Research-action: a successful experience in Sri Lanka

Luciano Barin Cruz
Associate Professor
HEC Montreal
Phone +1 514 340 1350
luciano.barin-cruz@hec.ca

For almost 50 years, DID has been dedicated to developing and promoting sustainable economic and social development tools and has placed great importance to the long-term impact of its interventions. In this sense, DID constantly seeks to increase the effectiveness of its programs, particularly by adopting transformative approaches that take into account the different contexts of its interventions. In Sri Lanka, the EFECs project has the ambitious challenge of transforming the entrepreneurial landscape by supporting the emergence of SMEs with the development of promising value chains as a main strategy. Given the way entrepreneurial innovation is perceived in Sri Lanka, achieving the EFECs project’s targets required a reflection on the preferred approach to bring about the desired changes. The partnership with HEC provided leverage towards a better understanding of the conditions under which the change in perception could take place among the targeted entrepreneurs and the adoption of more promising strategies to encourage concrete action. The convincing results of the experiment conducted with 500 Sri Lankan entrepreneurs not only support the achievement of the project’s objectives, but also illustrate the potential of combining efforts of academic research with efforts of practitioners to optimize the deployment of development programs.

Origins of EFECs – Sri Lanka

The EFECs project came from a reflection held by the SANASA network on support for entrepreneurship and the emergence of SMEs. The network’s long experience highlighted the following elements:

• Support for start-ups, even with training, does not guarantee viability and contribution to the local economy
• An essential condition for the emergence and viability of SMEs is the implementation of better targeted support mechanisms such as:
  - Market access through value chain development
  - Supporting entrepreneurs in their growth phase

Changing perceptions of entrepreneurial innovation: an essential component of the theory of change

Samadanie Kiriwandeniya, Managing Director
SANASA International

CONTACT INFORMATION

Luciano Barin Cruz
Associate Professor
HEC Montreal
Phone +1 514 340 1350
luciano.barin-cruz@hec.ca

RESEARCH TEAM

Luciano Barin Cruz (HEC Montreal)
Angelique Slade Shantz (University of Alberta)
Charlene Zietsma (Penn State University)
Geoffrey Kistruck (York University)

INFORMATION ABOUT THE ENTREPRISE

Développement international Desjardins (DID)
59, avenue Bégin
Lévis (Québec) G6V 4C3 Canada
1 418 835-2400
www.did.qc.ca
Institutional norms influence individuals/entrepreneurs’ behavior
- In many contexts of poverty, they are resilient to change
- Institutional change efforts by external actors or intermediaries often meet significant resistance
- Translating change of institutional beliefs into behavior is complex (Paluck, 2009)

Changing individual/entrepreneurs’ mental or cognitive frames/schemas’ is fundamental to change interpretation of what is deemed legitimate
- It can help to translate change in individual beliefs into change in individual actions
- Over time, change can become collective and eventually constitute a new reality (Barney & Felin, 2013; Felin, Foss & Ployhart, 2015; Tost, 2011)

HOW DO WE CHANGE INDIVIDUALS’ COGNITIVE SCHEMAS?

- A reframing process… (Cornelissen & Werner, 2014)
  - Frame Bridging (Attainable): Frames may be changed when correspondences or bridges are constructed between schemas
  - Frame Breaking (Aspirational): Relies on a break or switch with a past frame, and is based on the premise of counter-factual lines of argumentation, foregrounding dissimilarity or contrast, rather than similarity or correspondence

- Stability or volatility of current discourse (or institutional norm) determine the strategy that will succeed in frame changing (Cornelissen & Werner, 2014)

Research Question:
Which frame strategy should we use when we need to encourage rural entrepreneurs’ innovation and creativity in a country where this ‘discourse’ is only lightly valued?

HYPOTHESIS

- H1a: A frame breaking approach will result in more innovative entrepreneurial activities tried, as compared to a frame bridging approach.
- H1b: This effect will be mediated by a positive change in frame about the legitimacy of innovative entrepreneurial activities.
- H2a: A frame bridging approach will result in more innovative entrepreneurial activities tried, as compared to a frame breaking approach.
- H2b: This effect will be mediated by a positive change in frame about the legitimacy of innovative entrepreneurial activities.

METHODS: WHAT HAVE WE DONE?

Sri Lankan Context
- Ranked highly on market-based variables such as Gross Domestic Expenditure on Research and Development (GERD), urban domestic market size, exporting potential, and level of expenditure on education and business training (Global Entrepreneurship and Development Index, in 2018)
- HOWEVER, ranked very low on individual “entrepreneurial attitude” variables that are established drivers of innovative behaviors such as risk acceptance, cultural support, opportunity (vs necessity) orientation, and growth aspirations (GEDI, 2018)
Research-action: a successful experience in Sri Lanka

**RESEARCH MAIN PHASES**

**Phase 1: Exploratory field visit**
- Interviews (DID executives, PS managers and staff, member entrepreneurs and individuals involved in entrepreneurship)
  - Entrepreneurs tend to imitate each other, which has negative impacts over time for the whole community

**Phase 2: Build training and train the trainers**
- Breaking and Bridging training were based on the ABEL framework: Ask/Build/Experiment/Learn (based on the Lean Start up - Ries, 2011)
- We iteratively (5 days) worked between the initial training materials we had created and feedback from trainers
- Initial Pilot (several areas for improvement; modified the materials accordingly)
- We watched trainers delivering the full training to Primary Society members.

**Phase 3: Starting training workshops – Week 0**
- Training workshops (half a day) occurred between July 4, 2018 and September 17, 2018
- A DID field officer or a research coordinator were present in each workshop to ensure that the sessions were consistently conducted as per the research protocols
- A baseline survey was administered
  - before the workshop began to collect demographic data on the participants
- Another survey was administered
  - at the end of the workshop as a manipulation check, i.e. to ascertain whether there was a difference between the two groups with regards to how normal or typical innovation is in their community.

**Phase 4: During training workshops – Weeks 0-2**
- A workbook was provided to each participant (end of the first workshop)
  - Series of four exercises and copies of the PowerPoint slides used in the workshop as a reference
  - The exercises in the workbooks were condition-specific, referring back to the examples that had been used to “bridge” or “break” the existing entrepreneurial frame, as a way to reinforce the intervention in the minds of participants
  - The exercises began with a case study and questions about the case, and then became increasingly specific to the participants’ own businesses
  - Participants received weekly condition-specific text message reminders (and calls from trainers) about their homework
- Follow-up meeting to discuss the workbook assignments (end of two weeks)
  - A survey was administered to provide a starting point to assess the change in mental frame
  - The group discussed the workbook assignments and reviewed the materials via a large laminated poster (which was given to the PS)

**Phase 5: During training workshops – weeks 2-8**
- Final exercise – come up with a plan to experiment with at least two of the innovative ideas they had generated through the workshop and earlier workbook exercises
  - Implement some of the innovative ideas they had generated throughout the process
  - Record on a form each innovative activity they tried over the course of the subsequent six weeks
- A condition-specific participation gift was also provided
  - a re-usable cloth shopping bag was meant to generate discussion between the participants and other members of the community
- Members again received weekly condition-specific text message reminders
- Final meeting (week 8)
  - Final survey in order to obtain an endline measure for our change in mental frame
  - handed in their innovation forms
  - engaged in a group discussion about the innovations they tried
  - were provided a certificate of completion

**Phase 6: Qualitative validation – weeks 12-16**
- We interviewed 48 entrepreneurs (29 Bridging and 19 Breaking), 9 PS managers, 5 trainers and 5 project managers - Interviews were conducted in person and in English with the help of a Sinhalese translator
- Individuals who completed the training in its entirety (n=303)
  - They both attended the workshop and turned in a completed workbook at the follow-up meeting
  - Entrepreneurs with a high change in ‘perception about the attractiveness of innovation’ (our mediator variable) between week two and week eight and those who tried many innovative ideas (our dependent variable)
WHY THE BRIDGING CONDITION WON OVER THE BREAKING CONDITION IN THIS CONTEXT?

Why rural entrepreneurs perceived innovative activities to be more attractive under the Bridging Condition Training

- Small steps seemed to be required to bridge household activities to commercialization.
- The fact that examples provided referred to simple people like them with innovative attitudes around mundane household activities to their micro businesses encouraged entrepreneurs to try more new things and generated a higher perception of attractiveness of innovation.

*Attainable is closer to them, their day to day lives*  
*They see that this is possible for them to do*  
Trainers

*Now I have got used to looking at things in a commercial way. And innovativeness is now in my system. So because of that, whatever I see, I think that I also can make. Now, when I go to buy a hair clip for my daughter, when I see the flowers I think that I can make it at home. So I have made some flowers also at home.*  
Rural Entrepreneur

Why rural entrepreneurs perceived innovative activities to be less attractive under the Breaking Condition training

- Highly successful Sri Lankan entrepreneurs presented to the rural entrepreneurs in the breaking condition training were considered too far from their reality.
- Lack of capital to develop further their businesses; the difference between the industry in which the successful examples operated and the entrepreneur’s domain of activity or the lack of mobility from female entrepreneurs who usually need to stay close to home to take care of household activities and kids.
- Rural entrepreneurs were unable to understand all steps required to reach the level of the ‘role models’ provided - Although they admire those local entrepreneurs presented and want to reach their level of success, they are in such an initial stage in their own businesses that they are able to see just part of the steps needed to reach the level of the entrepreneurs presented - Consequently, as they cannot see the whole chain of activities required to become that type of entrepreneur, they end up feeling discouraged.

“Our stories are far beyond their expectations, you know? They’re far beyond their limitations... They are small and micro level enterprises, that they are doing at the village level. So this is the gap piece, I think, far beyond that is the reason that they are not going for the chance even to innovate.”  
Trainers

MAIN IMPLICATIONS

Improving conditions for entrepreneurial success in rural areas

- Non-financial training is essential to the success of entrepreneurial oriented microfinance.
- Knowing the ‘best type of training’ in a certain context allows to allocate resources and efforts in the direction that may bring better results.
- Knowledge likely to be integrated and used in other DID projects.

Concrete impact for the EFECs project’s chain of results

**Ultimate Result:** Increased financial security for entrepreneurs

**Intermediate Result:** Entrepreneurs are more likely to innovate on their business and take action more easily

**Immediate Results:** Entrepreneurs change their perception of innovation, are more sensitive to it and more motivated by the prospect of innovation and SANASA is able to evaluate its training programs in order to continuously improve them

**Outputs:** Training programs are developed, tested and improved; Entrepreneurs are trained

**Activities:** Analysis of entrepreneurs’ perception of innovation, TOT

**Inputs:** Expertise (team of researchers), local teams (SANASA staff), financial resources (project budget & research grant)