident in all 15 skill areas or 5 x 15=75). We assessed whether a participant’s business ownership experience (i.e., being a current business owner, being a previous business owner or never having been a business owner) had any affect on confidence. At the start of training, participants in these three groups had roughly the same level of confidence. Participants who had never owned a business had the lowest confidence (47.13) and current business owners had the highest confidence (48.29).

Table 9
Confidence Scores at the Start of Training by
Business Ownership Experience at the Start of Training

Specific Business Skills	All Participants	Never Owned a Business	Previous Business Owners	Current Business Owners	p-level
The reason for having a business plan	3.85	3.89	3.70	3.87	*
The four major sections of a business plan	2.75	2.66	2.77	2.88	*
The information needed to take to the bank to get financing	2.70	2.64	2.54	2.89	**
The role that “character” plays when getting a loan	3.02	2.95	3.10	3.10	
What goes on a cash flow sheet	2.67	2.62	2.79	2.71	
The importance of monthly cash flow projections	3.03	3.02	3.13	3.01	
A target market	3.30	3.29	3.08	3.45	*
Some of the guidelines for setting goals	3.36	3.35	3.26	3.41	
What steps to take to rebuild a person’s credit	3.06	2.99	3.38	3.00	**
How to research where to find customers	3.14	3.15	2.97	3.20	*
The importance of time management	3.81	3.82	3.85	3.77	
How to conduct a feasibility study of a business idea	2.69	2.73	2.75	2.60	
Some no-cost, low-cost ways to promote a business	3.02	2.94	3.13	3.12	
Factors for choosing a location for a business	3.39	3.35	3.32	3.48	*
The importance of knowing the community in which business operates	3.72	3.72	3.58	3.79	*
TOTAL CONFIDENCE SCORE (15-75 range)	47.54	47.13	47.45	48.29	*

*p .10 **p .05 Statistical significance is noted for differences among the three categories of business ownership—never owned a business, previous business owner and current business owner.

NOTE: Scores are based on a 5-point scale in which 1 = not at all confident and 5 = confident. The higher the score, the more confident the participant.

Skills rated the highest are the reason for preparing a business plan and knowing the importance of time management. Skills rated the lowest are highly technical skills such as “knowing what information goes on a cash flow sheet,” “knowing how to conduct a feasibility study” or “knowing what information is needed to take to the bank to receive financing.” Over half of the differences among the three groups are statistically significant.

Confidence at the End of Training. At the end of training the same questionnaire was re-administered to assess the confidence of participants (see Table 10). Overall, participants demonstrated an improvement in the level of confidence they have in understanding the key business skills (47.54 to 64.31 total confidence score). Participants who had never owned a business have the highest overall confidence at the end of training (64.86), followed by previous business owners; current business owners have the lowest overall confidence.

Skills rated the highest at the end of training were “knowing the reason for preparing a business plan,” “knowing the community in which a business will operate” and “the importance of time management.” Skills rated the lowest were “knowing what information goes on a cash flow sheet,” “knowing how to conduct a feasibility study,” or “knowing how to find customers.” Most of the differences among the three groups are statistically significant.

Table 10
Confidence Scores at the End of Training by
Business Ownership Experience at the Start of Training

Specific Business Skills	All Participants	Never Owned a Business	Previous Business Owners	Current Business Owners	p-level
The reason for having a business plan	4.58	4.66	4.50	4.48	*
The four major sections of a business plan	4.17	4.24	4.10	4.09	*
The information needed to take to the bank to get financing	4.18	4.12	4.18	4.28	*
The role that “character” plays when getting a loan	4.40	4.43	4.41	4.35	
What goes on a cash flow sheet	4.10	4.08	4.13	4.12	
The importance of monthly cash flow projections	4.34	4.43	4.20	4.25	*
A target market	4.33	4.38	4.40	4.20	**
Some of the guidelines for setting goals	4.31	4.40	4.25	4.20	**
What steps to take to rebuild a person’s credit	4.15	4.16	4.15	4.14	
How to research where to find customers	4.13	4.12	4.10	4.15	
The importance of time management	4.47	4.55	4.38	4.39	*
How to conduct a feasibility study of a business idea	3.95	4.02	3.83	3.88	
Some no-cost, low-cost ways to promote a business	4.39	4.45	4.35	4.30	*
Factors for choosing a location for a business	4.32	4.34	4.30	4.30	
The importance of knowing the community in which business operates	4.57	4.60	4.48	4.56	*
TOTAL CONFIDENCE SCORE (15-75 range)	64.31	64.86	63.71	63.67	*

*p .10 **p .05 Statistical significance is noted for differences among the three categories of business ownership—never owned a business, previous business owner, and current business owner.

NOTE: Scores are based on a 5-point scale in which 1 = not at all confident and 5 = confident. The higher the score, the more confident the participant.

Change in Confidence Over the Course of Training. Through the use of the pre- and post-tests, we were able to assess the areas in which participants demonstrated the greatest amount of change (or greatest gains) from the beginning to the end of training. Interpreting gain scores is complex. The first consideration is that participants are starting out at different confidence levels—some begin with higher confidence than others. This means participants have differential opportunities to demonstrate their improvements since some participants are closer to the maximum on the scale. For this reason, caution must be used when considering the following findings.

The differences in confidence at the beginning and end of training are shown in Table 11. Looking at the second column, we see that participants demonstrated improvement in all skill areas. This is evidence that learning is taking place over the course of the training. Participants report the greatest gain in the following three areas: (1) knowing what information to take to the bank for financing; (2) understanding the four major parts of a business plan; and (3) understanding what goes on a cash flow sheet. However, as reported earlier in Table 10, these three skill areas are not rated the highest in terms

of confidence at the end of training. While participants believed they learned the most in these areas, they do not believe they have completely mastered these skills.

Participants who have never owned a business have the greatest gain in skills (17.94) compared with those who are current business owners (15.45) or were previously business owners (16.25). This difference is statistically significant at the .05 level. It would be expected that participants for whom the training material is relatively new would demonstrate the greatest amount of improvement over time. The participants who have never owned a business started training with lower confidence scores overall than either of the two other groups, so they had the greatest opportunity for improvement (as reported in Table 9).

Table 11
Change in Confidence Scores from the Start to the End of Training by
Business Ownership Experience at the Start of Training

Specific Business Skills	All Participants	Never Owned a Business	Previous Business Owners	Current Business Owners	p-value
The reason for having a business plan	0.73	0.77	0.80	0.61	
The four major sections of a business plan	1.43	1.57	1.36	1.21	*
The information needed to take to the bank to get financing	1.49	1.49	1.67	1.41	*
The role that “character” plays when getting a loan	1.39	1.48	1.28	1.28	
What goes on a cash flow sheet	1.42	1.46	1.33	1.41	
The importance of monthly cash flow projections	1.31	1.41	1.08	1.24	*
A target market	1.03	1.09	1.33	0.77	**
Some of the guidelines for setting goals	0.96	1.05	1.00	0.79	
What steps to take to rebuild a person’s credit	1.10	1.17	0.78	1.15	**
How to research where to find customers	0.98	0.97	1.10	0.95	
The importance of time management	0.66	0.71	0.53	0.64	
How to conduct a feasibility study of a business idea	1.26	1.30	1.08	1.28	
Some no-cost, low-cost ways to promote a business	1.37	1.53	1.23	1.19	*
Factors for choosing a location for a business	0.94	0.99	1.00	0.81	
The importance of knowing the community in which business operates	0.85	0.88	0.90	0.77	
TOTAL CONFIDENCE SCORE CHANGE	16.90	17.94	16.25	15.45	*

*p .10 **p .05 Statistical significance is noted for differences among the three categories of business ownership—never owned a business, previous business owner and current business owner.

NOTE: Scores are based on a 5-point scale in which 1 = not at all confident and 5 = confident. The higher the score, the more confident the participant.

Confidence and Achieving a Final Outcome. We then looked to see if confidence in these skills made a difference with respect to starting, stabilizing or expanding a business eight months after training completion. Eight months after training completion we asked participants to indicate if they were operating a business. In Table 12 we present the confidence scores for the participants who are operating a business compared with participants who are not operating a business.

Table 12
Confidence Scores for Participants Who Are Operating a Business
and Who Are Not Operating a Business 8 Months after Training Completion

Specific Business Skills	Start of Training		End of Training		Change	
	Operating a Business	Not Operating a Business	Operating a Business	Not Operating a Business	Operating a Business	Not Operating a Business
The reason for having a business plan	3.93	4.02	4.59	4.59	0.65	0.57
The four major sections of a business plan	2.93	2.94	4.13	4.16	1.22	1.22
The information needed to take to the bank to get financing	2.71	2.86	4.24	4.20	1.56	1.33*
The role that “character” plays when getting a loan	3.02	3.24 *	4.41	4.43	1.39	1.20*
What goes on a cash flow sheet	2.54	2.78	4.02	4.08	1.48	1.29*
The importance of monthly cash flow projections	3.04	3.39 *	4.26	4.29	1.22	0.90*
A target market	3.56	3.35 *	4.15	4.41 *	0.60	1.06*
Some of the guidelines for setting goals	3.35	3.56	4.09	4.37 *	0.74	0.82
What steps to take to rebuild credit	2.87	3.37 *	4.04	4.10	1.17	0.73*
How to research where to find customers	3.13	3.00	4.24	4.08 *	1.09	1.08
The importance of time management	3.72	3.94	4.37	4.52 *	0.65	0.56
How to conduct a feasibility study of a business idea	2.74	2.88	3.93	4.02	1.20	1.14
Some no-cost, low-cost ways to promote a business	3.04	3.20	4.28	4.36	1.24	1.18
Choosing a location for a business	3.46	3.59	4.26	4.35	0.80	0.76
Importance of knowing the community in which business operates	3.74	3.84	4.63	4.53	0.89	0.69*
TOTAL CONFIDENCE SCORE (range 15-75)	47.83	49.96 *	63.65	64.39	15.82	14.47*

*p .10 **p .05 The asterisk is noted within the column to denote if the difference between the two groups (operating a business and not operating a business) is significant. For example, the difference between 3.02 and 3.24 for understanding the role that character plays at the start of training is significant.

NOTE: Scores are based on a 5-point scale in which 1 = not at all confident and 5 = confident. The higher the score, the more confident the participant.

For participants who achieved a final outcome within eight months of training completion, they began training with high confidence in their skills in understanding the importance of having a business plan, knowing the community in which they will operate their business and time management. The fourth and fifth columns show the skills in which these same participants felt most confident at the end of training. We see that participants who are operating a business (this group includes those who open a new business or stabilize/expand an existing business) had the greatest amount of change in confidence from the start of training to the end of training. It is interesting to note that this group made the most improvement while having the lower confidence scores at the start of training and at the end of training compared to the group of participants who are not operating a business.

Skills Rated as Valuable in Operating or Planning a Business. Eight months after training completion we asked participants to assess whether learning a particular skill helped them in operating or taking steps to open their business. The identical list of skills participants assessed at the beginning

and end of training was used. Participants were asked to consider each skill on a five-point scale and respond to the question, “*It was helpful to learn about....*”

We are using the word “valuable” to refer to the participant’s rating of each skill at eight months after training completion. We are making the assumption that if a skill was valuable to learn in training then this skill is being used currently by the participant in planning activities or in actually operating a business. Our hypothesis is that the more skills that are valued by the participants, the greater the likelihood the participant will achieve a business outcome. We assume participants who apply the information they were exposed to during training will be better able to move forward in their plans.

As shown in Table 14, participants rated the skills fairly high. When looking at participants who achieved a final outcome, the three specific skills rated the most valuable were “understanding the reason for having a business plan,” “understanding the importance of preparing monthly cash flow projections,” and “understanding the importance of time management.” Participants who are operating businesses reported significantly higher value in learning the four major sections of a business plan, setting goals, and low-cost ways to promote a business than participants who are not operating businesses.

Table 14
Participants’ Ratings of the Value of Skills Learned in Training

Specific Business Skills	All Participants	Operating a Business	Not Operating a Business	p-value
The reason for having a business plan	4.48	4.51	4.45	
The four major sections of a business plan	4.39	4.28	4.48	*
The information needed to take to the bank to get financing	4.42	4.36	4.47	
The role that “character” plays when getting a loan	4.20	4.21	4.20	
What goes on a cash flow sheet	4.30	4.37	4.24	
The importance of monthly cash flow projections	4.37	4.41	4.33	
A target market	4.22	4.28	4.16	
Some of the guidelines for setting goals	4.23	4.36	4.12	**
What steps to take to rebuild a person’s credit	3.94	3.93	3.94	
How to research where to find customers	4.10	4.09	4.12	
The importance of time management	4.34	4.41	4.27	
How to conduct a feasibility study of a business idea	4.17	4.18	4.16	
Some no-cost, low-cost ways to promote a business	4.27	4.39	4.16	**
Factors for choosing a location for a business	4.17	4.12	4.22	
Importance of knowing the community in which business operates	4.36	4.40	4.33	
TOTAL VALUE SCORE (range 15-75)	63.94	64.23	63.67	

*p .10 **p .05 The asterisk is noted within the column to denote if the difference between the two groups (operating a business and not operating a business) is significant.

NOTE: Scores on a 5-point scale in which 1 = strongly disagree and 5 = strongly agree. The higher the score, the more valuable learning this skill was to the participant.

Participants who reported the greatest value of learning all of the skills in training are participants who had a definite business idea at the start of training compared with those who did not have a definite

business idea (results not shown). We believe that participants who have a definite business idea are the people who are taking active steps to open, expand, or stabilize a business. Their activity demands the application of business skills presented during training.

Also, participants who were previous business owners compared with those who are current business owners or those who have never owned a business reported high overall value in learning all of the skills presented during training. After talking with the business trainers to learn their interpretation of this finding, we think that participants who were previous business owners may be using the information after training completion since they have already owned a business before and wish to correct some things they did before so this time everything progresses smoothly.

C. EFFECTIVENESS OF TRAINING INTERVENTIONS RELATIVE TO PARTICIPANT CHARACTERISTICS

We recognize that certain training interventions may be better suited for particular participants. For example, some participants may achieve better outcomes when they have a dynamic business trainer, while others may prefer a more traditional training method with a didactic trainer. We found previous business experience and having a definite business idea at the start of training to be associated with varying levels of success.

Previous Business Experience: It appears that the dynamic training style is slightly better suited for participants who have previous business exposure. For these participants the material presented in class is not entirely foreign to them. When we discussed this finding with the business trainers they suggested that having a more experiential style of teaching may seem more “real” to the participants who own a business currently or have owned a business in the past. They often have specific questions they wish to ask the business trainer and this fits in nicely with the dynamic style of teaching.

Conversely, participants who start training with no previous business ownership appear to do slightly better when the business trainer is didactic (though this difference was not statistically significant). For these participants the experiential style may be less appealing. They are likely to have few real-world business ownership experiences and are unable to contribute to the class discussions.

Not Having a Definite Business Idea: We found participants who do not have a definite business idea at the start of training are slightly more likely to complete the training if they have a trainer who is more didactic in style (though this difference was not statistically significant). For these participants having a structured, curriculum-driven training may be a better match with participants’ abilities. Rather than providing hands-on applications, mastery of the basic skills is the goal.

These participants are also more likely to seek contact with their business trainer outside of the classroom if the trainer was a dynamic trainer. It may be when participants have dynamic business trainers, the content covered in class is lost in the “real life experiences” and they need additional assistance to clarify the material presented in class. On the other hand, it may be participants believe the dynamic business instructors seem more accessible to them.

Overall it appears the dynamic and didactic training styles do fit participants better depending upon their experiences and immediate needs. Knowing the mix of participant experiences in a class will enable the business trainer to tailor the instruction style to each specific class. While the curriculum material is identical for both dynamic and didactic trainers, the delivery of this information appears to play a role in later success for participants.

D. INTERMEDIATE INDICATORS AS PROXIES FOR FINAL OUTCOMES

Last, we considered the extent to which intermediate indicators are reliable proxies for final outcomes. If a participant's accomplishments in training are known, is this enough to assume later success? While we did not find one single indicator that overwhelmingly predicts later success, we did find multiple intermediate indicators that combine to give a better indication of later achievement. This knowledge is gleaned from knowing a participant's intermediate progress.

There is evidence of a strong association between certain intermediate indicators and final outcomes. We found having a business outcome (i.e., a business start, stabilization or expansion) sometime after training completion is positively correlated with completing a business plan, making progress on securing needed financing, completing most or all of the class assignments and having a high attendance rate.

It appears that all of the training activities more contingent upon participant involvement/commitment (e.g., attending classes, completing assignments) lend themselves to achieving critical milestones such as completing the business plan, making progress to secure financing, training completion and ultimately achieving business outcomes. This means completion rates, business plan completion, financing progress, completing class assignments and attendance rate are important factors, which business trainers would benefit from tracking. Encouraging participant progress in the training itself to ensure they have the highest involvement and commitment will improve later successful attainment of opening, expanding or stabilizing a business. Simply "going through" training is not enough; participants need to be active contributors.

E. QUESTIONS FOR FUTURE RESEARCH

The findings and discussion presented in this report have led to additional research questions. First, we want to determine if completing a business plan is a critical step on the path toward achieving business outcomes. As noted earlier, some participants do open a business without a completed written business plan. Given the relatively short time we were able to track participant outcomes for this study (8 months after training completion), we do not know if business survival rate is associated with having a formal written business plan. Continuing to monitor the achievements of the participants in this study will be essential if we intend to learn more about this issue.

Second, class assignments are not currently used as a gauge for training completion. The degree to which business trainers incorporate class assignments into the course material varies. In this study we asked the business trainers to make a global assessment of the proportion of assignments a participant completed. We did not ask business trainers to grade or assess the completedness of each week's assignment. This is an area that needs additional attention in terms of refining the measurement of this intermediate indicator and linking it to final outcomes.

A third area needing further inquiry is determining the optimal balance between personal resources and personal barriers. There is evidence that personal resources (having a telephone and computer) and connectedness (having someone to rely on) are important aspects of participants who successfully complete training and later open, expand or stabilize a business. It would be important for the field to know if a participant has multiple barriers and at what point (if any) the barriers are counterbalanced by the presence of extensive personal resources.

The assessment of skills learned in training is another area in which additional research is needed. The findings do not definitively identify which specific skills must be mastered in order to achieve intermediate and final outcomes. It is also unclear “how much” learning must take place to achieve these goals.

IV. IMPLICATIONS

The findings from this research study have implications for our individual organization as well as for the field of microenterprise training. These implications are highlighted below.

A. IMPLICATIONS FOR THE PROGRAM

Changes in Training and Technical Assistance Interventions: Since the dynamic training style proved to be more effective, program managers will need to promote this approach among current business trainers. One possibility would be to use the “Class Observation Form” developed for this project in the process of selecting new business trainers. This form highlights particular areas that appear to be most useful to participants in understanding material (e.g., participatory discussions, referring to assignments in class, using real examples). This would ensure that new business trainers are proficient with the more effective dynamic training approach. Additional work is needed to assess exactly which specific skills participants are learning in training and applying later in their business operation. The participant assessment is the first step in this direction.

Participant Characteristics: Although we do not plan to screen participants for characteristics (and thus deny service to participants not rated high in factors that this project demonstrates are positively correlated with success), we will make programmatic efforts to influence participant characteristics associated with final outcomes. For example, because support networks and personal resources turned out to be highly correlated with final outcomes, we will make a special effort to link participants to resources should they score low on this category at intake. Having supportive people in the participants’ lives is also critical. Helping participants identify supportive people in their lives would be a beneficial activity.

Achieving Intermediate Indicators: We will increase our focus on achieving the intermediate indicators (i.e., completing class assignments, attendance rates, completing a business plan and making progress on securing needed financing) that are associated with final outcomes. Reconfiguring the current training curriculum would have staffing and resource implications for our program. Currently, class time is fully committed. Any curriculum changes would either lengthen the training sequence or would necessitate eliminating a current topic. These intermediate indicators will also need to be incorporated into the standard MIS data collection procedures. This requires a revision of current forms and additional data entry.

Data Collection: Based upon the results of this project, it would be beneficial for ISED to incorporate data gathering (through the surveys, business trainer observations and participant questionnaires) into the normal operation of our microenterprise programs and our management information system for data maintenance and tracking. One possibility that has been discussed is to

incorporate business trainer observation into the site visits program managers make to the branch offices. These observations could serve as a way to monitor the instructional style of the business trainers. However, the extensive data analysis conducted for this project will not be feasible on an ongoing basis unless we are able to raise funding from other sources for continued research and monitoring.

B. IMPLICATIONS FOR THE FIELD

Intermediate Indicators: A stronger understanding of the role of intermediate indicators in predicting final outcomes is still needed. This will help the field refine and adapt training programs to more effectively meet the needs of participants. By considering the important milestones or steps that participants are achieving, program impact will be considered in the broadest possible terms—to include the final outcomes of business starts, expansions and stabilizations, as well as the significant achievements that happen along the course of training.

Screening: ISED is a training-led program, which does not screen participants. Anyone who is interested in enrolling and meets the eligibility criteria is encouraged to join. In the first three weeks of training, the business trainer focuses on self-assessment to ensure that self-employment is the best match for participants. During these three weeks, participants may self-select out of the training. There is discussion in the field about examining the possibility of developing a tool to screen out applicants in an effort to provide services to those individuals who are most likely to benefit.

Screening people out based on the number of barriers or difficult life circumstances may be doing a disservice to some individuals. There are individual examples of people who succeed even when faced with seemingly insurmountable challenges. For example:

Situation. Susan came to the business training classes with limited exposure to business ownership. She did not grow up in a family that owned a business nor had she ever owned a business herself. Before Susan enrolled in the business training classes, she did a little research about what it would mean to be a business owner—she talked to her family and read some books on starting a business. When Susan started the business training classes, she had a general idea for her business, but it was not very definite. She had more than three barriers that were a concern to her and her family: her own health was a concern, and she had difficulty finding childcare for her youngest child, paying her bills each month and keeping her car running.

Outcome. The business instructor indicated that Susan had a high level of commitment to the class as evidenced by her willingness to participate in class discussions and make the investment to attend each week. During the training, Susan completed all of her class assignments. Susan successfully completed the 13-week training course. Eight months after the business training classes ended, Susan was in the process of planning to start her own business—she settled on a definite business idea and submitted a loan application for financing.

This is just one case example, but Susan’s situation suggests that the field must be very careful when considering which personal characteristics to use if the purpose is to screen out an applicant. If we considered the number of barriers or having a definite business idea as criteria of exclusion, Susan would not have been allowed to pursue her goal. The intention of the research presented in this report is to celebrate and recognize that the many strengths participants bring to the classroom affect the intermediate and final outcomes.

Training Style: In general, the dynamic training style proved to be more effective in achieving intermediate indicators and final outcomes. We also found that a subgroup of participants fared better when they had a more didactic business trainer. This demonstrates that there is not one model to suit all participants. Training-led organizations may be interested in assessing their own training styles and determining if they are also observing differential outcomes for participants. Programs will need to consider carefully the composition of their participant population to determine the best mix of training strategies.