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19059

DP/ID/SER.A/1496
29 July 1991
ORIGINAL: ENGLISH

ESTABLISHING AN INDUSTRIAL DEVELOPMENT AND FINANCIAL
ORGANIZATION FOR PROMOTION OF THE SMALL AND MEDIUM-SCALE
ENTERPRISE SECTOR IN SIERRA LEONE

DP/SIL/87/003

SIERRA LEONE

Technical report No.1: review of indigenous entrepreneurship
in the small-scale industry sector*

Prepared for the Government of Sierra Leone and the National
Industrial Development and Finance Organization Limited (NIDFO)
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

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* This document has not been edited.

V.91-27493

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ABSTRACT

This report contains an analysis of the status of local entrepreneurship in the small-scale industry sector in Sierra Leone, as of February 1991. It establishes evidence and records that show the existence of entrepreneurship in the country in a dormant or feeble stage. The perception of entrepreneurship more as a means of livelihood rather than as a force for economic development, is likewise reflected.

Entrepreneurship development is found in an infant stage. While the appreciation for its need is mouthed by development institutions and the academe, there is much groping going on for the appropriate approach and methodology to suit the country's needs and circumstances.

The level of entrepreneurship found in Sierra Leone is discussed as a manifestation of entrepreneur characteristics. The entrepreneurial event formation is also traced through the life-path of entrepreneurs.

Finally, a module of the structure of entrepreneurship in Sierra Leone is presented to serve as a guide for entrepreneur development officers, not only in NIDFO, but elsewhere.

The analysis undertaken lays down the starting point of the activities of the Entrepreneurship Development Programme Expert in Project: Establishment of the National Industrial Development and Finance Organization, DP/SIL/87/003.

STATUS OF LOCAL ENTREPRENEURSHIP IN THE SMALL-SCALE INDUSTRY SECTOR

INTRODUCTION

As the initial activity of the Entrepreneurship Development Expert (DP/SIL/87/003), an analysis of the status of local entrepreneurship in the small-scale industry sector in Sierra Leone was undertaken as called for in the job description and within the context of the entrepreneurship development component in the package of services provided by the National Industrial Development and Finance Organization (NIDFO).

The analysis identifies typical characteristics and level of development of small-scale entrepreneurs who are the target recipients of NIDFO assistance. A clear picture of the background, motivation, behavioral patterns and evolution of such entrepreneurs, as distinguished from the small-scale enterprise will enable the officers and staff of the Development Services Section to understand better, the personalities and characteristics of the target beneficiaries for a better defined and directed entrepreneurship development assistance.

Within the limited time frame of 11 working days (7 to 24 February 1991), a review of available reports and secondary data on the subject was done. In addition, an analysis was made after cross tabulation of data in 106 available interview questionnaires (out of original 161) used in the sample survey of small-scale industries undertaken by project : NIDFO (DP/SIL/87/003) in December 1987. Additional primary data were also obtained from 88 information sheets of entrepreneur applicants for NIDFO assistance. Secondary data in the survey of manufacturing and related services sector, 1989 were referred to in some issues.

The primary and secondary data were supplemented by observations and interviews of entrepreneur participants in the on-going Entrepreneurship

Induction Programme (EIP), 4 - 8 February, and the Basic Business Management Course (BBMC), 28 January - 8 February, being conducted by NIDFO and the Sierra Leone Opportunities Industrialization Centre, respectively. A few visits to shops of NIDFO assisted entrepreneurs were also undertaken. Other insights were gathered through interactions with officers and staff of the Development Services Section of NIDFO as well as the UN Volunteers assigned to the project. Data gathering and tabulation were ably supported by the UNV and NIDFO Entrepreneurship Development Specialists.

In the light of mentioned deficiencies in data gathering of previous surveys and published documents which were used as reference, and the absence of statistical sampling validity of primary data used, this study of entrepreneurship status does not aspire to present a representative statistical analysis of data gathered. Hence, this report presents indicative factors and situations bearing on the subject at hand rather than statistically valid correlations of variables that influence entrepreneurship.

I UNDERSTANDING ENTREPRENEURSHIP

A. Entrepreneurship Defined

There is a very large diversity of definitions and concepts of what entrepreneurship is. The most noted, though controversial ones, are discussed herewith.

Joseph Schumpeter (1934) defined entrepreneurship broadly as any kind of innovative function that could have a bearing on the welfare of an enterprise: product, process, market, organization of firm, etc.

The Schumpeterian model stresses the role of "innovation as the essential activity in entrepreneurship and places less emphasis on risk taking whereby the entrepreneur contributes the means of production in his business and the risk falls on him as a capitalist or possessor of goods and not as an entrepreneur".

On the other hand, Professor Albert Shapero (1975) considers entrepreneurship in more liberal terms as an "entrepreneurial event" and includes any role associated with initiative, risk-taking, resource aggregation, and autonomy. This expansive concept embraces any role regardless of occupational or social context and, thus, covers any new accomplishment including those of hawkers, promoters, civic organizers, etc., and not just business persons. Authur Cole of the Harvard Entrepreneurial Center (1940), gave the standard definition of entrepreneurship as a purposeful activity to initiate, maintain and develop a profit oriented business while Kari Vesper (1982) loosely defines entrepreneurship as the creation of new business enterprises by individuals or small groups.

The latter definitions imply that entrepreneurship refers to the setting up of a new business while Schumpeter's does not necessarily mean so.

Another Harvard academician, Alfred D. Chandler, Jr. agrees with Alfred P. Sloan of General Motors in restricting entrepreneurship functions to the level of a tied module of the corporate administrative structure. To Chandler, only those executives who control capital allocations and long-range strategy qualify as entrepreneurial in behavior.

Moving across the foregoing definitions John Sawyer (1958), in his entrepreneurial studies, argues that entrepreneurship can be found in a wide range of functions from "purely innovative to purely routine", not

only in business but also in other organizations where "significant decisions involving change are made affecting the combination of commitment of resources under conditions of uncertainty".

B. Entrepreneur Defined

To further complicate the issue many researchers attempted to define the entrepreneur, again, with varying perspectives and concepts. In 1897 the Oxford English Dictionary defined an "entrepreneur" as the director or manager of a public musical institution". It was only in 1933 that the definition included reference to business as "one who undertakes an enterprise". To early Schumpeter the entrepreneur is the individual whose function is to carry out new combinations called an enterprise. He later identified the innovator as one concerned with doing new things or doing old things in a different way. Cole defined the entrepreneur in 1959 as an individual who undertakes "to initiate, maintain or organize a profit oriented business unit for the production of economic goods and services". To others, the entrepreneur is a risk-taker in varying degrees, an organization builder, and a decision-maker.

Webster's Third New International Dictionary (1961) defines the entrepreneur as an organizer of an economic venture, especially one who organizes, owns, manages and assumes the risk of a business. J. S. Mill (1948) brought the term "entrepreneur" into general use among economists and considered "direction, control, superintendence, and risk-bearing" as entrepreneurial functions. This definition implies that risk-bearing distinguishes the entrepreneur from the manager, contrary to Schumpeter's belief that both entrepreneurs and managers are subject to risk of failure.

A less restrictive view is that of McClelland (1961) who believes that "an innovative manager who has a decision-making responsibility is as much an entrepreneur as the owner of a business". Weber's (1977) concept

of the entrepreneur is one who holds the "ultimate source of all formal authority within the organization", which tends to distinguish the entrepreneur from the manager.

More recent definitions consider the owner-manager of a business to be an entrepreneur, but not the person who provides capital without also managing the venture. A more restrictive view considers as an entrepreneur only those owner-managers with successful business ventures.

C. Concept of Entrepreneurship

There are many issues that have never been laid to rest on the definition of "entrepreneurship" and "entrepreneur". This is a result of the preoccupation of social and behavioral scientists in semantic exercises and the scientific search for a perfect fit between the definition of the phenomenon and the phenomenon itself.

Definition, however, remains important to make the activity of entrepreneurship development manageable. Adopting a loose concept may lead to the "entrepreneur" as referring to any business person who exhibits risk-taking, assembles resources, shows some initiative, or exercise some independence of action. This makes the term "entrepreneur" synonymous with "business person" whether he has succeeded or failed.

It is more clarifying to state at this point certain exclusions in the role of entrepreneurship, to wit:

- "1. A person who owns an enterprise or gives the orders is not necessarily an entrepreneur.
2. A person who assumes the risk of his or her capital is not necessarily an entrepreneur but only an investor.

3. A creative person in the literary, artistic or dramatic person is not necessarily an entrepreneur. The entrepreneur does not innovate by creating ideas, but by recognizing their value and by exploiting them".

Since most definitions imply the characteristics of the person it is best to establish what are these characteristics, among those expressed by the different sociologists and behaviorists, that are likely available in the Sierra Leonean Artisanal and Small-Scale Industrial Sector and which would be reflective of enterprise success eventually. Individuals possessing such characteristics to acceptable levels will be the targets of entrepreneurship development assistance of NIDFO.

Considering the limited resources NIDFO, both human and financial, it becomes necessary to establish the parameters within which the entrepreneurship development programme is to operate. Without losing perspective of the extent of interpreting "entrepreneurship" and "entrepreneur", we shall narrow down the initial target to small industrial business persons with indicated potentials for growth and eventually those individuals that possess positive characteristics for venturing successfully into small industrial enterprises.

Background documents for project NIDFO gives very scanty information on entrepreneurship and the entrepreneurs in Sierra Leone. Much of the information available are on small enterprise in general and lightly touches on the entrepreneurship aspect of the people.

The National Development Plan (1974/75 - 1978/79) mentions the deficiency of entrepreneurship as one of the factors and constraints that influence future development of the manufacturing industry. This deficiency was then partly attributed to attitudes and values fostered

during the colonial period when a career in government service, law or medicine was more highly regarded than one in business or industry. It was stated in the Plan that "this deficiency can be reduced and eventually eliminated through intensive training programmes and better use of managerial skills provided by the growth of business and industry". Even then, it was believed that the development of small industries and handicrafts is particularly important to contribute to skill formation and development of entrepreneurship, and not the other way around.

In the report on the Promotion of Small-Scale Enterprise, Phase I, by Berenschot-Moret-Bosboom for the Government of Sierra Leone in 1980, the very little progress in the development of the manufacturing sector in the country despite the numerous studies undertaken, recommendations made and plans designed, is explained partly by the "absence of indigenous entrepreneurial and managerial talents and skills of the people". It further mentions that an "intellectually oriented education system created a bias for white collar jobs and an aversion towards business. The report characterized the Sierra Leonean as "individualistic" making them averse to corporate business. They are cited to "lack initiative and spirit" for ventures. Entrepreneurship, however, does not manifest itself only in a corporate setting. As a matter of fact some studies believe that individualism is a plus factor in entrepreneurial urge.

The National Development Plan (1981/87-1985/86) supplemented by the rolling plan in 1983 for development efforts for 1983/84 - 1985/86, recognized the predominance of small-scale handicraft and informal units in the manufacturing sector both in terms of national income generation and provision of employment. As in previous Development Plans, included in the development strategy is the development of both the modern and small-scale industrial sectors with the development of "entrepreneurial, managerial and labour skills" as one of the objectives stated.

Although there seems to be a clear distinction recognized between entrepreneurship and management knowhow there has been no elaboration on entrepreneurship development as a component of the development of the small-scale manufacturing sector.

In the Njala-Michigan Universities report in 1976 by Carl Liedholm and Ehyinma Chuta on the Economics of Rural and Urban Small-Scale Industries in Sierra Leone, the role played by the entrepreneur in the relative economic profitability of various small-scale industrial firms, was lengthily discussed. Using the common aspect of many definitions of entrepreneurship identifying the entrepreneur as a key decision maker (Peter Kilby, 1965 and John R. Harris, 1970), the report contends that "the larger the supply of such decision makers, other things equal, the better will a country's scarce resources be combined for productive purpose and consequently the larger will be its output". The limited "supply of effective entrepreneurial talent" and the observation that "not all firms are equally successful brings to light the need for a selection process to identify that entrepreneur to be developed or assisted to optimize the use of limited resources available to the country.

The ILO report (1981), "Ensuring Equitable Growth (in Sierra Leone)", mentions the need for "reorienting education towards the world of work meaning not only wage employment, as at present, but also self-employment", an insinuation, perhaps, towards entrepreneurship.

Historical writings on the socio-economic development in Sierra Leone (Fyle, 1988) attest to the existence of entrepreneurial activities in the hinterlands in pre-colonial days, about the late seventeenth century. Such activities were manifested in the form of commercial exchanges as well as surplus production of goods, such as country cloth, salt, gold, palm oil, rubber, kenda (condiment manufactured out of local beans), pottery, hides, cotton yarn, to support such trading. Fyle states

that the notion of a white-collar fixation may be true only among the Krio and was a natural response to the growing demand for such services in the eighteenth century. In addition, such considerations as the social prestige attached to the professions made them so desirable and sought after. Critics have alluded such considerations to the direction of the literary education provided then by the missionaries. A tendency for depletion or stagnation of entrepreneurial endeavours resulted through time.

Interviews of small-scale entrepreneurs undertaken to a very limited scale by this writer, manifested that most of the entrepreneurs found today are migrants to Freetown from the outlying regions. This is a strong indication that the entrepreneurial spirit which has been shown even before the colonial days, is still alive today among many individuals from the provinces, possibly awaiting development.

It was not until the twentieth century that some of the learned Sierra Leoneans instigated for industrial and scientific training to put to use the raw materials obtained from the soil to counteract the high dependence on goods that are imported from the foreign areas of the country's raw materials. These years saw the production of soap, distillation of brandy and other endeavours that process indigenous raw materials for day-to-day consumption.

Among the project staff (NIDFO and UNIDO - DP/SIL/87/003) entrepreneurship is described as "a function of behavior, policies and practices rather than personality". It is believed that "what is needed is a willingness to learn, willingness to work hard and persistently, willingness to exercise self-discipline, willingness to adapt and to apply the right policies and practices". (Pattoo & Bangura). Entrepreneurship is further defined (Oppong) as the "innate ability or potential and behavioral characteristics in the individual that induce performance of

the tasks of an entrepreneur". The entrepreneur is identified as "a person/businessman who has a risk-taking ability with profit motive in terms of investing in projects/ventures within the dynamic business environment". He is further described as "an indispensable factor of production that is charged with the task of organizing the other factors of production - capital, land, materials, labour".

In the Entrepreneurship Induction Programme write-up it is stated that "entrepreneurship involves the organization and combination of the resources of the business (equipment, labour, etc.) into a productive unit". It is further qualified as "a matter of behavior and is both learned and inborn". The entrepreneur is defined as "a person who starts a business and operates it" for a profit "while taking the risk of loss".

In the report on the Small-Scale Industries Survey, 1987 (DP/SIL/87/003), discussion of the entrepreneur (sex educational and vocational training) were included in the profile of the small-scale industry units. Progressively, however, the report on the Survey of Manufacturing and Related Services, 1989, conveyed information on the entrepreneur distinct from that of the enterprise.

It is quite clear at this point that the distinction between the entrepreneur and the enterprise is gradually being established. In addition, it seems clear that entrepreneurship development, targets the human factor in the entrepreneur that reacts to development assistance of training, extension service and information. The manifestation of such reactions is reflected in the survival and growth of the enterprise. The persuasive concept of entrepreneurship among the project staff indicates the appreciation of the behavioral aspect of entrepreneurship development. Within the foregoing premises, there exists a recognition that entrepreneurship is an important ingredient for successful industrialization. There is also a broad agreement that small-scale

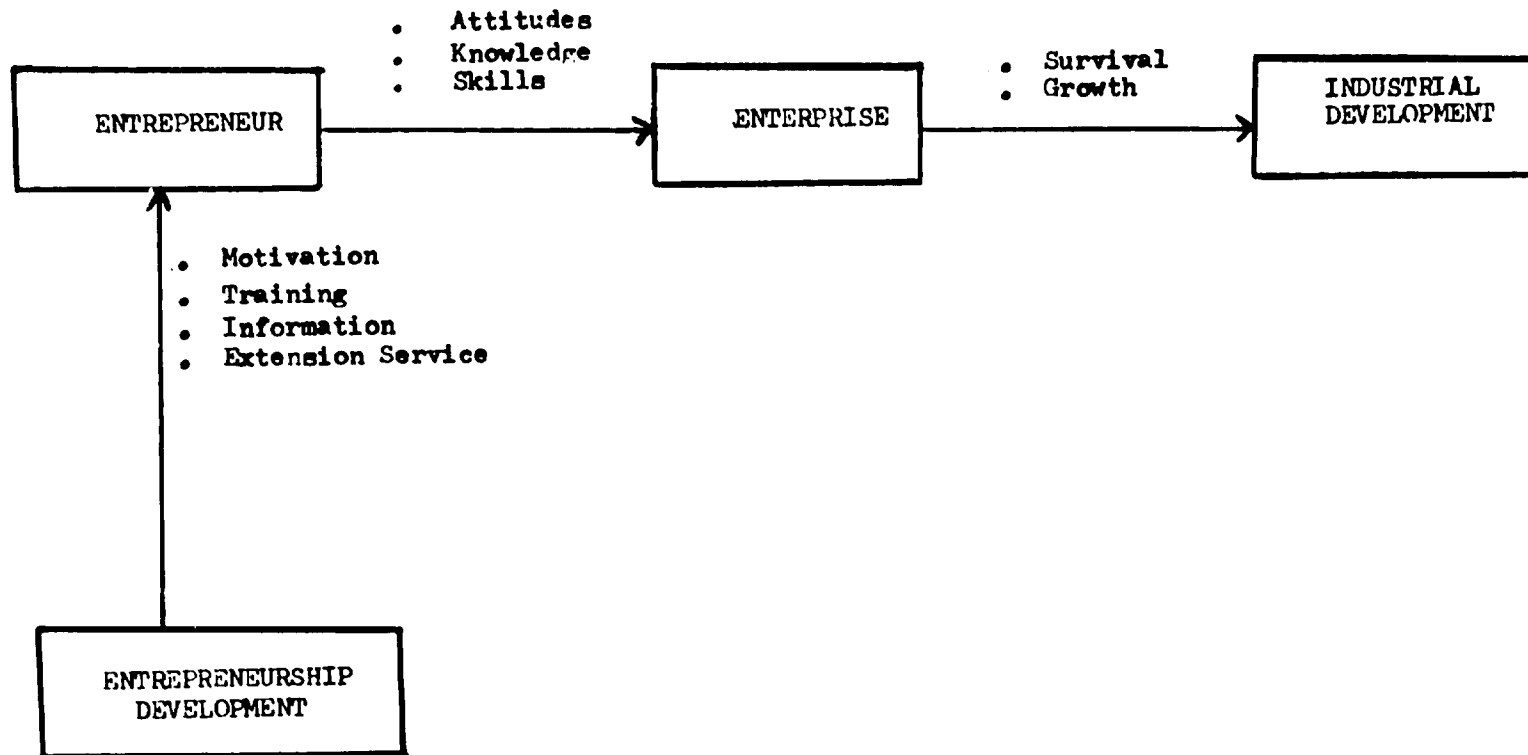


FIG. 1 - SMALL INDUSTRY DEVELOPMENT THROUGH ENTREPRENEURSHIP DEVELOPMENT

industries, as well as the informal sector, does play a crucial role in industrial development process and that small entrepreneurs hold the key to dynamic industrial growth.

To illustrate, Figure 1 shows the spectrum of small industry development through entrepreneurship development.

II. PROFILE OF SMALL INDUSTRY ENTREPRENEURS

A. General Background

Primary and secondary data available exhibited the following profile of entrepreneurs studied:

1. Gender

The Small Scale Industries Survey (1987) reveal a predominance of male entrepreneurs over women. Specific counts, however, are not reflected in the report. Raw data on the survey show a low 7% of female entrepreneurs out of 88 interviewed. This however, is not a statistically valid proportion.

The 1989 survey targeted approximately 10 per cent female entrepreneurs as respondents to cover the provisions in the project document (DP/SII/87/003), as a matter of policy, perhaps because of the findings in the previous survey. Disappointingly, however, only 2% of the survey respondents (2,0480) were females. The project document states that female entrepreneurs account for about 30 and 20 per cent of the artisanal and small-scale sector respectively.

Interestingly, experience of NIDFO in the conduct of the Entrepreneurship Development Programme from 1989 to 1990 showed entrepreneur participation of 25.4 per cent females. Although comparative

data are not available, there should be awareness of the need for monitoring the variances attributed to gender issues in the success or failure of an enterprise.

It is gathered from discussions that there is no gender discrimination in Sierra Leone in providing opportunities for people. Aside from conventional concepts where women tend to pursue food processing and textile/tailoring industries and males polarize towards mechanical, electrical, carpentry, etc. works, there are no existing prejudices to what either sex may undertake. It is therefore a fact that, taking all things equal, women have as much propensity to business ventures as men, in relatively equal degrees for failure or success.

Akintola Wyse (1989) confirms that there was no sex discrimination in education from the earliest days. This remarkably equal system was blighted by male chauvinism and an Afro-Victorian attitude until the end of the nineteenth century when Sierra Leonean women started asserting themselves and opened shops in the ground floor of their houses to sell goods imported from England and Germany or engaged in dressmaking. Most working class women involved themselves in marketing of fish or vegetables and thus augmented the family income. Frances White (1980) convincingly argued on the dynamic role played by women entrepreneurs in the supply of fresh fruits, vegetables, fish and various foods to companies and individuals in Freetown in the 19th century. Likewise, there was a group of women traders who used to sell their goods along the railway lines. Such items as cassava, cocoa, rice, groundnut and potatoes were sold to Freetown dwellers and pots, pans, crockery and canned food from Europe were sold to upcountry travellers.

Considering further, that the population breakdown is 49.6 per cent males and 50.9 per cent females for the period 1960 to 1985, as reported under Human Resources in the National Development Plan 1974/75 - 1978/79, a major participation in entrepreneurship from females may be anticipated

in the future. Information from the Director, Institute of Public Administration and Management, reveals the trend of females entering the mechanical and electrical fields of training in recent periods. Just recently, the Institute ran a course on Women Managers in Action participated in by some thirty females many of whom were entrepreneurs.

2. Age

The Report on manufacturing and Related services Sector of Sierra Leone, 1990, reveal that male entrepreneurs are predominantly of 30-50 years old. It inferred that generally entrepreneurs gain adequate experience and confidence in their vocation, before setting up their own businesses. Among the entrepreneurs surveyed (2,048) only 8% are below thirty and 25% above 50.

The age at which they started business are not available, which could have indicated at what age entrepreneurship sets in. Deducing, however, from the age of 96% of the establishments, which range from 8 to 29 years, the age when the entrepreneur started business may be as young as twenty two. There are doubts, however, on the accuracy of this since the indicated year of establishment does not show anything beyond 1981. Those enterprises established between 1982 to 1988 would bring up the age when entrepreneurship set in to about 25.

Many researches on entrepreneurship have indicated that the years between 25 and 40 are most conducive to entrepreneurial decision. At about this time a person would have obtained sufficient experience, competence and self-confidence but not yet incurred family obligations or a position of prestige and responsibility in a large company or in government service. It is opined however, that the span of this "free-choice period" may vary according to the level and pace of economic development in a country as well as the social structure. In a rapidly industrializing or already industrialized country, the phenomenon of very

young entrepreneurs, 20 to 25 years, are observed to be dominating the new crop of entrepreneurs. More so where entrepreneurship has been recognized as a discipline introduced as early as in the secondary education level.

Furthermore, in many developing countries in general, people in urban areas start business at a slightly earlier stage than those in less urbanized areas. This situation must be validated in Sierra Leone.

Information on the age when persons likely awaken to entrepreneurship will assist NIDFO in identifying source targets for entrepreneurial motivation in the future.

B. Social Background

Specific information on the social background of entrepreneurs were not included in any of the previous studies undertaken. It would be useful in the design and conduct of the entrepreneurship development programme to know what the occupations are of the fathers and/or mothers of the entrepreneurs, whether farmer, unskilled or skilled worker, businessman, professional, government employee or military. The occupation of parents, specially the father, can provide indication of "intergenerational occupational mobility" as well as the psychological make-up of the proprietor in running the enterprise. The Njala-Michigan study (1976) stated that it would not be surprising to find farming as the primary occupation of majority of fathers of small-scale industry owners considering the extensive agricultural base of the country. It was established then, that regardless of type of industry in which the entrepreneur is engaged in, paternal background is predominantly farming with lower incidence among the blacksmiths.

Analysis of the entrepreneur information sheets in the files of NIDFO, indicates that in a few instances only does the trade or craft of the father or mother pass on to the entrepreneur. There seems to be a

reflection on the innovative spirit of the entrepreneurs in desiring to learn a trade that he or she is not exposed to by family environment.

It would be of interest to the entrepreneurship development programme to establish parental influence to entrepreneurship, whether positive or negative, to provide insights into entrepreneurial motivation and influence on failure or success.

Another social dimensions that may have a bearing on entrepreneurship would be the ethnic origin of entrepreneurs, which were not covered in any of the studies and surveys undertaken. In many countries, the ethnic background of entrepreneurs reflects specific characteristics bearing on prudence about money, ability for interpersonal relations as well as aggressive motivations to succeed.

Interestingly, however, non-national entrepreneurs were found to be more in the rural areas than in urban locations, in the survey of manufacturers 1989. Could it be that the Sierra Leonean rural entrepreneur is lured to urban areas leaving a vacuum in the rural areas which is opportunistically being filled up by migrants from other countries?

C. Educational Background

Both the 1987 and 1989 small-scale industry surveys stated that the entrepreneur respondents, in general, have no formal education nor vocational training.

Liedholm and Chuta hypothesized that "formal education contributes to managerial, organizational and technical skills of the entrepreneur". Their study reveals that 5 to 33 per cent of survey respondents have had formal education varying by industry group.

NIDFO entrepreneur data files indicate that at least 37.7 per cent of client entrepreneurs (EDP/EIP participants) have had either formal education or have completed technical or vocational training.

The above findings are shown comparatively in Table 1.

Table 1

**Percentage Distribution of Entrepreneurs with Formal/
vocational/Technical Training By Industry Group**

Industry	Liedholm & Chuta (1976)	NIDFO*1 Files (1990-91)
Food Processing	33	32
Wood Working	24	46
Textile, Gara, Tailoring	37	67
Mechanical Works	(-)	86
Electrical Works	(-)	100
Leather Works	(-)	0
Metal Works	5	0
Others	16	0
Totals*2	23	33.7

NOTE: (-): Not covered by study

*1: Out of total of 114 entrepreneurs

*2: Weighted percentage

Since EDP participants are selected from the point of view of potential success in their ventures, it may be that one of the criteria for selection is the degree of education. On the other hand, the other 60.3 per cent of the group have been selected for training despite their lack of formal education and training, perhaps on the merits of other traits as well as the status of their respective enterprises.

There is no evident correlation, however, between business success and education that is reflected in the entrepreneurs' files. In the absence of statistical validity of sampling of entrepreneurs, this cannot be conclusive.

A feedback to historical findings (Fyle, 1988 & Wyse, 1989) established entrepreneurial existence even before formal education set in. Hence, entrepreneurship is not necessarily attributed to education but managerial ability may.

Many studies on entrepreneurship elsewhere refer to the low education of many entrepreneurs, except those who have ventured into high-technology firms. Findings reveal that education level of the entrepreneur is related to the size of the firm and the level of technology involved.

The factor of education calls for longitudinal studies through time. It would be useful if the study distinguished the effects of different education level on the type of industry, enterprise size and relative success achieved.

D. Reasons for Entering Business

Entrepreneur files of NIDFO reveal that the four leading reasons for entering business are (Table 2):

- 1) Desire to be independent
- 2) Nothing else to do
- 3) Perceived market demand
- 4) Desire for more income.

Table 2

Reasons for Entering Business

<u>Reason</u>	<u>Frequency</u>
1) Desire to be independent	21
2) Nothing else to do	11
3) Perceived market demand	9
4) Desire for more income	6
5) Employing company shut down	3
6) Laid off from employment	2
7) Influence of family	2
8) not indicated	60

114

The desire to be independent, perception of market demand, desire for more income are strong entrepreneurial indications of need for achievement and self actualization. The perception of market demand

reflects on opportunistic type of entrepreneurship while employment lay-off and employing company shut-down as the reason indicated reveals an accidental type of entrepreneur. When an individual goes into business for reason of having nothing else to do, family influence or for no specific reasons, the entrepreneurial traits may be quite weak and therefore, may not see the business to success.

The cited responses give a signal that although 36 out of 57 entrepreneurs show strong motivations for entrepreneurial success, those that went into business because there was nothing else to do, may not be highly motivated for business undertaking. The accidental entrepreneurs may have latent entrepreneurship abilities which were side-tracked by employment.

Available documents and files, however, do not reflect a comprehensive array of possible reasons as to why an individual goes into business. The challenge of being in business is not indicated. This aspect usually varies with the age when a person enters the business. A larger portion of younger entrepreneurs, in general, tend to react strongly to the challenge of being in business as compared to older ones.

E. Reasons for Choice of a Particular Business

Although the majority of respondents chose to enter business because of their desire to be independent or that they felt there was more money in business, the choice of what business to go into is most influenced by previous work experience, either as apprentice or as regular worker (Table 3).

Table 3

Reason for the Choice of a Particular Business

<u>Reason</u>	<u>Frequency</u>	<u>Ranking</u>
Previous work experience	112	1
Influenced by family business	32	2
Received formal/vocational training in the business	19	3
Perceived market potential	17	4
Encouraged by friends	4	5
	<hr/>	
	185*	

NOTE: *Multiple responses.

Influence of family business for the choice comes a far second. Thus, there appears to be some degree of flexibility of transfers from one industry to another within the family. Familiarity with an industry is acquired more out of work experience which indicates a propensity to try something different rather than stick to what one is initially exposed to.

The third reason whereby the choice of business is an extension of a formal or vocational training establishes the role of training institutions in entrepreneurship. It would be interesting to find out the ratio of those trained who eventually go into their own business as compared to those that opted for employment. Of course, opportunities for employment will play a major role on this. Although market potential is not an important first reason it certainly has some overall bearing on the choice of the business and is more reflective of entrepreneurial spirit.

It may be seen, however, that the choice of industries follow traditional patterns with hardly any innovation. The entrepreneurs tended to put up the same business where their experience came from in practically the same process of production and marketing. As an interesting observation, however, a metal/working entrepreneur assisted by NIDFO exhibited an innovative strategy of producing metal chairs for rental to social or other functions. In this way he can maximize the use of his productive capacity and generate additional revenue for his enterprise.

F. Composite Profile

The small-scale industry entrepreneur in Sierra Leone is at present dominated by males, but may eventually include an appreciable number of females. He/She is likely to enter into business between the ages of 25 and 40 and may come from a varied socio-cultural background. He/She may or may not have an educational background and therefore is either literate or illiterate.

Strong desire for independence and more income are existing motivations for entrepreneurship. A few may be opportunistic and innovative, manifested at an early stage while others may show innovation and risk-taking at a latter age.

In general, however, the entrepreneur may have a conservative nature and cling to traditional ventures but will not hesitate to try new fields of undertakings if convinced of profitability and viability .

The Sierra Leonean entrepreneur exhibits high mobility both locationally and socially, with economic advantage in mind. He/She is deprived, however, of much information that can help in innovation and venture, and is therefore expected to have high absorptive capacity for new ideas, in general.

III. ENTREPRENEUR CHARACTERISTICS

Although there are numerous characteristics that have been identified pertaining to an entrepreneur, no clear link has as yet been established between the personality characteristics of entrepreneurs in general and the success of their business ventures. However, certain characteristics have been more or less established as likely indicators of entrepreneurial success by NIDFO.

Considering the desire of NIDFO to optimize the use of available resources in the developmental assistance to entrepreneurs, the need for a selection criteria to identify those that are to be given priority attention becomes imperative. Such selection criteria will hinge on manifested characteristics of the entrepreneur that may likely lead to business venture success through observations of and experience with assisted entrepreneurs.

The characteristics often attributed to the entrepreneur as shown in Table 4, illustrates the wide variety of traits to deal with. This variety of characteristics illustrates the fluidity of the basic concepts in entrepreneurship.

Tabulating the opinions of NIDFO staff along side the array of choices of other institutions indicate certain marked commonalities. Those characteristics which have at least five occurrences among the illustrations will be used as the initial set of characteristics to be used by NIDFO in entrepreneurial assessment of projects for assistance.

It is obvious that more definitive studies of personality traits are needed in the Sierra Leonean milieu which can best be carried out on the crop of entrepreneurs encountered by NIDFO. A continuing analysis of the

TABLE 4. CHARACTERISTICS OFTEN ATTRIBUTED TO THE ENTREPRENEUR

CHARACTERISTICS	REFERENCE			SOURCE					FRE- QUENCY
	SBA	I (a)	I (b)	INED	EMC	ISSI	NIDFO (a) (b)		
1. Self-Confidence	x	x	x	x	x	x	x x	8	
2. Perseverance, determination	x	x		x	x		x x	6	
3. Energy, dellirience	x	x	x	x	x			5	
4. Resourcefulness	x	x		x	x			4	
5. Ability to take calculated risks		x	x	x	x	x	x	6	
6. Dynamism, leadership	x	x			x			3	
7. Optimism	x	x	x		x			4	
8. Need to achieve	x	x			x	x	x	5	
9. Versality; knowledge of product, market, machinery, technology	x	x	x		x		x x	6	
10. Creativity	x	x			x		x	4	
11. Ability to influence others	x	x					x	3	
12. Ability to get along well with people	x	x	x				x x	5	
13. Initiative	x	x		x	x		x	5	
14. Flexibility			x					2	
15. Intelligence	x	x					x	3	
16. Orientation to clear goals		x		x	x	x		4	
17. Time competence, efficiency		x			x		x	3	
18. Ability to make decision quickly		x			x	x		3	
19. Positive response to challenges		x		x	x		x	4	
20. Independence	x	x			x		x	4	
21. Honesty, integrity	x	x					x x	4	
22. Maturity, Balance	x	x						2	
23. Responsiveness to suggestions & Criticism	x	x	x	x	x			5	
24. Responsibility				x	x			2	
25. Foresight	x	x	x		x		x	5	
26. Accuracy, thoroughness	x	x						2	
27. Cooperativeness	x	x						2	
28. Profit orientation		x		x	x	x	x	5	
29. Ability to learn from mistakes				x	x		x x	4	
30. Sense of power					x			1	
31. Pleasant personality	x				x			2	
32. Erotism					x			1	
33. Courage	x		x		x		x	4	
34. Imagination	x				x			2	
35. Perceptiveness					x			1	
36. Toleration for ambiguity					x			1	
37. Assertiveness	x				x			2	
38. Capacity for enjoyment					x			1	
39. Efficiency	x							1	
40. Commitment	x			x	x			3	
41. Ability to trust workers	x		x					2	
42. Sensitivity to others					x			1	
43. Innovative						x	x	2	

Abbreviations and References:

SBA	Small Business Administration, USA
IIM (a, b)	Indian Institute of Management, India
INED	Institute for New Enterprise Development, USA
EMC	East West Center, Technology & Development Institute, USA
ISSI	University of the Philippines, Institute for Small Scale Industries, Philippines
NIDFO	National Industrial Development Organization, Sierra Leone

(a) Personal/Entrepreneurship characteristics listing used in EIC/EDP

(b) Opinion survey of DS Staff

identified characteristics and their correlation with successful enterprises will eventually add to or subtract from the basic list established.

The identified characteristics suggested for use by NIDFO initially in the assessment of entrepreneur priority beneficiaries for assistance are:

- 1) self-confidence
- 2) perseverance, determination
- 3) energy, diligence
- 4) ability to take calculated risks
- 5) need to achieve
- 6) versatility, knowledge of product, market, machinery and technology
- 7) ability to get along well with people
- 8) initiative
- 9) responsiveness to suggestions and criticism
- 10) foresight
- 11) profit orientation.

A successful entrepreneur is one who sustains the life of the enterprise and exhibit growth in three years. This time span is premised on the failure of small enterprises in the first three years of life, which has been observed in many countries at the rate of seven out of ten. Two important situations are established here, namely survival and growth.

IV. LEVEL OF ENTREPRENEURSHIP

From the various features observed, Cole's identification of entrepreneurial types as measured through time is used to establish the level of stage of entrepreneurship in the targeted small-scale industry

sector of the country. There are four distinct types, namely: 1) the rule-of-thumb entrepreneur, 2) the informed entrepreneur, 3) the sophisticated entrepreneur, and 4) the mathematically advised entrepreneur.

Entrepreneurs encountered by NIDFO, which are the predominant group in the small-scale industry sector based on manufacturing statistics, are of the rule-of-thumb type. Evidence of this are the continuous smallness of the enterprises despite at least 5 years of operation, hardly maintaining records much more making business plans. These entrepreneurs have been using the same production process, technology and product design through the years. They may also be called "craftsmen entrepreneurs" characterized by limited cultural background and social involvement.

Without question, NIDFO's objective is to make them informed entrepreneurs (next stage) through training and development. The conduct of the Entrepreneurship Induction Course and the succeeding Basic Business Management Programme are efforts in this direction. When such entrepreneurs have achieved business stability (survival) then they may be ready for expansion (growth). The opportunistic entrepreneur starts manifesting itself as a result of broader knowledge and social involvement. They will then develop a more aggressive approach to long range development and business expansion.

The third level, the sophisticated entrepreneur, slowly manifests which will now call for a higher level of training and development involving strategic planning and programming, and the accompanying policy formulation and implementation. To a certain extent, the sophisticated entrepreneur may be a remote stage for NIDFO's attention in the near future.

Much less, the transformation of presently targeted entrepreneurs into the mathematically advised entrepreneur will still be far off in the horizon, and may no longer be within the scope of NIDFO concern. The mathematically advised entrepreneur is one who gets involved in corporate-entrepreneurship strategies that deal in opportunistic financial arbitrage, acquisitions, mergers, etc. that are practiced in mature organizations. Decision making process is highly quantitative in approach with the use of computerized systems.

It is presumed that NIDFO perceives the need for an accompanying development of human resources through staff training and development to anticipate the demands of transforming the rule-of-thumb entrepreneur to an informal one. This alone is a gigantic task considering the basic characteristics of the target small-scale industry entrepreneur.

Financing resources to be delivered by NIDFO are not enough to achieve entrepreneur transformation. There are substantial infrastructure and further enhancement of entrepreneurial climate that will be required.

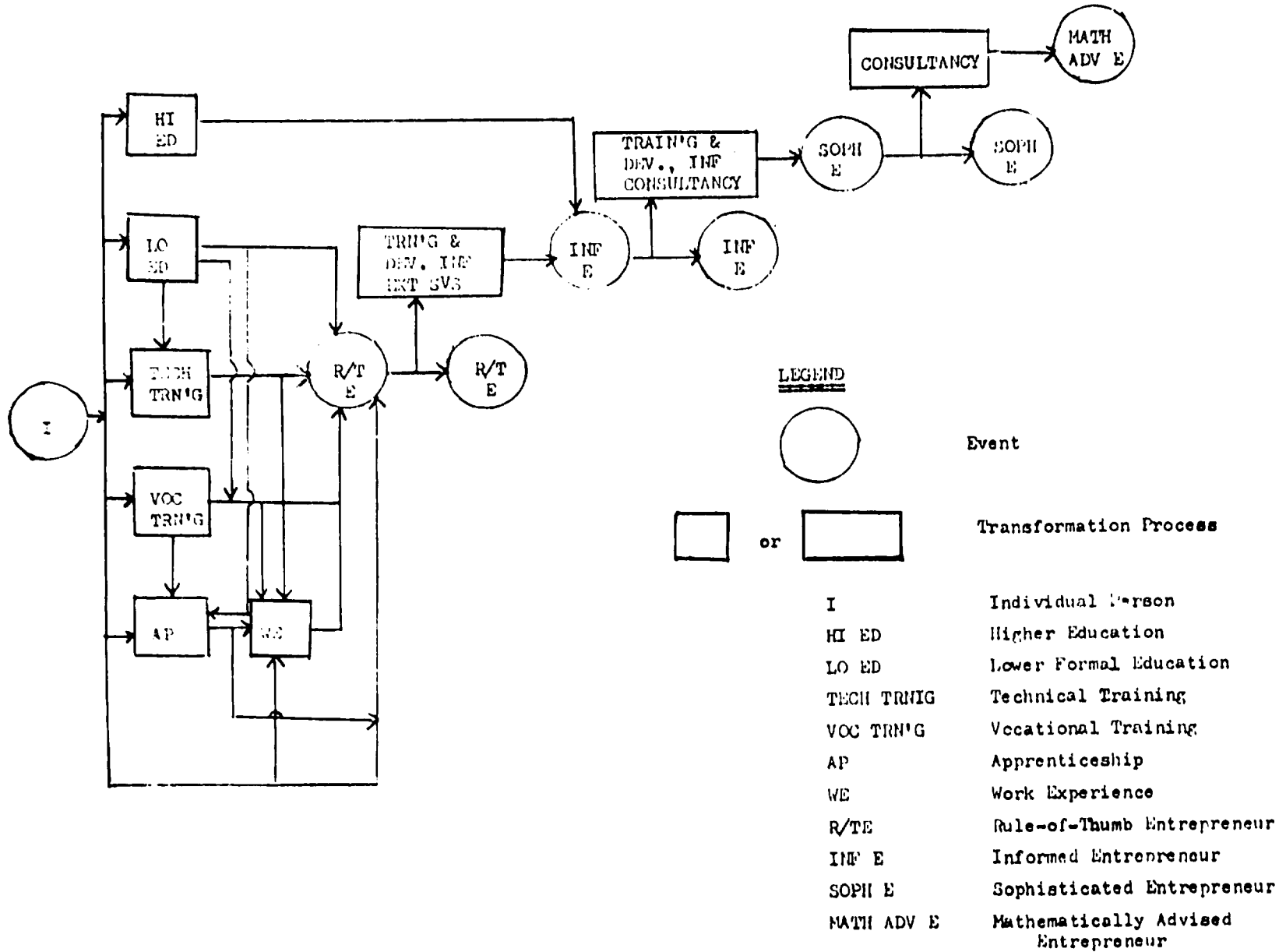
It is suggested that the Entrepreneurship Induction Course as modified, the Basic Business Management Programme and the Skills Training Programme be conducted further with progressive modification and strengthening, as is being done, before new programmes are introduced.

V. ENTREPRENEURIAL EVENT FORMATION

Borrowing the terminology from Albert Shapero, the "entrepreneurial event" in Sierra Leone, as perceived from the NIDFO entrepreneur files and interviews of some entrepreneurs, follow some interesting channels of formation (Figure 2).

FIG. 2 - ENTREPRENEURIAL EVENT FORMATION FLOW CHART

FIG.2 - ENTREPRENEURIAL EVENT FORMATION FLOW CHART



The entrepreneurs in the country is an individual whose initial transformation comes from apprenticeship, work experience, vocational training, technical training, lower formal education, higher education or no education at all. The initial assumption was that those with higher education may not approach NIDFO for assistance. NIDFO staff, however, feels that some of them with no business education or experience, may still go through the NIDFO EDP.

NIDFO officers and staff are the transformation agents that will effect the upgrading of the rule-of-thumb entrepreneurs into informed entrepreneurs. Further upgradation to higher levels, if intended eventually, must be premised on resource elaboration and careful programming.

The flow chart implies that stagnancy of the entrepreneur at any stage will be due to the absence or lack of transformation interventions. Hence, NIDFO plays a critical role in the development of present day small-scale industry entrepreneurs.

The entrepreneurial event formation charted may be supported by life path changes, as revealed by entrepreneur interviews as well as NIDFO files. Some of the cited life path changes that led to entrepreneurial endeavours are:

- Negative Displacements:
 - : Laid off from employment
 - : Employer company shut-down
 - : Bored with nothing to do.

- Positive Pull:

- : From friends
- : From partners
- : From teachers
- : From family.

Enterprise formation result from perceptions of feasibility from available financial resources and demonstration effect of other entrepreneurs.

VI. ENTREPRENEURSHIP STRUCTURE IN SIERRA LEONE

From the foregoing discussions the entrepreneurship structure as found in Sierra Leone appears in Figure 3. This module depicts the process of entrepreneurship in the country and calls attention to the differences between entrepreneurial environments in the industrialized world and Sierra Leone. Entrepreneurs in the country face not only the problems of entrepreneurs in advanced countries but also problems created by a highly traditional background. The entrepreneurial process is hampered by a conflict between the old and new. Technology transfer may be the main concern of local entrepreneurs and is viewed as more than mere imitation of the industrialized world. Adaptation has to take place under conditions of imperfect knowledge and markets.

Viewing the entrepreneur as the agents of change in every society their enigmatic characteristics are given weight in economic development. The primary concern, therefore, in entrepreneurship development is to find an answer to the question of why particular individuals are achievement oriented and prepared to take risks.

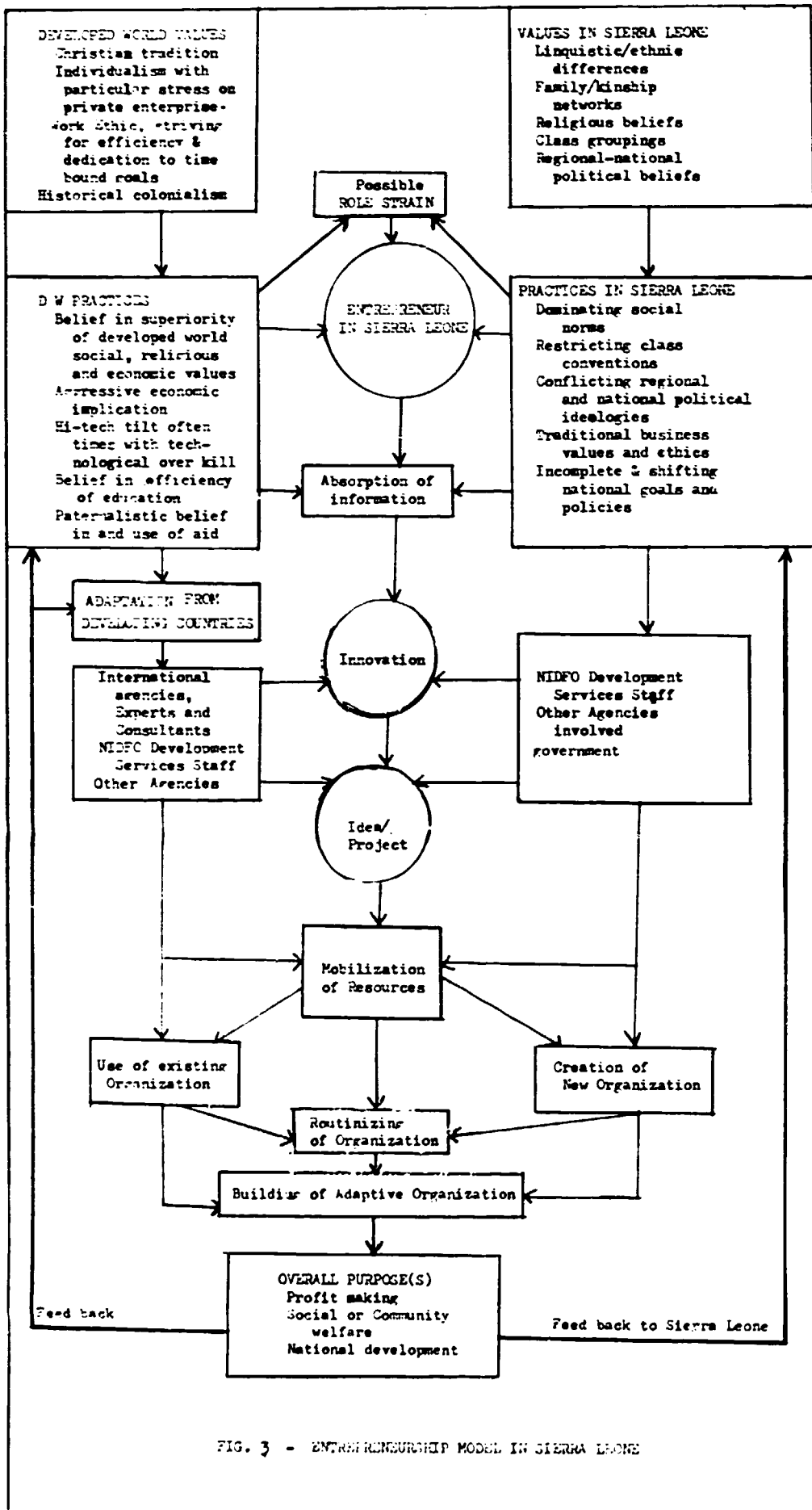


FIG. 3 - ENTREPRENEURSHIP MODEL IN SIERRA LEONE

The entrepreneurship model presented herein provide the framework and guideline to continuing investigation of such factors that will strengthen the role of the entrepreneur in filling the gap between levels of industrialization. Analyzing the entrepreneur's behaviour in the particular concept of values and practices in the country will enhance entrepreneurship development efforts towards targeted objectives and purposes of profit generation, social or community welfare and eventual national development.

The Sierra Leonean entrepreneur is influenced by the values and practices in the developed world as brought in by foreigners and as acquired by nationals who go for foreign education. In many instances the gap between the situation in the developed world and that in the country is too wide to breach. Intermediate ideas become more appropriate and are brought into the country by consultants and experts coming from the developing countries which have adapted approaches and technologies that provide the interim stage.

The absorption of information tempered by modified values and practices leads to innovation which generates project ideas.

When the project idea has been concretized resources are mobilized to build an appropriate entrepreneurial unit or organization that will achieve the purposes of profit-making and subsequent contribution to social welfare and national development. This means that entrepreneurship does not end with the project idea. Long-term success relies on the proper and dynamic enterprise unit organization that continuously adapt to environmental changes.

The achievement of objectives and purposes and the accompanying environmental influences when fed back to the entrepreneurship process, provides a continuing flow of information to allow for further adaptation

as changes come in. NIDFO then has to get involved in research aspects to continuously generate information for entrepreneurship development.

VII. CONCLUSIONS

Entrepreneurship in Sierra Leone is in a dormant or feeble stage, which needs much attention for development. It is perceived more as a means of livelihood rather than as a force for economic development.

The recognition of the behavioural aspect of entrepreneurship has not completely caught on with government planners and development agencies.

Entrepreneurship development is in its infancy, although the need for it pervades among development institutions, including NIDFO, and the academe. There is, however, much groping going on for the right approach and methodology to suit the country's needs and circumstances. As it is, NIDFO is ahead in recognizing the role of entrepreneurship in small-scale industry development.

VIII. RECOMMENDATIONS

There is a need for NIDFO to strengthen its entrepreneurship development programme with emphasis on the transformation of behavioural patterns of target entrepreneur beneficiaries. Such strengthening includes continuing research on approaches that would suit the entrepreneurial milieu obtaining in the country which is characterized by weak motivation as influenced by the dearth of information, very low educational levels and weakness of support infrastructure.

Being the forerunner in entrepreneurship development in Sierra Leone, NIDFO can spearhead the agitation for awareness of the values of entrepreneurship through well thought of programmes.

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