

CIBER Research Award

Working Paper

Novel approach to assisting U.S. competitiveness:

Testing personal initiative training as a way to assist marginalized entrepreneurs

Alexander Glosenberg

Loyola Marymount University

Abstract

Emerging economies represent the fastest growing economies and populations in the world today. To sell products and services to emerging economies, established U.S. businesses often need or want to partner with entrepreneurs in emerging economies. Personal initiative (PI) training represents a promising approach to facilitate the success of marginalized entrepreneurs in emerging economies. To test the viability of a tool to enhance effective engagement with underdog entrepreneurs who are influenced both by U.S. economic and cultural standards and the realities of emerging economies, we explored the deployment of PI training in the U.S. among refugee populations. We accomplished this via a train-the-trainer model and a pilot training with refugee nascent entrepreneurs. Our results indicated potential success for PI training to be undertaken with underdog entrepreneurs interfacing with the business and economic realities of both the U.S. and emerging economies. We discuss important considerations in the development of tools to simultaneously assist U.S. economic competitiveness and the success of underdog entrepreneurs.

Introduction

Many global corporations expand their operations internationally by seeking franchisees, licensed distributors, and foreign partners in their value chain. As an illustration of this, consider the top four franchise firms in the world according to Enterprise magazine (2019): KFC, McDonalds, Pizza Hut, and 7-Eleven. All four are U.S. enterprises and each over the past several years have experienced greater franchise growth abroad rather than in the U.S. Because of global economic trends, the tendency for such franchise growth to be concentrated in lower-income countries and emerging economies is greater than ever. Indeed, according to the International Monetary Fund (2019), the economic development of emerging markets and developing economies was 4.4 percent whereas it was 1.8 in advanced economies. Thus, via both franchise growth and other means (e.g., use of licensed distributors and foreign value-chain partners), U.S. global competitiveness rests at least in part on the extent to which U.S. enterprises can effectively engage with entrepreneurs in emerging economies.

U.S. corporations' effective engagement with entrepreneurs in emerging economies will require dealing with at least two complexities: working across economic systems and working with marginalized populations. As detailed in the Global Entrepreneurship Monitor report of 2015/16, many lower-income countries are characterized by factor-based and efficiency-based economies as opposed to innovation-based economies. Moreover, entrepreneurs including women, people from marginalized ethnicities, and those from lower-income communities face different psychological obstacles than other entrepreneurs (e.g., Shahriar & Shepherd, 2019). A promising approach to assisting entrepreneurs from marginalized backgrounds that deals with entrepreneur's psychological dynamics is personal initiative (PI) training (Frese, Gielnik, &

Mensmann, 2016). This approach emphasizes the development of an entrepreneurial mindset characterized by proactivity, innovativeness, and resilience.

While PI training has been tested in emerging economies (Campos et al., 2017) and higher-income nations (Frese, Hass, Friedrich, 2016), its efficacy with individuals interfacing with both of these situations is not well established. It is plausible that PI training might operate differently in higher-income countries than in lower-income countries because entrepreneurship in higher-income countries is largely based on innovation whereas entrepreneurship in lower-income countries is largely based on factor-related production and increases in firm efficiency (Global Entrepreneurship Monitor, 2016). In addition, entrepreneurship carried out across levels of socioeconomic development involves different firm strategies and individual-level assumptions and behaviors (Dencker et al., 2021). The above reasoning leads to a research question:

Research Question: What is the potential and the potential complications of administering PI training to marginalized entrepreneurs at the interface of innovation based and non-innovation based economic systems?

Method

As a way to understanding the application of PI training with entrepreneurs at the interface of emerging and established economic systems, PI training was deployed with North Korean refugee entrepreneurs (NKREs) located in several U.S. states including one of the most impoverished states in the country. Because of the time spent in, and continued connections with (e.g., family members, business networks, etc.), the largely factor- and efficiency-based economy of the Democratic People's Republic of North Korea, and their current residence in the United States (an innovation-based economy), these NKREs provided a sampling of a population

experiencing the sort of dynamics under investigation. To effectively deploy PI training, a train-the-trainer model (TTT) imitated from the example of Professor Michael Frese, the primary progenitor of PI training, was applied. The TTT was carried out with a non-relevant sample, undergraduate students, but provided an opportunity for a subject matter expert (SME) on NKRE to be familiarized with the training approach. The training was overseen by the author who is a PI Master Trainer capable of training other trainers. Altogether, the TTT involved approximately 36 hours of instruction and 8 hours of trainer preparation time.

Following the TTT, two trainings with NKREs were arranged to be held by the SME, the author, and at times a third trainer, and professor of entrepreneurship, proficient in Korean. Altogether, nine nascent entrepreneurs or existing entrepreneurs were recruited for training. Prior to training a pre-interview was conducted that assessed demographic characteristics (including personal refugee histories), personal attitudes toward entrepreneurship, and any pre-existing business behaviors. Following training, a follow-up interview was conducted assessing the same concepts. Interviews were conducted in Korean with the SME translating for the author who kept detailed notes.

A total of three participants – all men, withdrew from training prior to its completion. Two of these men attended the first session. All three men knew and regularly communicated with one another. All other training participants were women who tended to be younger in age. Participants varied in age from over 50 years to under 30 years. Altogether, six women NKRE entrepreneurs went through approximately 18 hours of training time spread across multiple weeks. During the course of training, detailed notes were kept on critical incidents and reflections for later analysis. Training and post-training interviews were completed by October, 2020.

Results

Insights from pre- and post-training interviews and training itself are consolidated here by topical theme using a grounded theory approach that involved the iterative comparison of data with existing research to develop a thematic organization.

Reaction to training method

Some participants seem to have expected, and desired, a more passive approach to training wherein they are given insights instead of generating them themselves – as is required by PI training. One participant was quoted “can’t you just tell me what to do?” At the same time, as training progressed, some participants appreciated the broad framework of the training as a useful and widely applicable “set of steps” to follow in order to pursue their ideas and plans and to more generally “organize their thoughts.” Participants also appreciated the challenging nature of the training, one participant commented: "I think I really liked the challenge – he kept pushing me for detailed questions, which made me think. He kept asking why, how, when, and what. It was pretty tough but I still found everything to be helpful."

Engagement with entrepreneurial skills

Some participants had difficulty generating new ideas or breaking from existing plans. One exercise in PI training asked participants to consider “silly” or “funny” business ideas – something that nearly all participants were uncomfortable with and/or struggled with. Other participants emphasized that they were relatively risk-resistant in their new country settings because they respected that their new country was “a nation of laws.” A great deal of traction was gained with trainees by discussing the ways in which their refugee experiences were already forms of entrepreneurship and then brainstorming ways in which such experiences could be better leveraged for entrepreneurial business success.

Training efficacy

Participants reported a greater appreciation of the importance of, and self-efficacy in the setting of specific and challenging goals, not resting in the status quo, trying new and challenging things, of being proactive in their pursuit of goals through early action, and of developing specific albeit tentative plans for goal implementation. One participant opined “I think I have what it takes to run a business” following her initial reticence. Another participant identified her ability and desire to successfully execute “simple but good” ideas. While others self-identified a greater acceptance of innovation, “I always just thoughts about how to copy or follow what others have already done, but now I realize that there are many different ways to do things” and a greater realization of her an ability to “lift myself up beyond my situation.”

Discussion

Altogether the present study helped to shed greater light on if and how PI training might be deployed to assist marginalized entrepreneurs at the interface of emerging and established economies. Such engagement is an important way for U.S. corporations to promote their global economic competitiveness. While the training was overall received well, and appears to have further developed participants’ entrepreneurial mindsets in a way that better empowers them to become effective entrepreneurial agents, this research highlighted important consideration for future policy and training tools. We briefly discuss these considerations but emphasize that more research is needed before making tangible changes to policy and practice. First, interventions to assist marginalized entrepreneurs should acknowledge past difficulties of entrepreneurs (e.g., refugee experiences or other instances of insecurity and extreme hardship) and should utilize entrepreneurs’ existing skills at resilience, innovation, and proactivity as a base to build upon throughout the training. Second, interventions to assist marginalized entrepreneurs should

acknowledge the dual environments that entrepreneurs might exist within, or have past through – that is, environments where innovation is both prized and valued and environments where innovation is dangerous, taboo, or relatively more difficult. Entrepreneurs should be given time and space to engage with the concept of entrepreneurship and an understanding of, and a normative value for, innovation as a concept and process should not be taken for granted. Third, the issue of face and cultural norms that might constrict interaction among entrepreneurs from similar or different backgrounds should be carefully considered. In the present case, such factors related to gender and age as older men appeared unwilling to engage and/or uncomfortable engaging with younger women possibly for deeply held cultural reasons. Fourth, future interventions should not adopt a didactic approach to education/training and should instead rely upon a strengths- and interactive approach to training that allows participants to gain a sense of ownership over their own skill development.

Limitations and Future Research

While rich in its deep and sustained engagement with training participants, the present study was limited in that it considered a limited number of participants from a very particular background, was exclusively qualitative in nature, and did not include a control condition. Future research should be conducted that builds on the above insights by integrating them into a revised version of PI training especially designed for marginalized entrepreneurs interfacing with emerging and emerged contexts. Moreover this intervention should then be deployed using a randomized controlled trial methodology and compared against both a control condition and traditional PI training. Furthermore, for optimum benefit to U.S. corporations, future research should integrate an intervention inside of such a company's innovation and/or corporate social responsibility program to detect unique obstacles and challenges in deployment under the

constraints created by such a company's engagement with a marginalized population. During the course of such an engagement, close oversight by independent researchers and/or an independent agency should be undertaken to ensure that this effort abides by principles of ethical corporate engagement in such situations (Glosenberg et al., 2019).

Contributions to U.S. Competitiveness

The findings of the current project contributes meaningfully to the global competitiveness of U.S. businesses. Emerging economies represent the fastest growing economies and populations in the world today. Marginalized entrepreneurs frequently reside in or have emigrated from emerging economies. To sell products and services to emerging economies, established U.S. businesses often need or want to partner with small business entrepreneurs to facilitate sales of their products, distribution of their products, or effective marketing in local communities. U.S. businesses now have a tool in the training developed as part of this grant to quickly yet effectively facilitate the entrepreneurial empowerment of those entrepreneurs. In addition, many U.S. businesses that are hoping to stay globally competitive need to better engage with and/or support diverse populations that exist both inside and outside of the U.S. Through either strategic partnership or manifestations of corporate social responsibility, U.S. businesses can use the insights and tools from this study to benefit marginalized entrepreneurs in those diverse populations.

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