

**AMERICAN UNIVERSITY OF ARMENIA  
TURPANJIAN RURAL DEVELOPMENT PROGRAM**



**Baseline and Interim Study Report  
2014**

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## **Introduction**

The American University of Armenia's (AUA) Turpanjian Rural Development Program (TRDP) was launched in 2006 and over the period of eight years has helped more than 250 entrepreneurs to start their businesses. The TRDP provides education and economic opportunities to people in rural areas to encourage rural development, create jobs, and improve the living standards of communities in the Tavush and Shirak regions, Nagorno Karabakh Republic (NKR), and Javakhk region (Republic of Georgia).

AUA-TRDP has assisted the establishment of more than 256 businesses (as of October, 2014), meanwhile about 870 rural residents have participated and completed the TRDP specially-designed training course. The types of established businesses vary from retail stores, pharmacies, to cheese and honey production centers, etc.

Since 2013, the TRDP EC committee decided that all supported businesses would undergo through the baseline evaluation, which defines the 'pre-operation exposure' condition for a set of indicators of TRDP beneficiaries and their businesses to assess their achievement at the initial stage. Later, at different points during business growth, the results are compared with the condition of the same indicators. The comparison is realized within the scope of the interim study evaluation. Thus, the baseline study forms a basis for a 'before and after' or a 'change over time' assessment.

The aim of the baseline study is to have up-to-date information for a set of indicators of the TRDP beneficiaries, as well as compare the evolution of businesses and their contributing factors. The first baseline study was conducted in 2013 with 124 successful entrepreneurs that have established businesses until June 2013. Same questions of the baseline questionnaire were asked in the Interim study of 2014. Moreover, the same indicators and measures were applied to assess how business ownership affected the social support relationship and activities of beneficiaries, their socioeconomic status and their usage of information technologies, their general perception towards entrepreneurship and life of entrepreneur over a year.

The Interim evaluation of 2014 was conducted with 103 TRDP beneficiaries who participated in the baseline survey of 2013. The reasons for having fewer beneficiaries participating in the Interim evaluation was that some of the beneficiaries that have participated in the 2013 baseline study were either unreachable during the data collection period or have closed their businesses. The results of the 2014 year baseline study will be presented, compared and analyzed in the 2015 year Interim evaluation report.

## **Methodology**

The 2014 Interim study survey was conducted from November 12 – December 25, 2014. The number of beneficiaries visited was the following.

- Tavush region - 25
- Shirak region - 37
- NKR - 35
- Javakhk, Georgia - 6

All beneficiaries who have established their businesses before June 2013 and passed through the Baseline study in 2013 were selected for Interim evaluation survey. To be able to effectively conduct the interviews and compare the trends of businesses to each other, a decision was made to have the TRDP Regional Assistants to conduct the interviews, since they are aware of each business, understand their strengths and weaknesses and the development path each business has had.

The interviewers had field trips to 31 communities in the Shirak region, 33 communities in NKR, 18 communities in Tavush region, and 7 communities in the Javakhk region. Each interview lasted from 30 to 40 minutes. The interviewers used the same questionnaires as for the Baseline study and in case of necessity they explained the questions in details. The interviews were mainly conducted on site, which allowed the interviewers to make observations regarding some of the measures, as well as take photos of the interview process and business premises.

## **Indicators and evaluation questions**

### **Indicators**

The evaluation questionnaire was pre-tested and adjustments were made accordingly. The quantitative data were collected and input in SPSS for analysis. The measures and key areas of the evaluation were the following:

*Training Course (TC) Participation (other than in TRDP):* duration, field, and sponsorship;

*Business Ownership:* experience in managing a business and personnel, trust towards the business and plans for its expansion, number of full-time and part-time employees;

*Accounts:* bank, e-mail, and social network account ownership and frequency of their usage;

*Social Support Relationship and Activities:* relationship with families, leisure time activities;

*Dignity:* control over the decisions and choices, contribution to the community, responsiveness, respect in the community, etc.;

*Socioeconomic Status:* family's living conditions, business revenue distribution.

### **Evaluation Questions**

Below are the evaluation questions of the Interim study evaluation:

**#1:** Has there been a change in behavior of entrepreneur and his/her socioeconomic status after one year of TRDP supported business establishment?

**#2:** Has behavior of entrepreneur and his/her socioeconomic status improved after one year of TRDP supported business establishment?

## **Findings**

This section analyses and summarizes the Interim evaluation findings and is divided into 6 sections: general, business ownership, accounts, social support relationship and activities, dignity, and socioeconomic status.

## **General**

### **Demographic Data**

Demographic data are important because they give general information about beneficiaries at a given moment in time. The demographic data comparison of 2013 and 2014 years will be presented and compared in this section. The distribution of beneficiaries has stayed the same over a year. The same proportion of males and females has been interviewed for both the baseline and Interim evaluations.

The ages of the majority of beneficiaries are between 45-65 years. As to the level of education, more than half of the beneficiaries have complete university degrees. Twenty-four percent of beneficiaries have technical education and only 3 percent of beneficiaries have advanced degrees. Interestingly enough, about 80 percent of beneficiaries reported that they did not own a business at the time of applying to the TRDP.

### **Training Course Participation**

The specially designed training course provided by the TRDP is the first and only professional training attended by most of the beneficiaries. To find the percentage of applicants that have passed through other training courses, as well as know the fields of those training courses, several questions were asked during the baseline survey. The results showed that only 16 percent of beneficiaries have participated in other (mainly local) training courses. The fields of those trainings were various, including: effective management skills, business administration overview, effective customer and personnel relations, financial management, etc.

To find the reasons for their participation in the mentioned training courses, the beneficiaries were asked to specify the reasons. The results show that the beneficiaries mostly participated in training courses to gain additional knowledge in the field, as well as for business/career development purposes.

### **Other Bank Loans**

To find whether the TRDP provided loan is the only one received by the beneficiaries, several questions were asked during the baseline evaluation. The beneficiaries were asked to state whether they have ever been awarded with bank loans and if so, to specify the number and reasons of taking those loans. The results show that sixty-six percent of beneficiaries reported to being awarded with bank loans previously. Almost all beneficiaries were awarded with an average of 2 bank loans.

The purposes for taking those bank loans were different. Most of the beneficiaries took them to start a business, renovate the business space, or buy equipment for business purposes.

### **Motivation for Applying to TRDP**

During the Baseline survey, the beneficiaries were asked several questions to find the reasons for applying to TRDP and the sources of information of learning about the Program. The results

show that the majority of beneficiaries learned about the TRDP through their friends and relatives or other TRDP beneficiaries. Some of the beneficiaries even stated that they learned about the Program through their neighbors or through the ads on local TV channels.

The 44 percent of beneficiaries also stated that they applied to TRDP because they were willing to start a business. Only 26 percent of applicants needed additional amount of money to start a business. The results show that TRDP has been the place where the beneficiaries could get financial assistance, as well as appropriate consultation to successfully expand or start their businesses.

### **Business Ownership**

Within the scope of the evaluation, the beneficiaries were asked whether they have experience in managing company/personnel. The beneficiaries were asked about their skills of managing business/personnel to find whether TRDP training has supported to the development of those skills, or only those beneficiaries manage their business/personnel effectively who have previously been engaged in management activities. In the 2013 baseline evaluation, only 51 percent of the respondents reported that they have managed a business and 44 percent reported that they have only managed personnel.

The evaluation results show that most of TRDP beneficiaries believe that they manage their business as well as supervise their personnel effectively. The majority of beneficiaries (86.4 percent), agreed with the following statement in the questionnaire “*I manage my business effectively*” (33 percent strongly agree, 53.4 percent agree). The percentage of beneficiaries thinking that they effectively supervise and manage their personnel is even higher equaling to 92.2 percent (38.8 percent strongly agree, 53.4 agree).

Thus, the results of the analysis show that most of the TRDP beneficiaries at the current stage of business operation, believe that they are managing their businesses and personnel effectively, which means that their management and supervision skills have been improved over the year. In addition to this, the study also tends to find whether there is statistically significant difference between regions in terms of business and personnel management skills. One-Way ANOVA tool was applied in the study and the analysis found that indeed there is statistically significant difference between business management skills of beneficiaries in Tavush and Shirak regions, and NKR. The mean difference is significant at 0.05 level (See Appendix A).

The analysis by taking region as an independent variable and management of personnel as dependent one found, that the difference in skill of personnel management is only present between NKR and Javakhk, whereas in Javakhk the mean (4.83) is higher than in NKR (4.03). This means that according to the beneficiaries in Javakhk, the personnel supervision is in a better state than in NKR. The mean difference is significant at 0.05 level (See Appendix B).

## Plans for Expansion and Trust towards the Business

In addition to the indicators measured in the baseline study, the Interim evaluation looks at how the beneficiaries regard their ventures after one year of operation: whether they trust them, how (according to the beneficiaries) people view their ventures, and whether they have plans for expansion of their businesses.

It was interesting to observe that most of the beneficiaries report that they want to expand their businesses. More than half of the TRDP entrepreneurs (77.7 percent) agree with the following statement “*I have plans to expand my business*”: 40.8 percent strongly agreed with the statement, 36.9 agreed and only 9.7 percent disagreed with the above mentioned statement. The analysis showed that there is no statistically significant difference between the regions in terms of business expansion plans. The fact of business belonging to this or that region does not by any mean affecting the expansion plans.

The beneficiaries were also asked whether they are confident in what they do. The results show that 92.3 percent of respondents agreed with the statement “*I have trust towards my business*”, whereas 37.9 percent strongly agreed and 54.4 percent agreed. Almost all beneficiaries think that people have trust towards their ventures (90.3 percent), where 34 percent strongly agree with the statement “*People have trust towards my business*”. It is interesting to observe that no one thinks that people may not trust his/her business, no one answered disagree or strongly disagree (See Table 1 below).

**Table 1:** Plans to expand and trust towards the business

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I have plans to expand my business	41%	37%	12%	8%	2%
I have trust towards my business	38%	54%	7%	1%	0
People trust my business	34%	56%	10%	0	0
<i>Total: 103 beneficiaries</i>					

## Employees

The data shows that most of the TRDP beneficiaries have full-time employees and only 9 entrepreneurs have reported not having any full-time employee. There is a slight increase in the percentage of beneficiaries having one employee: compared to Baseline study, where only 39 percent of beneficiaries reported to have one full-time employee. The Interim study shows that in 2014, 46 percent of the total respondents reported to have one full-time employee. However, in terms of having from two to three employees we have a negative change from 2013: in 2014, five percent less entrepreneurs have two to three full time employees. The percentage of beneficiaries having four or five employees remained constant over the year (9 percent) and one percent negative change again is observed in beneficiaries having more than 6 employees (6 percent). TRDP beneficiaries having the highest number of full-time employees (21 & 20) are Hayaser Gasparyan (Martuni, Artsakh - Pastry Production/Bakery) and Anush Tsaturyan (Noyemberyan, Tavush region - sewing workshop) respectively. Though the number of full-time

employees of Hayaser Gasparyan decreased by 2 from the previous year, Anush Tsaturyan hired 11 more employees over one year period (See Table 2 below).

**Table 2: Number of Full-time Employees<sup>1</sup>**

Number	Baseline Study 2013		Interim Study 2014	
	Frequency	Percent	Frequency	Percent
0	12	10	9	9
1	48	39	45	46
2-3	44	35	29	30
4-5	11	9	9	9
6 & more	9	7	6	6
	<i>Total: 124</i>		<i>Total: 98</i>	

Number of part-time employees was very low both in 2013 and 2014. However, in 2013 only 95 percent of surveyed beneficiaries reported not to have any part-time employee, while in 2014 the percentage of entrepreneurs not having part-time employees decreased to 86 percent. Overall, there is 9 percent increase in the number of part-time employees in 2014.

Interim evaluation is also aimed at looking at the perception change of beneficiaries concerning the employment of family members/relatives in their businesses. It turned out that in 2014, 50 percent of TRDP beneficiaries have at least one employee that is a family member/relative. Eight percent increase in the number of beneficiaries having 1 family member employee is observed over one year. The percentage of beneficiaries having 2 or 3 family member full-time employees (14 percent and 7 percent) has not changed much since 2013. In 2014, only one beneficiary (Sevak Yeranosyan - Ninotsminda, Javakhk), reported to have 7 full-time employees that are his relatives and family members.

Overall, it can be observed that most of TRDP beneficiaries have full-time employees, though it can be stated that no change occurred in the course of the year. Compared to 2013, when 90 percent of TRDP beneficiaries reported to have full-time employees, in 2014, 91 percent of the same beneficiaries said that they hire full-time employees. Same beneficiaries hired more part-time employees (14 percent) in 2014 compared to 2013 (5 percent). More than half of TRDP entrepreneurs tend to have family members or relatives working for their businesses. The findings of 2014 Interim evaluation suggest that no significant change occurred in this area as well. Almost all beneficiaries do not have family members working as part-time employees in their businesses. Overall, the number of employees (in 2014) of 103 respondents is 235 (number of part-time and full-time employees combined).

## **Accounts**

Another section in the baseline study helped to find the degree to which the TRDP beneficiaries have access to banking sector and other social networks. The Interim evaluation revealed whether the TRDP supported business establishment and maintenance contributed to the involvement of beneficiaries into various social networks and increased their usage of banks.

<sup>1</sup> Answers by 5 beneficiaries are missing



The analyses show that after one year of the business operation, the number of TRDP beneficiaries having access to bank account has not changed. In 2013, 82 percent and in 2014, 77 percent beneficiaries reported to have access. Interesting to note, that during the period of one year, the number of beneficiaries using e-mail accounts and other social networks has increased. Although in 2013 only 39 percent of entrepreneurs reported to have access to e-mail accounts and 48 percent to social networks, in 2014, 56 percent of the same beneficiaries said that they use e-mail accounts and 51 percent social networks (See Table 3 below).

**Table 3:** Access to accounts

	2013 Baseline study	2014 Interim study
bank accounts	82%	77%
e-mail accounts	39%	56%
social network accounts	48%	51%

Nevertheless, the reasons for having *bank accounts* vary in the course of the year. Most of the beneficiaries reported that they use their bank accounts to pay monthly bills, while in 2014 only 37 percent of beneficiaries specified the exact reason. Naturally, after one year of operation, most of the TRDP beneficiaries said that they use their accounts to pay back their loans, which was not the case in 2013. The percentage of beneficiaries using bank accounts for its convenience has increased equaling to 25 percent. It is interesting to observe that this year more beneficiaries started to trust their earnings and savings to banks - 15 percent (compared to 5 percent in 2013), answered that they use bank account for the safety of their resources and 7 percent (compared to one percent in 2013), to save money for the future.

There is not much change in the reasons of using *e-mail accounts and social networks*. The Interim study shows that almost half of the TRDP beneficiaries use e-mail addresses only for business purposes (44 percent), 32 percent only for personal matters and 23 percent both for business and personal reasons. Thus, it can be observed that in 2014, 67 percent (compared to 17 percent in 2013), of beneficiaries use e-mail address for business purposes and 55 percent (compared to 83 percent in 2013), for personal matters. Therefore, it can be concluded that after one year of managing a business, 23 percent of beneficiaries started to use e-mail accounts for business purposes.

As to the *social networks*, although in 2013 no one used social networks for business purposes, in 2014 the percentage of beneficiaries using social networks for business purpose increased to 21 percent of total users. In 2014, 57 percent of entrepreneurs (compared to 82 percent in 2013), use social networks for personal matters and 34 percent (compared to 18 percent in 2013) for information source. Thus, it can be assumed that after one year of business establishment, TRDP beneficiaries started to use social networks for business purposes: more for information resources and less for other personal use (interaction with friends/relatives, playing games, etc.).

## **Social Support Relationships and Activities**

The beneficiaries were asked a set of questions in the evaluations to find the level of their satisfaction from the relationships with the family members, friends, as well as their leisure time activities and ability to help others. The results show that in 2013, 98 percent of beneficiaries expressed that they are satisfied from the relationship with their family members and only 2 percent was neither satisfied nor dissatisfied. In 2014, 99 percent of beneficiaries reported to be satisfied with the relationship with family members.

It was interesting to observe that the satisfaction from the fact of how often beneficiaries see their family members or friends decreased by 9 percent over the year. In 2013, 88 percent of entrepreneurs said that they are satisfied of how much they see their family/friends, while in 2014, only 79 percent was satisfied. In 2013, 9 percent of beneficiaries reported to be dissatisfied and 3 percent very dissatisfied of the frequency of seeing family and friends, while in 2014 only 10 percent is dissatisfied and there is no one very dissatisfied.

In terms of self-reported satisfaction from ability of helping others, no change in beneficiaries' behavior has been observed. In 2014, 85 percent out of all TRDP entrepreneurs was satisfied from their ability to help others: in 2013 the percentage of respondents satisfied was 86 percent. It can be assumed that most TRDP beneficiaries believe in their skills and feel satisfied that they can help others.

Analysis across the regions (One-way ANOVA) showed statistically significant difference between almost all the regions in terms of the satisfaction from family relations. Mean difference is significant at 0.05 level. In NKR (mean=4.11) satisfaction level from their family relations is less than in the Shirak region (mean=4.65), Tavush region (mean=4.48) and Javakhk (mean=5) (See Appendix C). In terms of the satisfaction from seeing family and friends and leisure time activities, the statistically significant difference is observed between NKR (mean=3.71) and Tavush region (mean=4.40), whereas again in Tavush region, the level of satisfaction is higher. Mean difference is significant at 0.05 level (See Appendix D).

In terms of satisfaction from the ability of helping others, statistical difference is observed between NKR (mean=3.80) and Shirak region (mean=4.38). In the latter, people are more satisfied from their ability to help others than in NKR. Mean difference is significant at 0.05 level. Finally, in case of satisfaction from leisure time activities, there is statistically significant difference between Tavush region (mean=4.32) and NKR (mean=3.38). In Tavush, people are more satisfied from their leisure time activities (See Appendix E).

## **Dignity**

In the baseline study, a set of questions were asked to measure the level of satisfaction from the dignity of beneficiaries. Interim evaluation asks again exactly the same questions after one year of business maintenance to measure whether there are any changes or improvements in the dignity among the TRDP beneficiaries. They were asked to rank whether they agree with 18

statements in the scale from strongly agree to strongly disagree.

Thus, as a result of analysis, Interim evaluation found that positive change in some factors constituting the dignity of beneficiaries is observed after one year from the establishment of their businesses. In 2014, among the same beneficiaries more people

- Believe that they have control over their life decisions (72%-98%),
- Are free to act on their beliefs (94%-98%),
- Feel that others look up to them (87%-91%),
- Feel that other people treat them with respect (93%-95%),
- Have high sense of self-respect (89%-95%),
- Don't need to depend on other people (66%-74%)
- People come to them for advice before making decisions (77%-80%).

Above mentioned are the factors in which beneficiaries have experienced a positive change along the year. The most change has occurred in the factor of depending upon others. In 2014, almost 10 percent more beneficiaries began to believe that they do not need to depend on other people to get things done. However, it is interesting to observe that together with increasing number of beneficiaries believing on their skills, 14 percent strongly disagreed with the statement that they do not need to depend on others.

### **Socioeconomic Status**

In baseline study, interviewers were asked several questions regarding their socio-economic status; family's standard of living, satisfaction from the living place, business premises, business finances and profit making from the TRDP funded businesses. Interim evaluation asked exactly the same questions to see whether the beneficiaries' standard of living has improved after one year of business operation and whether the revenues of the business and profit increased, thus contributing to the increase of salaries for employees and taxes paid to the state budget.

In 2013, the standard of living of most beneficiaries was reported to be average (74 percent). Fourteen percent of beneficiaries confessed that their family standard is little above the average and only 5 percent said substantially above the average. Overall, it can be stated that the TRDP beneficiaries' family standards though very little, but improved in the course of one year after establishing their businesses (See Table 4 below).

**Table 4:** Family standard of living

	<b>2013 Baseline study</b>	<b>2014 Interim study</b>
Substantially below the average	5%	3%
Little below the average	14%	13%
Average	74%	79%
Little above the average	5%	5%
Substantially above the average	2%	1%
<i>Total: 103 beneficiaries</i>		

To conclude, the evaluation found that there is no statistically significant difference between the regions in terms of beneficiaries' socioeconomic status.

### Revenue and Profit

One of the aims of the Interim evaluation is to find the current portion of revenue of TRDP businesses paid as salaries and the changes from 2013. In 2013, 43 percent of beneficiaries gave salaries which constituted 10 percent of the entire business revenues and only 4 percent reported that salaries form the most part of their revenues (71 percent). The results of Interim evaluation show that there is not much change over the year: same 43 percent give salaries less than 10 percent of its revenues, 22 percent higher than 10 percent but less than 20 percent and 17 percent of beneficiaries gave from 20-30 percent.

In the baseline study, a set of questions were asked to beneficiaries to find the approximate amount from their monthly income that they pay for various items. Same questions were asked in the Interim study to see whether any increase in the money given to taxes, salaries or other utilities is observed. The analyses show that the expenses of beneficiaries on business space rental are almost the same as in 2013, excluding the fact that in 2014, 7 percent more beneficiaries gave 40.001 AMD more than for business space rental. In terms of taxes, the image is the same; only 22 percent of beneficiaries pay taxes higher than 40.001 AMD and 2 percent more beneficiaries started to pay taxes. Money spent on utility fees again vary by 5 percent, 4 percent less beneficiaries in 2014 reported to spend more than 20.000 AMD on utility fees. As to the salaries, negative change is observed. In 2014, 40 percent of beneficiaries did not report that they pay salaries; only 8 percent said that they pay from 20.001-40.000 AMD and 3 percent decrease in those paying more than 40.001 AMD is observed. As a result of Interim evaluation, almost none of TRDP beneficiaries spend money on other expenses (See Table 5 below).

**Table 5:** Amount of money spent from the monthly income to pay for the following items (in %)

	0 AMD		1-10,000 AMD		10,001-20,000 AMD		20,001 - 40,000 AMD		40,001 & more AMD	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Business space rental	88	83	3	4	2	1	4	2	3	10
Taxes	23	21	15	21	16	17	23	17	22	22
Utility fees	17	22	29	30	22	26	18	14	14	12
Paying salaries	29	40	0	0	0	0	16	8	55	52
Other costs (transportation, equipment, environmental fee)	81	96	2	0	4	0	4	1	9	3

Pure monthly revenue from the business was substantially increased since 2013. In 2014, out of all beneficiaries, 11 percent reported to have revenue more than 1.000.000 AMD monthly, while the percentage in 2013 is 2 percent. Beneficiaries generating 700.000-1.000.000 remained 2 percent. In 2014, compared to 2 percent of beneficiaries in 2013, 3 percent more beneficiaries get 500.000-700.000 AMD monthly. It is worth noticing that 4 percent increase is observed in beneficiaries who earn 300.001-500.000 AMD equaling to 22 percent, while the number of people generating less than 300.000 AMD monthly revenue has decreased by 16 percent equaling to 60 percent (See Table 6 below).

**Table 6:** Pure monthly revenue from business in AMD (Baseline 2013 and Interim 2014)

	<b>2013 Baseline study</b>	<b>2014 Interim study</b>
1,000,001 & more	2%	11%
700,001 – 1,000,000	2%	2%
500,001 – 700,000	2%	5%
300,001 – 500,000	18%	22%
Less than 300,000	76%	60%

**Factors Affecting Business Expansion Decision (Correlation, Regression analysis)**

In addition to descriptive analyses, the Interim evaluation report tries to find the factors among measured indicators which move together or affect one in another. With this purpose, correlation and regression analyses were conducted with different variables to find how plans for expansion of business, dignity and socioeconomic factors are related to each other and whether some independent variables affect the change in dependent one.

Correlation model was created where “plans for expansion of business” is taken as dependent variable and all the dignity factors are taken as independent variables. The model showed statistical significance. Both Pearson and Spearman analyses showed that there is a positive significant 2-tailed correlation between dignity (control over decisions, independence and freedom to act, community contributing personality, trust and respect by people, self-confidence, motivation) of beneficiaries and their plans to expand the business. The model is significant at 0.01 level.<sup>2</sup>

However, when multiple regression analysis was conducted to see whether independent variables predict the change in the dependent variable when all other factors are kept constant, it turned out that among the dignity indicators, only the factor of being respected has statistically significant impact on making plans for business expansion. One unit increase in the variable of “other people treat me with respect” leads to 0.722 increase in the probability of having plans for expansion of business (See Appendix F).

Another correlation model was created where dependent variable of “plans for expansion of business” was analyzed with independent variables of satisfaction from social activities. The analysis showed that there is 2-tailed positive significant correlation between plans of expanding business and satisfaction from relations with family at 0.01 level and expanding business and satisfaction from the ability to help others.

However, multiple regression analysis shows that though plans for expanding business and satisfaction from ability to help others move together, when all the affecting factors are kept constant satisfaction from helping others does not affect statistically significant change in having plans for expansion. Meanwhile, in case of family relations, the model shows statistically significant relationship which posits that one unit increase in the satisfaction level from family relations leads to 1.012 increase in having plans for expansion (See Appendix G).

<sup>2</sup> SPSS is too big to put in MS Word: it is available upon request.

Furthermore, the analysis revealed that confidence in business and perception of being trusted are important determinants for plans for expanding a business. The analysis show that there is 2-tailed statistically significant positive correlation between “I have trust towards my business”, “people trust my business” independent variables and “plans for expansion“ dependent one at 0.01 level. Multiple regression analysis shows that when all the other factors are kept constant one unit increase in confidence in the business leads to 0.726 increase in probability of having plans for expansion, the same one unit increase when all the other factors are kept constant in people’s trust towards the business leads to 0.404 increase in probability of having plans of expansion (See Appendix H).

No correlation is present between the amount of revenue, household spending and family’s standard of living and plans to expand the business. Conclusively, the correlation and regression analyses of Interim evaluation data revealed that decision to expand a business of TRDP beneficiaries is affected by their psychological and social factors rather than by economic ones.

## **Discussion and Conclusions**

The Interim evaluation, based on the results of the Baseline study, aimed to explore the changes in the same set of indicators measured in 2013: behavioral, socioeconomic status and dignity changes among TRDP beneficiaries after one year of establishing and maintaining businesses.

The evaluation showed that most of the beneficiaries have high level of education and had never previously participated in similar training courses. Only 1/5<sup>th</sup> of beneficiaries were granted with bank loans in the past and almost all beneficiaries stated that they applied to the TRDP, since they knew they will get the necessary funding and skills to start their business or expand it.

The Interim evaluation also showed that most of the TRDP beneficiaries at the current stage of business operation believe that they are managing their businesses and personnel effectively. However, self-reported business management skills of beneficiaries in the Shirak and Tavush regions compared to ones from NKR are better, whereas in Javakhk beneficiaries report to have better personnel management skills than in NKR.

Most of the TRDP beneficiaries have plans to expand their businesses. However, the study shows that the beneficiaries who think they are respected and are satisfied from their family relations are more inclined to expand their businesses. Beneficiaries who have confidence in their business and who think that people trust their ventures again have more tendencies to expand their business. Thus, social and psychological factors of TRDP beneficiaries affect the change in the decision of business expansion.

Overall, it can be observed that most of the TRDP beneficiaries have full-time employees, though it can be stated that no change occurred in the course of the year. Meanwhile, same beneficiaries hired more part-time employees in 2014 compared to 2013. More than half of the

TRDP entrepreneurs tend to have family member or relative working for his business. No significant change occurred in this area since 2013 as well. Almost all beneficiaries don't have family member working as a part-time employee in their business.

Interesting to note, that during a year, the number of beneficiaries using e-mail accounts and other social networks has increased. It is interesting to observe that more beneficiaries started to trust their earnings and savings to banks. After one year of managing a business, more beneficiaries started to use e-mail accounts and social networks for business purposes.

Satisfaction from family relations and ability to help others has not changed from 2013. The Interim evaluation showed that almost all TRDP beneficiaries are satisfied from their relations with the family members. Negative trend is observed in terms of the satisfaction from seeing family and friends. The study also shows that in NKR, the beneficiaries are less satisfied from their family relations than in Shirak, Tavush, and Javakhk regions. In Shirak, more people are satisfied from their ability of helping others than in NKR and in Tavush people are more satisfied from their leisure time activities than in NKR.

The interim evaluation also found that positive change in some factors constituting the dignity of beneficiaries is observed after one year from the establishment of their businesses. In 2014, among the same beneficiaries, more people believe that they have control over their life decisions, are free to act on their beliefs, feel that others look up to them, feel that other people treat them with respect, have high sense of self-respect and that people come to them for advice before making decisions.

The report concludes that the evaluation questions have been answered: Yes, there has been a change in behavior of entrepreneur and his/her socioeconomic status after one year of TRDP supported business establishment and ownership. Certain factors in the behavior and dignity of beneficiaries have been improved, while the improvement in socioeconomic status of beneficiaries is still too little.

## Appendix A

### I manage my business effectively.

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	35	3.83	.664	.112	3.60	4.06	3	5
Shirak	37	4.38	.681	.112	4.15	4.61	2	5
Tavush	25	4.40	.500	.100	4.19	4.61	4	5
Javakhk	6	4.17	.753	.307	3.38	4.96	3	5
Total	103	4.18	.682	.067	4.05	4.32	2	5

### ANOVA: I manage my business effectively.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.988	3	2.329	5.693	.001
Within Groups	40.507	99	.409		
Total	47.495	102			

### Post Hoc Tests: I manage my business effectively. Tukey HSD

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.550	.151	.002	-.94	-.16
	Tavush	-.571	.168	.005	-1.01	-.13
	Javakhk	-.338	.283	.631	-1.08	.40
Shirak	NKR	.550	.151	.002	.16	.94
	Tavush	-.022	.166	.999	-.45	.41
	Javakhk	.212	.282	.876	-.52	.95
Tavush	NKR	.571	.168	.005	.13	1.01
	Shirak	.022	.166	.999	-.41	.45
	Javakhk	.233	.291	.853	-.53	.99
Javakhk	NKR	.338	.283	.631	-.40	1.08
	Shirak	-.212	.282	.876	-.95	.52
	Tavush	-.233	.291	.853	-.99	.53

## Appendix B

### Descriptives: I manage and supervise my personal effectively.

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	35	4.03	.568	.096	3.83	4.22	3	5
Shirak	37	4.38	.893	.147	4.08	4.68	1	5
Tavush	25	4.36	.490	.098	4.16	4.56	4	5
Javakhk	6	4.83	.408	.167	4.40	5.26	4	5
Total	103	4.28	.706	.070	4.14	4.42	1	5

### ANOVA: I manage and supervise my personal effectively.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.567	3	1.522	3.258	.025
Within Groups	46.267	99	.467		
Total	50.835	102			

### Post Hoc Tests: Tukey HSD I manage and supervise my personal effectively.

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.350	.161	.139	-.77	.07
	Tavush	-.331	.179	.256	-.80	.14
	Javakhk	-.805	.302	.044	-1.59	-.02
Shirak	NKR	.350	.161	.139	-.07	.77
	Tavush	.018	.177	1.000	-.44	.48
	Javakhk	-.455	.301	.434	-1.24	.33
Tavush	NKR	.331	.179	.256	-.14	.80



	Shirak						
	Javakhk						
Javakhk	NKR						
	Shirak						
	Tavush						

\*. The mean difference is significant at the 0.05 level.

## Appendix C

### ...your relationships with your family members?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	35	4.11	.404	.068	3.98	4.25	3	5
Shirak	37	4.65	.484	.080	4.49	4.81	4	5
Tavush	25	4.48	.510	.102	4.27	4.69	4	5
Javakhk	6	5.00	.000	.000	5.00	5.00	5	5
Total	103	4.45	.519	.051	4.35	4.55	3	5

### ANOVA: ...your relationships with your family members?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.241	3	2.414	11.820	.000
Within Groups	20.215	99	.204		
Total	27.456	102			

### Post Hoc Tests: Tukey HSD ...your relationships with your family members?

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.534	.107	.000	-.81	-.26
	Tavush	-.366	.118	.014	-.67	-.06
	Javakhk	-.886	.200	.000	-1.41	-.36
Shirak	NKR	.534	.107	.000	.26	.81
	Tavush	.169	.117	.477	-.14	.47
	Javakhk	-.351	.199	.296	-.87	.17
Tavush	NKR	.366	.118	.014	.06	.67
	Shirak	-.169	.117	.477	-.47	.14
	Javakhk	-.520	.205	.061	-1.06	.02
Javakhk	NKR	.886	.200	.000	.36	1.41
	Shirak	.351	.199	.296	-.17	.87
	Tavush	.520	.205	.061	-.02	1.06

\*. The mean difference is significant at the 0.05 level.

## Appendix D

### Descriptives: ...how much you see your family or friends?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	35	3.71	.519	.088	3.54	3.89	2	4
Shirak	37	3.95	1.153	.190	3.56	4.33	2	5
Tavush	25	4.40	.707	.141	4.11	4.69	2	5
Javakhk	6	3.67	.816	.333	2.81	4.52	2	4
Total	103	3.96	.885	.087	3.79	4.13	2	5

### ANOVA: ...how much you see your family or friends?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.477	3	2.492	3.409	.021
Within Groups	72.368	99	.731		
Total	79.845	102			

### Multiple Comparisons: Tukey HSD...how much you see your family or friends?

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.232	.202	.660	-.76	.30

	Tavush								
	Javakhk								
Shirak	NKR								
	Tavush								
	Javakhk								
Tavush	NKR								
	Shirak								
	Javakhk								
Javakhk	NKR								
	Shirak								
	Tavush								

\*. The mean difference is significant at the 0.05 level.

## Appendix E

### Descriptives: ...your ability to help others?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	35	3.80	.531	.090	3.62	3.98	2	5
Shirak	37	4.38	.758	.125	4.13	4.63	3	5
Tavush	25	4.48	.510	.102	4.27	4.69	4	5
Javakhk	6	3.67	.516	.211	3.12	4.21	3	4
Total	103	4.17	.687	.068	4.03	4.30	2	5

### ANOVA: ...your ability to help others?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.318	3	3.439	8.990	.000
Within Groups	37.876	99	.383		
Total	48.194	102			

### Post Hoc Tests: Tukey HSD...your ability to help others?

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.578	.146	.001	-.96	-.20
	Tavush	-.680	.162	.000	-1.10	-.26
	Javakhk	.133	.273	.962	-.58	.85
Shirak	NKR	.578	.146	.001	.20	.96
	Tavush	-.102	.160	.921	-.52	.32
	Javakhk	.712	.272	.050	.00	1.42
Tavush	NKR	.680	.162	.000	.26	1.10
	Shirak	.102	.160	.921	-.32	.52
	Javakhk	.813	.281	.024	.08	1.55
Javakhk	NKR	-.133	.273	.962	-.85	.58
	Shirak	-.712	.272	.050	-1.42	.00
	Tavush	-.813	.281	.024	-1.55	-.08

\*. The mean difference is significant at the 0.05 level.

### Descriptives: ...your leisure time activities?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
NKR	34	3.38	.551	.095	3.19	3.57	2	4
Shirak	37	3.65	1.338	.220	3.20	4.09	2	5
Tavush	25	4.32	.852	.170	3.97	4.67	2	5
Javakhk	6	3.17	.983	.401	2.13	4.20	2	4
Total	102	3.70	1.051	.104	3.49	3.90	2	5

### ANOVA: ...your leisure time activities?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.843	3	4.948	5.012	.003
Within Groups	96.735	98	.987		
Total	111.578	101			

**Post Hoc Tests: Tukey HSD...your leisure time activities?**

(I) What is the name of the region the beneficiary comes from?	(J) What is the name of the region the beneficiary comes from?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
NKR	Shirak	-.266	.236	.673	-.88	.35
	Tavush	-.938	.262	.003	-1.62	-.25
	Javakhk	.216	.440	.961	-.93	1.37
Shirak	NKR	.266	.236	.673	-.35	.88
	Tavush	-.671	.257	.050	-1.34	.00
	Javakhk	.482	.437	.689	-.66	1.62
Tavush	NKR	.938	.262	.003	.25	1.62
	Shirak	.671	.257	.050	.00	1.34
	Javakhk	1.153	.452	.058	-.03	2.33
Javakhk	NKR	-.216	.440	.961	-1.37	.93
	Shirak	-.482	.437	.689	-1.62	.66
	Tavush	-1.153	.452	.058	-2.33	.03

\*. The mean difference is significant at the 0.05 level.

**Appendix F**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.705 <sup>a</sup>	.496	.383	.804	.496	4.380	18	80	.000

a. Predictors: (Constant), People come to me for advice or for counsel when making decisions., I have the freedom to exercise my rights as a human being., I am free to act on my beliefs., I do not feel I need to depend on other people around me to get things done., I treat people the same way I like to be treated by them., When I am suffering, people (other than my family) around me usually do not know it., When things go wrong around me (loss of job, broken relationship...), I usually do not blame others., Till now, I am pleased with what I have accomplished so far., I have a high sense of self-respect., I feel that I am not a burden on my friends/family members., I have control over my life decisions and choices, such as where to start a business and how to operate it. , I respect other people., I make an important contribution to my community., Other people treat me with respect., I overcome adversities., People around me (family, friends, co-workers) appreciate what I do for them., I feel that others look up to me., When I make a mistake, I take responsibility for it.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.996	18	2.833	4.380	.000 <sup>a</sup>
	Residual	51.751	80	.647		
	Total	102.747	98			

a. Predictors: (Constant), People come to me for advice or for counsel when making decisions., I have the freedom to exercise my rights as a human being., I am free to act on my beliefs., I do not feel I need to depend on other people around me to get things done., I treat people the same way I like to be treated by them., When I am suffering, people (other than my family) around me usually do not know it., When things go wrong around me (loss of job, broken relationship...), I usually do not blame others., Till now, I am pleased with what I have accomplished so far., I have a high sense of self-respect., I feel that I am not a burden on my friends/family members., I have control over my life decisions and choices, such as where to start a business and how to operate it. , I respect other people., I make an important contribution to my community., Other people treat me with respect., I overcome adversities., People around me (family, friends, co-workers) appreciate what I do for them., I feel that others look up to me., When I make a mistake, I take responsibility for it. b. Dependent Variable: I have plans to expand my business.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta				Lower Bound	Upper Bound
(Constant)	-1.950	.931		-2.095	.039	3.803		-.097
When things go wrong around me (loss of job, broken relationship...), I usually do not blame others.	-.467	.205	-.320	-2.278	.025	-.876		-.059
Other people treat me with respect.	.722	.270	.409	2.671	.009	.184		1.260
I have control over my life decisions and choices, such as where to start a business and how to operate it.	.343	.260	.175	1.320	.191	-.174		.860
I am free to act on my beliefs.	-.040	.357	-.020	-.112	.911	-.750		.670
I feel that others look up to me.	-.183	.262	-.110	-.698	.487	-.705		.339
I make an important contribution to my community.	-.023	.187	-.018	-.124	.901	-.396		.349
Till now, I am pleased with what I have accomplished so far.	-.032	.145	-.027	-.217	.829	-.321		.258

I overcome adversities.	.429	.248	.270	1.729	.088	-.065	.924
When I am suffering, people (other than my family) around me usually do not know it.	-.282	.161	-.206	-1.752	.084	-.603	.038
When I make a mistake, I take responsibility for it.	.333	.334	.174	.994	.323	-.333	.998
I have a high sense of self-respect.	-.415	.231	-.234	-1.795	.076	-.876	.045
I have the freedom to exercise my rights as a human being.	.348	.201	.213	1.727	.088	-.053	.748
I feel that I am not a burden on my friends/family members.	-.242	.249	-.128	-.973	.333	-.736	.253
I don't feel I need to depend on other people around me to get things done	.006	.119	.006	.050	.960	-.230	.242
I treat people the same way I like to be treated by them.	.419	.238	.247	1.765	.081	-.053	.892
I respect other people.	-.029	.291	-.015	-.101	.920	-.609	.550
People around me (family, friends) appreciate what I do for them.	.417	.265	.237	1.574	.119	-.110	.944
People come to me for advice or for counsel when making decisions.	.083	.232	.057	.358	.721	-.378	.544

## Appendix G

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.520 <sup>a</sup>	.271	.256	.873	.271	18.562	2	100	.000

a. Predictors: (Constant), ...your ability to help others?, ...your relationships with your family members?

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.299	2	14.149	18.562	.000 <sup>d</sup>
	Residual	76.226	100	.762		
	Total	104.524	102			

a. Predictors: (Constant), ...your ability to help others?, ...your relationships with your family members?  
b. Dependent Variable: I have plans to expand my business.

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.455	.781		-.582	.562	-2.004	1.095
	...your relationships with your family members?	1.012	.184	.519	5.504	.000	.647	1.377
	...your ability to help others?	.005	.139	.003	.037	.971	-.270	.281

a. Dependent Variable: I have plans to expand my business.

## Appendix H

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.660 <sup>a</sup>	.436	.424	.768	.436	38.590	2	100	.000

a. Predictors: (Constant), People trust my business. I have trust towards my business.

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.531	2	22.766	38.590	.000 <sup>d</sup>
	Residual	58.993	100	.590		
	Total	104.524	102			

a. Predictors: (Constant), People trust my business. I have trust towards my business.

b. Dependent Variable: I have plans to expand my business.

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.761	.560		-1.359	.177	-1.872	.350
	I have trust towards my business.	.726	.178	.456	4.074	.000	.373	1.080
	People trust my business.	.404	.183	.246	2.201	.030	.040	.768

a. Dependent Variable: I have plans to expand my business.