



RESEARCH PARTNERSHIP

Perspectives for DID

For DID, the interest of integrating research projects into our programs lies in the possibility of using the results during implementation to maximize the impacts of our interventions

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 EF ECS 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 EF ECS 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.



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Origin of EF ECS – Sri Lanka

The EF ECS 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



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

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CONTEXT OF THE RESEARCH

- **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 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)

MAIN FINDINGS

- The **bridging condition** has a **positive** and **significant** impact on the **perceived attractiveness of innovation** and resulted in trying **more innovative actions** in entrepreneurs' businesses.
- The **breaking condition** has a **negative** impact over time on the **perceived attractiveness of innovation** and resulted in trying **fewer innovative actions** in entrepreneurs' businesses.



Convincing results that will guide DID's intervention for increased impact and stronger scaling strategies

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 did rural entrepreneurs perceive 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)