

Chapter 4. Evaluation, management and entrepreneurship

4.1 Introduction

To move from the economic development emphasis of Chapter 3 to the management and entrepreneurship emphasis of Chapter 4, Wickham (2001:6) provides a useful linkage by acknowledging: "Economists have long recognised the importance of the entrepreneur." Even in this discipline, known for its rigour, the entrepreneur remains an illusive beast. Entrepreneurs are however more interested in the growth and development of their own enterprises, and according to Crijns (2002), in entrepreneurship stable growth means: "Growing step by step, without heart attacks." The development of Public Private Partnerships (PPPs) to handle huge projects brought the public and private sectors together as partners in development. After the World Summit on Sustainable Development (WSSD) the acronym PPP also became People, Planet and Prosperity (World Bank 2002f).

Evaluation is also crucial for management and entrepreneurship as its aim is formulated by IPDET (2002:m1p18): "to determine the relevance of the objectives, efficiency, effectiveness, impact and sustainability so as to incorporate lessons learned into the decision-making process." Ramsden (2001:1) warns that the following phrase is outdated and dangerous: "The role of well run companies is to make profits, not save the planet." Eloff (2001:2) agrees that companies are increasingly required to be "good corporate citizens with emphasis on corporate social investment and responsibility."

For many decades Research and Development (R&D) were the affection of many organisations. Similarly Evaluation and Development (E&D) need to become an important buzzword in development. This should not be too difficult as evaluations are necessary to maximise development outcomes and impacts for all inhabitants, while accountable entrepreneurship and responsive management also aim to maximise development outcomes, impacts and the well being of people.

Evaluation thoughts may change the way managers and entrepreneurs think. According to Dollinger (1999:69) changes are not always negative as he describes "change as the most important thing to notice about the business environment" and for Wickham (2001: 211) there is always the potential to create new value. This chapter will point out how evaluation can bring 'new value' to management and entrepreneurship.

According to IPDET (2002:m2p5) Government officials; Parliament; Programme managers and staff; Citizens; Businesses; NGOs; Civil society; Donors; and Participants should use and benefit from evaluation. The International Development Evaluation Association, IDEAS (2003:3) newsletter explored the demands for accountability among the leadership of African countries and stressed that qualitative evaluative criteria are essential. For Shay (2001:1) "Accountability is at the heart of NGO's credibility and ability to function, ...trust and credibility are two of the foundations for any organisation to be effective."

This chapter will propagate the use of evaluation concepts and constructs in management and entrepreneurship, and explain why managers and entrepreneurs should take note of evaluation as science and as enterprise.

4.2 Entrepreneurial versus managerial concepts

Wickham (2001:5) takes three broad approaches when dealing with entrepreneurship. The first defines the entrepreneur as a manager undertaking particular tasks. The second regards the entrepreneur in economic terms and concentrates on the function they have in facilitating economic processes. The third regards the entrepreneur in psychological terms as an individual with a particular personality.

Although the entrepreneur is usually associated with the management of a business, there is a difference between the entrepreneur and the business manager according to van Aardt, (2000:7) in that: "Entrepreneurs, by definition, conceive of, gather the sources for, organize, and run private businesses. They tend to be risk takers who are strongly motivated to achieve their goals, including profits. Management, by contrast, involves organizing and running all kinds of organizations, but is usually not concerned with conceiving or owning them. Managers, therefore, are high-level employees who identify more closely with other employees than with the owners."

The vast majority of organisations offer a role for a single, most senior manager, according to Wickham (2001:12). Businesses often use the term the *managing director* or *president*. Generically, the role is referred to as the *chief executive officer* (CEO) while all organisations have a chief executive officer of some description, "not all are led by someone we would recognise as an entrepreneur."

An entrepreneur is defined by Van Vuuren & Nieman (1999) as "A person who sees an opportunity in the market, gathers resources and creates and grows a business

venture to satisfy these needs. He/she takes the risk of the venture and is rewarded with profit if it succeeds." An entrepreneurial venture/mindset is defined by Van Vuuren & Nieman (1999) as "one that constantly seeks growth, innovation and has strategic objectives."

On a lighter note Wickham (2001:6) compares the many definitions of an entrepreneur with a character in Milne's Winnie-the-Pooh, described as: "...a rather large important animal. He has been hunted by many individuals using various trapping devices, but no one so far has succeeded in capturing him. All who claims to have caught sight of him report that that he is enormous, but disagree on his particulars."

According to Mayne (1999:8) governments are trying to create good managers in the public service by trying to turn their public servants into managers rather than administrators, adopting many characteristics and values from the private sector. The term "manager" is used here to identify a management style that expects and encourages individuals to use the resources and authorities entrusted to them to innovatively achieve agreed upon results. The term "Administrators" is used to describe a management style that is more concerned about following proper procedures, that does not encourage innovation, and rewards caution.

Wickham (2001:6) defines *Entrepreneurship* as what the entrepreneur does. *Entrepreneurial* is an adjective describing how the entrepreneur undertakes what he or she does. The *Entrepreneurial process* in which the entrepreneur engages is the means through which new value is created as a result of the project: the *entrepreneurial venture*.

4.3 Similarities between evaluation and entrepreneurial concepts

According to Crijns (2002), Cantillon (1755) already defined an entrepreneur in 1755 as: "An entrepreneur is someone who exercises business '*judgement*' in the face of uncertainty" From Jennings (1994: 28-29,63,65,147); Dollinger (1999:4), Hisrich & Peters (1998:9) and Wickham (2001:26-29) the following definition of an entrepreneur is developed: An entrepreneur is someone, who in the face of uncertainty, exercises business '*judgement*' in perceiving an idea, based on a need or gap in the market, transforming it into a business opportunity, creating an organisation with strategic goals to pursue it and to make a profit, using leadership skills. The entrepreneur innovates through new combinations to create new value in terms of service,

products or processes, thus promoting economic growth, with moderate risk-taking and through co-ordination of productive resources.

The definition of evaluation that integrates entrepreneurial endeavours is the one of Bastoe (2000:117) who defines evaluation as "careful retrospective assessment of the merit, worth, and value of administration, output, and outcome of interventions, which is intended to play a role in future, practical action situations". For Patton (1997:23) evaluators make '*judgements*' and inform decision-makers about the future.

From the above concepts, for both Evaluation and Entrepreneurship "Judgement" and "Value" are thus of crucial importance.

4.4 Entrepreneurship creating economic growth and development

Timmons (1999:4) finds it amazing that over 95% the economic wealth in America today has been created by the E-Generation of revolutionaries since 1980 and one of every three households includes someone who has had a primary role in a new emerging business.

Van Aardt (2000:3) noted that society is the social and physical context in which people establish or acquire businesses. Entrepreneurship is important for societies to generate economic growth and ensure economic and socio-economic development. In this regard, Van Aardt (2000:3) quoted Porter (1990) who noted in his book, '*The competitive advantage of nations*', that "entrepreneurship is at the heart of economic advantage." This means that a large pool of entrepreneurs is required to benefit a society by increasing the size of the economic pie.

Timmons (1999:4) describes entrepreneurship as "America's Secret Economic weapon" and presents examples of how Apple Computer, Lotus Development Corporation, Dell Computer, Gateway 2000, Microsoft, and others caused disarray for the giant IBM. IBM's staff size shrank by nearly half and its stock plummeted. Timmons (1999:4) noted that IBM had become a "victim of the entrepreneurial revolution."

4.5 Evaluation of development projects versus SMME endeavours

Evaluators mostly evaluate projects. According to the Norwegian aid organisation NORAD, (1990:10) the concept "project" is often used to signify "all types of development interventions" such as entrepreneurial endeavours, business ventures, projects, programmes, studies, etc. For developers a "project is a discrete package of investments, policies, institutional and other actions designed to achieve specific

development objectives within a designed period" (Odwedo 2000:81). Entrepreneurs in the construction sector are involved in projects that are subject to all kinds of evaluation.

According to Wickham (2001:5) the word "entrepreneur" is widely used, both in everyday conversation and as a technical term in management and economics. Its origin lies in seventeenth-century France, where an entrepreneur was an individual commissioned to undertake a particular commercial project.

"Entrepreneurship is the dynamic process of creating incremental wealth", according to Hisrich (1998:9). The wealth is created by individuals who assume the major risks in terms of equity, time, and career commitment or provide value for some product or service. The product or service may or may not be new or unique but the entrepreneur must somehow infuse value by receiving and locating the necessary skills and resources (Hisrich, 1998:9).

In a world of shrinking investment and aid flows, there is a heightened emphasis on "securing value-for-money from the aid dollar." This is closely related to the growing "twin pressures for debt relief and for accountability" (Mackay 2000:43). Entrepreneurs need to learn how to plan for, how to survive during and how to prosper after evaluations as it is not a question 'if' the evaluation will take place, but '*when, how and how many?*' "The issue of evaluation, then, is not *whether*...but rather *how* it will be evaluated" (De Vos 2000:365). "The question is no longer, *can* we do evaluations, but rather, why aren't *more* of them done?" agrees Bastoe (2000:117). For Patton (2002:187) "evaluation focuses on *helping people learn to think and reason evaluatively*." Evaluative reasoning is thus crucial for projects as well as business endeavours to survive in a competitive environment.

4.6 The role of evaluators in entrepreneurship and management

According to IPDET (2002:12-1) "development and development evaluation is becoming a pluralistic enterprise." Sanders (2002:257) asks the questions: "How many publishers rush to market with untested curricula? How many manufacturers only test their products out of fear of litigation? If it weren't for the FDA, how many pharmaceuticals would hit the market without adequate testing? Or spot checks of meat packers by the USDA?.. How many of our civil right would be in jeopardy if it weren't for the ACLU or NAACP?"

Evaluators might find it easier to work with entrepreneurs than with managers. The following distinction that Wickham (2001:9) makes between a manager and entrepreneur reinforce this statement: "A more meaningful, though less precise, idea is that the entrepreneur *makes major changes in their organisational world*. Making a major change is a broad notion, but it goes beyond merely founding the organisation, and it differentiates the entrepreneur from managers who manage within existing organisational structures or make only minor or incremental changes to them."

Todaro (2000:13) however warns that the interdependent relationships between economic and non-economic factors, as factors "vary widely from one region of the world to another and from one cultural society to another." Longenecker (2003:525) takes a similar view saying that a relativist ethical approach is not necessarily ethical! E.g. look what everyone else is doing - "when in Rome do as the Romans do!" On the other hand Longenecker (2003:533) advises that cultural differences complicate ethical decision-making especially in global trade. In African cultures it is not regarded as bribery but rather as custom or a gesture of goodwill to present the chief with a gift.

Evaluators have much in common with entrepreneurs regarding their standing in society. Hisrich (1998:9) mentions that to one businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman the same entrepreneur may be an ally, a source of supply, a customer, someone who creates wealth for others as well, who finds better ways to utilize resources, and reduce waste, and who produces jobs other are glad to get.

Evaluators also learned a lot from management concepts. According to Worthen (1997:103) the management-oriented approach has guided programme managers through programme planning, operation, review and evaluation.

4.7 Evaluation and knowledge management

For IPDET (2002:m1p12) the development environment has evolved from "Conditionality to Knowledge Management and Participation." Knowledge about evaluation has also grown impressively in the last quarter century according to Worthen (1997:510). For Dollinger (1999:69) there are seven sources of opportunity to look for in the micro-environment, namely "the unexpected, the incongruous, the process need, industry and market structures, demographics, changes in perception and new knowledge."

Makhubela (2001:1) states "Integral to Research and Knowledge Management is preparedness to learn. It is about leveraging government departments to efficacy, efficiency, and better service delivery. Measuring impact is therefore about learning from our clients what we are doing wrong and how to get it right." Knowledge Management draws extensively from the intellectual capital theorists on how to measure impact on the intangible assets of organisations such as people skills and knowledge and the management of these assets, concludes Makhubela (2001:1).

To illustrate this rapid growth in knowledge Eloff (2001:1) notes that more information was produced in the 30 years between 1965 and 1995 than was produced in the 5000 years between 3000BC and 1965. The rate of change is increasing, tremendously causing knowledge to degrade very rapidly and reducing the life span of technical information. For example, it took the pager 41 years to reach 10 million users, the fax machine 22 years, the VCR 9 years and the internet a mere 10 months according to Eloff (2001:1).

At one extreme, thinking is impossible without some information and knowledge on the subject. At the other extreme perfect information would make things unnecessary. In between these two extremes both thinking and information are required, according to Couger (1995:135). Evaluation findings and lessons learned are valuable knowledge assets to an organisation.

Sveiby (2001) notes that it is probably still correct to regard Intellectual Capital (IC) and Knowledge Management (KM) as twins - two branches of the same tree. According to Sveiby (2001) it is Tom Stewart who in his June 1991 article *Brain Power - How Intellectual Capital Is Becoming America's Most Valuable Asset*, brings IC firmly on to the management agenda. He defines IC in his article as: the sum of everything everybody in your company knows that gives you a competitive edge in the market place. In Sweden terms such as a "Community of Practice" in measuring "Knowledge Capital" and "Intangible Assets" was born in 1988 out of the Swedish language work of Sveiby (2001). Individual competence is people's ability to act in various situations. It includes skill, education, experience, values and social skills. Competence cannot be owned by anyone or anything but the person who possesses them, because when all is said and done employees are voluntary members of the organization.

According to Sveiby (2001) it is clearly to the advantage of the knowledge firm to transform the innovations produced by its human resource into intellectual assets, to

which the firm can assert rights of ownership. One major task of IC managers is to transform human resource into intellectual assets. For Sveiby (2001) sentences such as " 'people are our most important resource,' repeated by tired CEOs with no imagination" in Annual Reports are words only. According to Sveiby (2001) it is better to help managers learn how to create value from knowledge. E.g. Chevron has created a "best practice" database. It captures experience of drilling conditions and innovative solutions to problems on site in a database for sharing globally with other sites. Hewlett-Packard (HP), famous for its overall culture of collaboration, which encourages knowledge sharing and risk taking on all levels, HP even supports people who try out things that don't work.

Eloff (2001:1) describes the new economy as a knowledge and idea-based economy where the keys to job creation and higher standards of living are innovative ideas and technology that are embedded in services, products and manufacturing processes. In this economy risk, uncertainty, dynamism and constant change have become the norm.

Knowledge management should also be an integral part of corporate entrepreneurship (or intrapreneurship). Corporate entrepreneurship (CE) is described by Barrett et al (2000) as the ability to simulate the attributes of the smaller entrepreneurial firm in the larger, more mature organization. Larger firms have greater and more varied resources than small businesses, and they have more aggregate knowledge. Evaluating and managing this knowledge in an entrepreneurial way can ensure businesses a competitive advantage.

4.8 Evaluation and management of change

Dollinger (1999:69) describes change as the most important thing to notice about the business environment. Changes in business environment offer opportunities for entrepreneurs. Existing firms have their resources, strategy and organisation structure geared for the past of current micro-environment. When a change occurs, it is frequently easier for the new firm to spot the change and configure a set of resources and an organisation to meet the new needs and the new realities.

Persaud (2001:2) states that when business is faced with "impoverished customers, degraded environments, failing political systems, and unravelling societies, it will be increasingly difficult for corporations to do business."

E.g. the construct of intrapreneurship brings change to conventional management thought. Russell (1999) in his model conceptualizes corporate entrepreneuring as a set of behavioural changes at the organizational level. The changing behaviours include degree of top management risk taking, the frequency of product innovation, and the firm's propensity to "proactively compete with industry rivals." These behavioural changes and tendencies are encapsulated within a variable that the authors call "entrepreneurial posture." Entrepreneurial posture is considered to influence firm performance directly and to be influenced by environment, the business and mission strategies of the firm, and organizational variables such as resources and competencies, structure, culture, and top management values.

For Eloff (2001:1) the past decade was characterised by unprecedented change. For example, "the world entered the 1990's with the use of the Internet and ended the 1990's with almost one billion people communicating and conducting business on the Internet." A changing and dynamic context also requires transformational leadership. It calls for people who understand the need for change, are able to clearly articulate a vision, are focused, develop systematic plans and structures for participation and constantly reinforce an organisational culture. "These leaders must have passion and energy, people skills, be decisive, assertive and, importantly, entrepreneurial" (Eloff 2001:3).

Entrepreneurs can in many cases act faster on change than managers that sometime need to deal with more red tape. Wickham (2001:12) admits that while the entrepreneurs *may* be chief executive officer, the chief executive officer is not *necessarily* an entrepreneur. Clearly, both roles present considerable management challenges. Both demand vision, and ability to develop strategic insights and provide leadership.

The events of September 11 2001 will test the foundations of corporate responsibility, accountability and evaluation. Zadek (2002:4) suggests: "Bites of what many of us have worked to create over the last decade will undoubtedly fail the test, revealed at best as being marginal significance and at worst as part of the problem. But the shake-out in the field will strengthen the resolve of those who are serious about business making a real contribution, and encourage them..." AccountAbility (2001b) states that effective corporate governance is about evaluating change and leadership, leadership for efficiency, for probity and for responsibility. Leadership, should be both transparent and accountable.

4.9 The new evaluation world of an entrepreneur and manager

In their Empowerment Construction Model (*IDC Public Works Contractor's Facility*) the Industrial Development Corporation (Ntloko 2002) distinguishes between "Traditional, Empowerment and Accountability" phases in entrepreneurship and empowerment. Taking this model into account, the traditional entrepreneurship phase (past) included big business, profits, shareholders, management, finances, contracts, corporations, inputs and outputs. The empowerment phase (current) includes SMMEs becoming big news, enabling, affirmative action, black economic empowerment, gender empowerment, AA legislation, procurement, processes, inputs and outputs. The entrepreneurial evaluation phase (future) will include accountability, responsibility, corporate cultures, environment, sustainability, outcomes and impact.

Figure 4.1: Traditional, current and future entrepreneurship realities

Traditional Entrepreneurs (Traditional)	Entrepreneurial Empowerment (Current)	Entrepreneurial Evaluation (Future)
Big business = (Anton Ruperts)	SMMEs = Big News	Affirmative action questioned
Profits	SMME Enabling	AccountAbility (AA)
Shareholders	Affirmative Action (AA)	Responsibility
Management	BEE	Corporate culture
Finances	Gender empowerment	Environment
Contracts	AA Legislation	Sustainability
Corporations	Procurement	Outcomes+impact
Inputs+Outputs	Inputs+Outputs	

Developed from Ntloko 2002.

4.10 Why are managers reluctant to do evaluations?

Evaluation principles and accountability should not be regarded as new according to Shay (2001:2) because business "are already committed to forms of accountability (annual audited statements, ISO standards, good management practices, Board meetings, industry standards or accreditation, etc.)"

Bamberger 2002:4) presents a few reasons why institutions and managers are reluctant to do evaluations:

- no attention was paid to evaluation until the endeavour or programme was well advanced;

- there is no systematically collected base-line data;
- no definition of a control group;
- the objectives of the endeavour may not have been clearly defined;
- only a very modest budget has been allocated for evaluation studies;
- the project is nearing completion so that there is considerable time-pressure to complete the evaluation making it difficult to collect longitudinal data;
- little secondary data has been collected; and
- there is only a limited pool of local evaluation expertise (Bamberger 2002:4).

Although evaluation concepts are important for both managers and entrepreneurs, the entrepreneur might be in a pro-active position to pick up and run with the benefits of evaluation. The manager's stance might be reactive, in order to be in line with the prescriptions of evaluation and the directions of non-financial accountability. This is in line with Wickham (2001:6) who noted: "The difficulty lies not so much in giving entrepreneurs a role, but in giving them a role that is distinct from that of 'conventional' employed managers."

Many managers, most of whom would not be called entrepreneurial, make decisions about resources allocation every day, according to Wickham (2001:10). Evaluation cannot survive if there is no budget for evaluation.

4.11 What are the costs for management of not using evaluation?

Sanders (2002:253) in discussing the work of Scriven (1991) suggest several costs of not using evaluators:

- Bad products and services cost lives and health, destroy quality of life, and waste the resources of those who cannot afford waste.
- Justice is not served without evaluation of both programmes and personnel.
- Needs will not be addressed without evaluation-based programme direction.
- Ambiguity, prejudice, and mythology will continue without evaluation.
- Motivation and self-esteem that comes from evaluation will be missed without it.

According to Sanders (2002:257) the trouble is, "we can only regulate or monitor so much that comes out of organizations, and even then such regulation and monitoring can only be so effective. Most services and products go unmonitored. Put another way, external monitoring and evaluation is needed when internal evaluation is ineffective or nonexistent, that is, when evaluation has not been mainstreamed."

4.12 Impact assessment, social assessment and SMMEs

Impact assessment, simply defined, is the process of identifying the future consequences of a current or proposed action, according to the International Association for Impact Assessment (IAIA 2003).

IAIA (2003) introduces itself as a forum for advancing innovation, development and communication of best practice in impact assessment. Its international membership promotes development of local and global capacity for the application of environmental assessment in which sound science and full public participation provide a foundation for equitable and sustainable development. IAIA supports individuals and organizations involved in these and related disciplines by providing a forum for the exchange of ideas and opportunities for collaboration. IAIA promotes ecologically sustainable and equitable development and is committed to environmental justice and the preservation of human rights.

Important for SMMEs are the principles that IAIA underwrites, e.g.: The polluter pays principle; prevention of negative social impacts and ecological damage; Principle of Subsidiary where accountable decisions being made as close as possible to the individual citizen that might be affected; Multi-sectoral integration where important decisions will be fully integrated with existing programmes; "Intergenerational equity" looking at the impact of an endeavour on future generations; and Intragenerational Equity looking at the impact of an endeavour on the disabled, women and children.

Social Assessment (SA) is a process used to incorporate social information and stakeholder participation into the design and implementation of policies and projects. SA examines the social diversity of stakeholders, identifies critical issues among the target populations, and determines how to address these issues (Bamberger 2000). Using Gender Analysis, Social Assessment can be helpful in gathering gender specific data and can also contribute to understanding intra-household resource allocation, different social and cultural constraints affecting women and men, and their constraints on access to institutions and public resources (Bamberger 2000).

4.13 Accountability and SMMEs

As described in Chapter 2 "accountability is an essential feature of managerialism" for Mayne (1999:9). Similar to the prescriptions of Impact Assessment, managers need to meet regulations even if they are costly, because mistakes can be more costly in

terms of legal claims. Accountability is closely related to ethical behaviour and integrity. (Please refer to Chapter 2 regarding Accountability definitions.)

According to Shay (2001:2) accountability is a powerful management tool because it:

- Receives high quality feed back from stakeholders to help with strategic planning
- Manages stakeholders relationships;
- Is a process for integration of varied and competing interests;
- Focuses management's attention on improvements in specific areas; and
- Clarifies stakeholders' expectations and perceptions (Shay 2001:2).

AccountAbility (2001a) explains how the social and ethical accounting process fit with existing management systems. The management systems required for social and ethical accounting have close similarities with other management systems.

Common concerns include:

- Defining the organisation's policy;
- Communicating this policy within the organisation;
- Identifying key issues;
- Collecting and documenting information; and
- Monitoring performance against the identified issues.

Social and ethical accounting also provides an opportunity to explore the role of stakeholder engagement in environmental management (AccountAbility 2001a). It is a way for organisations to be accountable to their stakeholders, but is also a management tool to improve the performance of the organisation.

4.14 Ethical vulnerability of SMMEs

Longenecker (2003:529-530) states that small firms are extremely vulnerable regarding ethical aspects and mention the following examples:

- Cultural differences complicates ethical decision-making in global trade;
- Breach of trust, intimidation, manipulation, fraud, corruption;
- Spreading untruths to harm other business, product, service or persons;
- Bribery to level the playing field against fierce competition;
- Struggle for survival brings pressure and temptation;
- According to surveys most people do not feel pressurized to compromise personal standards;
- Contracts obtained by offering improper inducements;
- Trust accounts, public moneys; Bait advertising;

- Lack of resources makes it difficult for small business owners to resist extortion by public officials.

In order to get behind the ethical aspects and truth evaluators visiting SMMEs should be patient. Worthen (1997:163) explains that the best way to find out is not to ask questions at all. "If you fire off a question, it is like firing off a gun – bang it goes, and everything takes flight and runs for shelter. But if you sit quite still and pretend not to be looking, all the facts will come and peck round your feet, situations will venture forth from thickets, and intentions will creep out and sun themselves on a store; and if you are very patient, you will see and understand a great deal more than a man with a gun does." (Worthen 1997:163).

4.15 Managing the modus operandi of international funders

Develop finance institutions (DFIs) do not construct these projects themselves, but they are always on the lookout for suitable entrepreneurs that have a 'feeling' for development, to take up these projects. The World Bank frequently calls for entrepreneurs to bid on their projects. However these entrepreneurs should be 'eligible': "Interested eligible bidders who wish to be included on the mailing list to receive an invitation to [prequalify/bid] under ICB procedures, and interested consultants who wish to receive a copy of the advertisement requesting expressions of interest for large-value consultants' contracts, or those requiring additional information, should contact the address..." (World Bank 2002).

Procurement of contracts financed by loan/credit is conducted through the procedures specified in the World Bank's Guidelines (World Bank 2002). The independent Operations Evaluation Department (OED) tracks the Bank's development performance, analysing the effectiveness of Bank projects, programs, and processes; draws lessons of operational experience; and provides advice to the Board based on evaluations at the project, country, and sector levels. OED also guides evaluation capacity development of borrowing governments. Each year, evidence from these evaluations is marshalled to produce a summary report on the Bank's development effectiveness, called the Annual Review of Development Effectiveness, ARDE (World Bank 2002b). Effectiveness and quality is crucial. For Patton (2002:146) "Quality is ballet, not hockey."

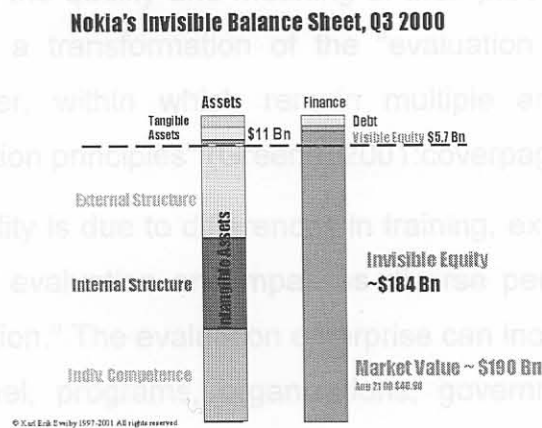
4.16 Assessing and evaluating the "Invisible" Balance Sheet

A company such as Nokia has little capital and machinery, other than its employees. Only people can act, therefore they are both the minders of the machines and the machines themselves according to Sveiby (2001). For the most part, their competence is directed outwards, to the task of generating revenue, by solving customers' problems. It is this outward-directed energy that creates the relationships, networks, and image that comprise the organisation's external structure.

According to Sveiby (2001), take a look "under the surface" at Nokia, where you find no less than \$183 Billion in intangible assets. The "invisible" intangible part of the balance sheet can be classified as: Internal structure consists of patents, concepts, models, and computer and administrative systems. These are created by the employees and are thus generally "owned" by the organization, and adhere to it.

External structure consists of relationships with customers and suppliers, brand names, trademarks and reputation, or "image." Some of these can be considered legal property, but the bond is not as strong as in the case of internal assets because investments in them cannot be made with the same degree of confidence.

Figure 4.2:



(Sveiby 2001).

Evaluation practices can pick up such intangible assets, which the traditional auditing profession is unable to do.

4.17 Evaluating job creation in SMMEs

It is not always the case that entrepreneurs are not creating jobs, but only chase profits. Timmons (1999:4) proves that SMMEs are responsible for job creation. He uses the example that twenty years ago MIT researcher David Birch began to report his landmark findings in his seminal work "The Job Creation Process" (1979).

His evaluation results defied all previous notions that the large established businesses were the backbone of the economy and the generator of new jobs. "One Nobel Prize-Winning economist gained his award by 'proving' that any enterprise on the face of the planet with fewer than 100 employees was irrelevant to the study of economics and policy making." Birch surprised researchers, politicians and the businesses world with just the opposite evaluation: It was the new and growing smaller firms that created 81.5% of the net new jobs in the economy from 1969 to 1976. This general pattern has been repeated yearly. Since 1980 America has created over 30 million new jobs with a large SMME component (Timmons, 1999:4).

4.18 Evaluation enterprise flexibility to suit management and entrepreneurs

Given evaluation's transdisciplinary nature, the evaluation enterprise is continuously developing to suit the needs of decision-makers, managers and entrepreneurs. The American Evaluation Association welcomes new opportunities to "fulfil its mission to members and to the profession" The Board is pleased to accept "review proposals for endeavours that show promise" of furthering the goals (AEA, 1997).

In 'New directions for evaluation' Vol. 92 the editors introduced the subject of 'Responsive Evaluation' as reframing evaluation to "an engagement with on-site practitioners about the quality and meaning of their practice. These innovative ideas helped accelerate a transformation of the "evaluation enterprise" into its current pluralistic character, within which remain multiple and varied legacies of key responsive evaluation principles" (Greene, 2001:coverpage).

Evaluation's flexibility is due to differences in training, experience, and work settings, "the profession of evaluation encompasses diverse perceptions about the primary purpose of evaluation." The evaluation enterprise can include the following: "bettering products, personnel, programs, organizations, governments, consumers and the public interest; contributing to informed decision making and more enlightened change; precipitating needed change; empowering all stakeholders by collecting data from them and engaging them in the evaluation process; and experiencing the excitement of new insights." Despite that diversity, the common ground is that evaluators aspire to construct and provide the best possible information that might bear on the value of whatever is being evaluated (AEA, 2002b:3).

Evaluation's flexibility is also due to different traditions in which it operates. According to Bastoe (2000:117) in countries like Norway, "evaluation" as a concept is extremely

flexible and has been different in different sectors of society. There is, for instance, a "planning and auditing" tradition established in the Ministry of Finance, the Central Bank, and the Central Bureau of Statistics. There is another tradition associated with the sociology of law, which involves the study of the effects of legislation on society. Yet another tradition is the strongly applied social science tradition that includes a strong interest in conducting surveys of the well-being of individuals and clients. In addition to these three traditions, a fourth has emerged, based on the influence of business administrators. Stakeholders in these different traditions have different views (Bastoe 2000:117).

Similar to entrepreneurs and managers the evaluator "must capture the political climate in which the interventions operate as well as any cultural differences that might affect variation in experiences and outcomes." Stakeholders' participation is important since they can help the evaluator to be more flexible towards the local situation (IPDET 2002:3-2).

Entrepreneurs and managers should take note that evaluation enterprises are increasingly becoming flexible and democratic processes. These processes were extensively discussed in ten articles from 'New directions for evaluation' Volume 85 under the theme: 'Evaluation as a Democratic Process: Promoting Inclusion, Dialogue, and Deliberation' (Ryan, 2000).

4.19 Paving the way for a wider use of the evaluation enterprise

Flexibility and broadening the spectrum of evaluation are necessary as evaluation is not supposed to give "headaches for the searches, threats for the innovators, and distressing articles for journals devoted to evaluation" (Patton, 1997:8). In her article Kirkhart (2000:5) mentioned that historically, the "evolution of evaluation use has been marked by an increasing recognition of its multiple attributes."

Fetterman (1993) paved the way for the wider use of evaluation. He defined the 'Self-determination' part of 'Empowerment Evaluation' as the ability to chart one's own course in life, which forms the theoretical foundation of empowerment evaluation. It consists of numerous interconnected capabilities that logically follow each other such as the ability to identify badly expressed needs, establish goals or expectations and a plan of action to achieve them, identify resources, make rational choices from various alternative courses of action, take appropriate steps to pursue objectives, evaluate short and long-term results, reassessing plans and expectations and taking

necessary detours, and persist in pursuit of those goals. Political processes begin to work with the first inspiration to conduct an evaluation and are pivotal in determining the purposes to be served and the interests and needs to be addressed. According to Worthen (1997: 230) "Evaluation is inherently a political process." Any activity that involves applying the diverse values of multiple constituents in judging the value of some object has political overtones. Whenever resources are redistributed or priorities are redefined, political processes are at work.

According to Bamberger (2002:4) the micro-finance sector illustrates the growing demand for rapid, cost-effective evaluations. The earlier focus on rigorous and expensive impact evaluations of micro-finance programmes is being increasingly replaced by demand for middle-range, client-level impact evaluations. Practitioners are mainly concerned to use impact evaluation to answer basic questions such as: which clients are receiving most and least benefits, why the growth, decline and saturation of different market sectors, how to improve institutional understanding of what products and services clients prefer, what barriers they face, and what they value in a programme.

Evaluation will need to be "retooled" in order to sustain its credibility and enhance its wider use. Among the improvements proposed for development evaluation are: greater focus by evaluators on relevant policy questions, speedier and more cost-effective responses to emerging needs more open and participatory evaluation processes, more focus on evaluation dissemination, and greater responsiveness to the capacity development needs of developing countries (Picciotto & Rist, 1995:xii).

4.20 Mainstreaming evaluation in organisations

With mainstreaming evaluation should become part of the culture and job responsibilities at all levels of the organization. According to Sanders (2002:253) "Mainstreaming refers to the process of making evaluation an integral part of an organization's everyday operations. Instead of being put aside in the margins of work, evaluation becomes a routine part of the organization's work ethic.

The corporate evaluator should, similar to the corporate entrepreneur, be recognized as a potentially viable means for promoting and sustaining corporate efficiency, effectiveness, competitiveness, innovation and creative ideas. As mentioned in Chapter 2 the role of the evaluator, especially the corporate evaluator, shows similarities with the definitions of a corporate entrepreneur. Evaluations should be

innovative, it should create new ideas on old issues, and should investigate alternative ways to reach effectiveness. If the evaluator is treated as such, it will not be difficult to mainstream evaluation in organisations.

According to Gray (1998) referred to by Sanders (2002:253) the role of evaluation in most organizations, including community agencies, schools, government agencies, and businesses, "has been marginal up to now." It is ignored, given lip service, delegated to external consultants, or left to autocratic leaders. The mainstreaming of evaluation to reach excellence should be enhanced (Sanders 2002:254).

4.21 The evaluation enterprise itself is becoming big business

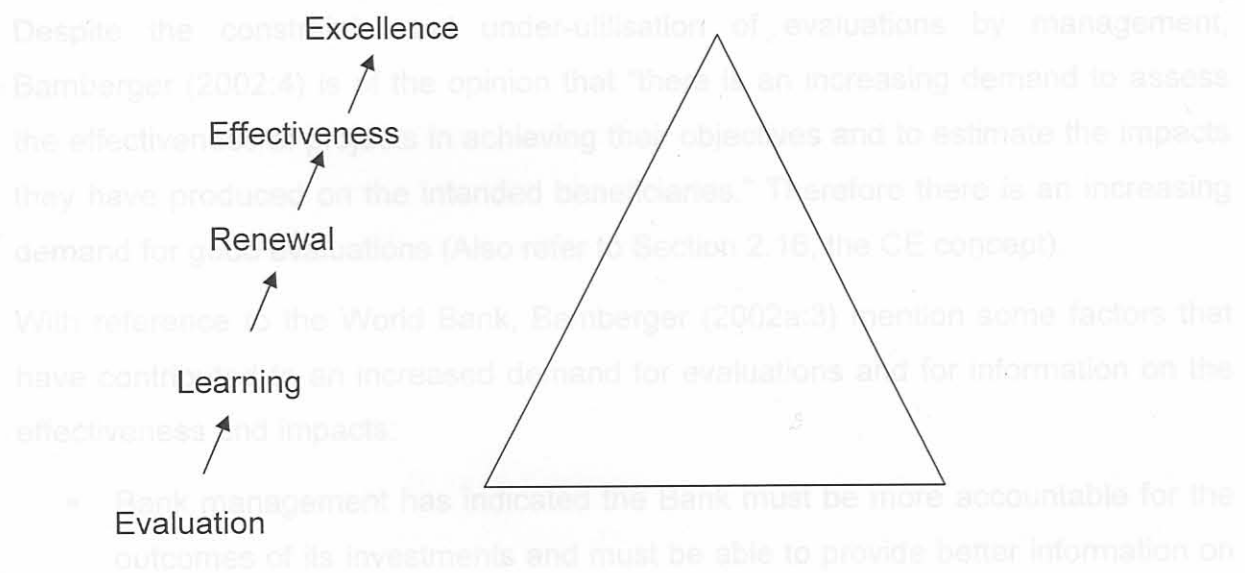


Figure 4.3: Role of evaluation to improve excellence (Sanders 2002:256).

Sanders (2002:253) also suggested six stages to mainstream evaluation in organisations and businesses:

- Awareness: being aware of the importance of evaluation to the organisation.
- Compliance: evaluation is done because it is required.
- Obligation: a feeling of guilt when evaluation is absent.
- Desire: organization members ask for evaluation.
- Leadership: true believers doing evaluation on their own initiatives.
- Capacity: to support evaluation are evident.

Evaluations should be mainstreamed to be consumer-oriented. There is a place for field-trial programmes before products are fully adopted. By developing long-term

plans for change, educators and other service providers can give untested products a chance without consuming large portions of the budget.

Worthen (1997:116) warns that mainstreaming and consumer-oriented approaches to evaluation are not without drawbacks, although they seem small compared to their benefits. They can increase the cost of products. The time and money invested in product testing will usually be passed on to the consumer. Moreover, the use of stringent standards in product development and purchase may suppress creativity because of the risk involved.

4.21 The evaluation enterprise itself is becoming big business

Despite the constraints and under-utilisation of evaluations by management, Bamberger (2002:4) is of the opinion that “there is an increasing demand to assess the effectiveness of projects in achieving their objectives and to estimate the impacts they have produced on the intended beneficiaries.” Therefore there is an increasing demand for good evaluations (Also refer to Section 2.16, the CE concept).

With reference to the World Bank, Bamberger (2002a:3) mention some factors that have contributed to an increased demand for evaluations and for information on the effectiveness and impacts:

- Bank management has indicated the Bank must be more accountable for the outcomes of its investments and must be able to provide better information on the effectiveness of its investments.
- The poverty reduction initiative has generated a huge demand for simple, cost-effective ways to monitor and evaluate the impacts of different kinds of interventions on poverty reduction.
- The Board recently endorsed a new strategy for gender mainstreaming in the Bank. One of the central pillars of the strategy is to put in place a strategy to monitor the implementation of the strategy in the short run and to evaluate its outcomes and impacts in the medium to long-term. There is a strong emphasis on simple and economical evaluation approaches.
- A number of initiatives emphasize the need for new participatory evaluations with a strong emphasis on the use of evaluation as a form of community empowerment. Examples include: the Community Driven Development [CDD] initiatives, *Voices of the Poor* and much of the evaluations of the Bank’s community water supply and rural development programmes.

- Social Funds have also generated a large demand for rapid and economical effectiveness, impact assessments and evaluations.
- Many of these concerns are reflected in the “Monterrey Consensus” which emphasizes the need for greater accountability in the management of aid.

The "evaluation enterprise" (Greene, 2001) is becoming big business, and evaluators are like entrepreneurs also looking for opportunities. "Recognising opportunities is one of the key elements that defines entrepreneurship and makes it unique" (Kuratko 2001: 157). It is therefore crucial for entrepreneurs to have an "Evaluative Focus" (Essama-Nssah 2000) when they plan their endeavours, but also for evaluators to have an "Entrepreneurial Focus".

4.22 Conclusions

Evaluation theory and practice can be enriched by, but can also enrich managerial and entrepreneurial sciences. For the American Evaluation Association (AEA, 2002b:4) the purpose of documenting guiding principles is "to foster continuing development of the profession of evaluation." The International Development Evaluation Association, IDEAS (2003:4) discusses a programme called "Ideas to Shape the Future of Development Evaluation."

Mainstreaming evaluation in organizations depends in part on capacity building in evaluation, but it also depends on evaluation being internalised as a value throughout the organization and depends on an infrastructure that supports and maintains evaluation. With mainstreaming evaluation should become part of the culture and job responsibilities at all levels of the organization. Institutionalising organisational structure, policies, procedures (e.g. accreditation), and systems (e.g. quality control) can contribute to organizational improvement, but will not be effective if they are not in the mainstream of organisational life. "I believe these distinctions to be important in getting the best use out of evaluations in organizations" (Sanders 2002: 254, 255).

The consequences of the new "Paradigms for Business" are according to Persaud (2001:2):

- New models of corporate behaviour: corporate citizenship and corporate social responsibility;
- Inclusiveness not exclusiveness – “trust me, show me, involve me”, and
- Cross-sectoral partnerships: “no one can do it alone; complex issues e.g. poverty alleviation.”

Zadek (2002:3) is of the opinion that managers and entrepreneurs should work more closely with public bodies and civil society organizations to explore which international frameworks would support companies committed to enhancing their social and environmental performance as part of their core business process.

Wickham (2001:9) describes an opportunity as a gap in a market where the potential exists to do something better, enhance effectiveness and create value. New opportunities, such as the evaluation enterprise, exist all the time, but they do not necessarily present themselves. If they are to be exploited, they must be actively sought out.

Entrepreneurs and managers should take leadership in propagating and utilising evaluation concepts and prove that it can contribute to their success. Wickham (2001:10) states that one special skill that entrepreneurs would seem to have contributed to their ventures is leadership, and leadership is increasingly recognised as a critical part of managerial success.

The use of evaluation concepts and constructs is an opportunity that entrepreneurs and managers should not overlook. This will not only buy them goodwill from stakeholders, but will facilitate to optimise their efficiency and effectiveness. It is thus of utmost importance for entrepreneurs and managers to acquaint themselves with evaluation concepts and constructs.

Research on gender is one of the "enduring entrepreneurship research topics" for Crijns (2002). According to Moser (1995:130) three operational procedures are particularly important in developing indicators for use in evaluating impacts on women development. A comprehensive database on what women do and why, identification of contextually specific problems of development, and a description of the relationships between these problems, with a cause and effect hierarchy established. Makhubela (2001:1) warns against traditional accounting and organisational models that only regard revenue and physical assets as 'valuable', and that regard people as liabilities rather than important resources and investments.

This chapter propagates the use of evaluation concepts and constructs in management and entrepreneurship of women construction SMMEs particularly, and