Uncovering the Relationship between Entrepreneurship Training on Business Growth among SMEs in Southeast Nigeria

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ABSTRACT

The growth of any business is a major concern that is determined by different factors. Entrepreneurship training has been identified as one that can play a key role in the growth of SMEs around the world. The objective of this study was to examine the relationship between entrepreneurship training and business growth among SMEs in Southeast, Nigeria. A survey procedure was accepted for the study and the study was based on both secondary and primary data. The total population of this study is two hundred and fifty (250) small businesses (SMEs). Data were collected using questionnaire and analyzed using Ordinary Least Square Regression. This study revealed that entrepreneurship training has a positive impact on the business growth of the SMEs in Southeast Nigeria. The study concluded that entrepreneurship training is one of the key factors influencing SME growth, as well as the extent to which further training is based on the availability and relevance of training needs and programs. This study recommends that managers and SME owners should develop a good idea for training programs in all areas related to business to help promote and increase the competitiveness of the industry. Also, the government and all stakeholders should invest in entrepreneurship training program for creation of jobs for economic prosperity and sustainability.

Keywords: Apprenticeship, Business Growth, Competitiveness, Entrepreneurship Training, Stakeholders, Theory of planned behavior.

I. INTRODUCTION

Small and medium enterprises (SMEs) are promoters of national economic growth and development because they play a key role in reducing poverty, increasing GDP, diversifying, and creating work in developed and developing countries. Although data is hard to obtain; Ayyagari, Demirgüç-Kunt, & Maksimovic (2011) state that approximately 95% of businesses across the globe are SMEs, accounting for about 60% of the private sector. In addition, SMEs are critical factor in economic development, innovation, corporate restructuring as well as economic growth. Based on Poutziouris (2003), SMEs also contribute significantly to internationalization and economic development. In many countries, SMEs represent the largest and most economically viable sector. Mukulu & Marima (2017) stated that SMEs have been recognized as a catalyst for economic, social, and political development in developed and developing countries.

In Nigeria, there are more than 37 million registered SMEs that account for about 84.02% of the total workforce, contributing 48.47% for national GDP growth as well as 7.27% in international exports (National Bureau of Statistics, 2013). Despite the overwhelming support of SMEs for economic growth in Nigeria, paucity of entrepreneurship training has become a major challenge hampering the growth of SMEs. Growth is important in SMEs survival and competitiveness, thus the success or failure of any business depends on the knowledge and understanding around the business (Anuguw, Nwosu & Okoli, 2021). Of course, the survival of SMEs depends on their ability to participate in the market with other large companies. Business growth reduces the opportunity to close small businesses (Rauch & Rijskik, 2013). Reinforcement is paramount not only for businesses and their owners but for all those involved since these companies bring wealth by emphasizing products and services. In Nigeria, governments at all levels are working to promote the growth of SMEs as part of a multi-year national development plan. Entrepreneurship training has been identified as one of the key strategies for the growth of SMEs (Nduta, 2016; Robb, Valerio & Barton, 2014).

Entrepreneurship training includes the philosophy of self-reliance such as creating a new productive environment, promoting new forms of behavior and culture to meet future challenges (Arogundade, 2011). Lindh & Thorrgen (2016) opined that entrepreneurship training paves the way for entrepreneurial acceptance, improves the entrepreneur’s creative potential, increases business growth, and makes entrepreneur more thoughtful. Namusonge (2006) argues that entrepreneurship training stimulates business growth as well as any SMEs that adopt entrepreneurial training have 9% more survival rate than those without training programs. In other words, the growth of SMEs will depend on better knowledge to deliver better entrepreneurship training.
Entrepreneurship training is designed to develop the skills, knowledge and practices that enable entrepreneurs to start a new business or expand an existing one. It has been found to be a determinant of the growth of the businesses. The performance of a business depends on many factors including internal and external factors. Entrepreneurship training is an internal factor that influences the performance of SMEs. Entrepreneurship training can be provided through a variety of methods such as apprenticeship, coaching and mentoring, peer support and participation by the subordinates. This team’s work enables people to participate in the job and results in better performance, which in turn improves business growth. Entrepreneurship training not only develops the capabilities of individuals but also increases their ability to think and create in order to make better decisions in a timely and effective way (Ezigbo, 2011). Moreover, it also helps people communicate effectively with the customer and respond to their complaints in a timely manner. Entrepreneurship training develops self-efficacy and results in high performance at work, by replacing traditional weak behaviors with positive and effective work-related behaviors.

B. Apprenticeship as a Type of Entrepreneurship Training

Apprenticeship is a process by which trainees learn a trade or skill through hands-on experience while working with a skilled worker. It is further defined as an arrangement in which someone is studying a job, art or profession under another person experienced in the chosen field (Mohrenweiser & Backes-Gellner 2010; Ogundele, Akingbade & Akinlabi 2012). An apprentice is the one who initiates the learning process through an experienced worker. Gambin & Hogarth (2016) argue that apprenticeship is a cost-effective and effective way of influencing employees with the skills they need for their work as well as for a particular line business. But it is unfortunate, despite its many benefits; apprenticeship is not seen as a way to career by schools (Bilau, Ajagbe, Kigbu, & Sholanke, 2015 & Ogundele, et al., 2012). The apprenticeship instills entrepreneurial skills and knowledge which are key requirements for the development of SMEs and makes it easier for business growth. Apprenticeship prepares and provides the entrepreneur or vocational worker with on-the-job training, thus giving him the requisite qualifications for the job at hand (Mungai, 2012). This training period depends on the type of business or trade the apprentice intends to start; thus, apprenticeship training will integrate the skills gap in the SMEs sector.

C. Small and Medium Enterprises (SMEs) Growth

Robson, Haugh & Obeng (2009) stated that small and medium enterprises (SMEs) are the foundation of economic development. Because of SME's role in the national economic development of each country, countries are looking for ways to increase their economic growth through improved SMEs (Oly Ndubisi & Ifikhar, 2012). Penrose (2006) described growth as a product of a process within a business development as well as an increase in quality and/or growth. Brush, Cera, & Blackburn (2009) describe growth as geographical growth, increase in numbers of branches, marketing to new customers, growth in products and services, merger, and acquisition. The growth of a firm is a result of the expansion in the demand for products or services.
Business growth among other things, depending on the entrepreneurial spirit, the maturity of the owner, the provision of quality information, knowledge, skills as well as training in various aspects of the business (Okello-Obura & Matovu, 2011). Similarly, the factors influencing the business growth in SMEs are entrepreneur’s resources, the firm and strategy (Storey, 2014; Anugwu et al., 2021). There are two main types of corporate growth (Dobbs & Hamilton, 2007) – internal/organic growth and external growth. Internal growth is supported by asking shareholders to provide adequate capital, or by reinventing profits into businesses that help businesses maintain healthy status. External growth, on the other hand, can be achieved through external funding, or through integration and acquisition (Edelman, Brush, & Manolova, 2005).

Business growth is the result of good management of the equipment and capabilities that the firm uses to survive competition. For business growth, Okoli, Nnabuife & Allison (2020) opined that entrepreneurs must be attuned to promoting firm’s strategic intention and its product and services, understanding market needs and customer feedback. The development of business growth is based on the initial characteristics of the infrastructure, capabilities and learning and the way in which it is implemented and the generation of sustainable value. This is combined with research on how to access corporate and financial resources as well as what investors can be outside the issue. However, programs to prepare for entrepreneurship training to support the growth of SMEs have become another lesson. Such training should focus on filling the potential gaps of existing and new entrepreneurs. Therefore, these entrepreneurs have the necessary capacity to succeed in their various business ventures.

D. Theoretical Underpinning

This study is anchored in the theory of planned behaviour (TPB). This doctrine foretells man’s intention to engage in behavior at a time and place. The purpose is to define all the qualities that people can display in self-control. An important part of this model is behavioral objectives; behavioural intentions affect attitude as it is more likely that the behaviour will result as well as self-assessment of the risks and benefits of the outcome. This theory states that behavioural intentions are determined by three important principles: attitudes, subjective norms, and behavioral management. Each structure has strong beliefs; these were defined as behavioural beliefs, normative beliefs, and control beliefs (Ajzen, 1991). The current study uses the theory of planned behaviour to uncover the relationship between entrepreneurship training and business growth and put to test relevance of the theory to this area of research interest in the context of SMEs in Southeast Nigeria.

E. Empirical Relationship between Entrepreneurship Training and Business Growth

Njoroge & Gathungu (2013) examined the effect of business education and training on the development of small and medium-sized enterprises in the Githunguri district, Kenya. The study revealed that the entrepreneurs can keep simple business documents on a daily basis but are unable to make complex financial statements. Although an entrepreneur can report for market growth and profitability, as well as seem to be registering growth, lack of training and funding, system management and marketing will mean that SME will not grow beyond the initial level of company development at other levels, it will eventually collapse within the first five years of its existence. Furthermore, he found that entrepreneurs in Kenya lack real experience and expertise in areas such as business planning, financial management, strategic planning etc. as entrepreneurs want to increase their performance and improve the business.

Aun, Abdul, Oladipo & Omotayo (2018) examined the effect of entrepreneurship skills on development of youth employment in Kwara State, Nigeria. The study population consisted of 195 students enrolled in the International Vocational, Technical & Entrepreneurship College (IVTEC), from which a sample of 131 respondents was selected. Structured questionnaire was used for data gathering. The data were analyzed using both Pearson correlation and simple regression analysis. The results of the study showed that there is a positive relationship between the development of entrepreneurship skills and the creation of employment among youth, which is significant at a p-value of 0.000 (R = 0.714, R2 = 0.510, (0.000) <0.05). The study concluded that the development of entrepreneurship skills has an impact on youth employment.

Munene (2013) examined a study conducted in Malaysia on the impact of entrepreneurial training on small and medium-sized business development and found a positive relationship. The study found that most SMEs managers still require additional training in the areas of innovation, business accounting and sales skills. The study concluded that entrepreneurial training increases the knowledge, experience and skills required for better performance of small and medium-sized businesses. Kessy & Temu (2010) examined the impact of training on entrepreneurs in Tanzania and concluded that business training providers have higher resources compared to an organization owned by non-training recipients.

Waithaka, Marangu & Ng’ondu (2014) also found that the lack of seminars and conferences for SME owners was an obstacle to obtaining credit. They revealed that the lack of information on how to get professional and financial services is a major obstacle for SMEs to access credits and other resources to support their business. Entrepreneurs with higher education and management training can access information more than those without, and thus gain access to credits and other resources to improve the performance of their business. Oloforo, Oko & Akpan (2013) examine the importance of entrepreneurship and graduate programs in South-south Nigeria. Data obtained from the study were analyzed using multiple linear regression scores with an alpha level of 0.05. It was found that entrepreneurial training programs at the university are very important for the graduating graduates.

III. Methodology

This study employed the survey design plan because data for the study was collected from questionnaires from respondents. This makes the analysis process more suitable for the study. The total number used for this study consists of
250 SMEs. Two hundred and fifty (250) SMEs from five different states comprised this survey. Complete enumeration was adopted, so there is no need to sampling. Likert's five-item questionnaire was used to collect data from respondents. The configuration of these coding is as follows: Agree (5), Agree (4), Undecided (3), Disagree (2) and Disagree (1). The face-to-face content of this question was first verified using split half method and the resulting number is 0.839. Two hundred and fifty (250) copies of the questionnaire were distributed to the respondents and 240 collected representing 96% collection rate. After processing, ten copies of the questionnaire were found to be inaccurate because many of them were useless because they were not completely filled. A total of 240 positive copies of questionnaire were analyzed using the Ordinary Least Square at a 5% (.05) level. If the p-value obtained exceeds 0.05, the hypothesis should be rejected but if not, the hypothesis should be accepted.

A. Data Analysis

H0: Entrepreneurship training is negatively related to business growth of SMEs in Southeast Nigeria.

Table 1 below shows the result of regression analysis made. As a result, it was revealed that there is a positive relationship between entrepreneurship training and business growth among SMEs in Southeast Nigeria. The coefficient of determination (R Square) indicates that 90% of the change in business growth is accounted for by change in entrepreneurship training.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.949*</td>
<td>0.901</td>
<td>0.877</td>
<td>0.28313</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Entrepreneurship Training

Table II shows the ANOVA result for the relationship between entrepreneurship training and business growth among SMEs in Southeast Nigeria. The results revealed that the relationship between the variables as shown in Table 1 is the total number given by F-Statistics obtained is 1.838, and the probability of F-Statistics is .005. This means that the relationship does not come from chance. Hence the alternative hypothesis that states that entrepreneurship training is positively related to the business growth among small and medium-sized enterprises (SMEs) in Southeast Nigeria.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>0.952</td>
<td>239</td>
<td>0.190</td>
<td>1.838</td>
<td>0.005*</td>
</tr>
<tr>
<td>Residual</td>
<td>0.104</td>
<td>1</td>
<td>0.104</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.056</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurship Training.
b. Dependent Variable: Business growth.

IV. DISCUSSION AND RECOMMENDATIONS

The results of this study provide extensive training for businesses in maximizing profitability and industry growth.

The finding of the hypothesis test shows that there is a positive relationship between entrepreneurship training and business growth. It also shows that 90% of the business growth is explained by changes in entrepreneurship training. That is, the more entrepreneurial training is lacking among owners/managers of SMEs, the greater the likelihood that the business growth will not come. The result of this existing study indicates that entrepreneurial training has a significant positive relationship with business growth among SMEs in Southeast Nigeria. The results lend support on the view that entrepreneurship training is positively related to the business growth among SMEs in Southeast Nigeria. This finding is in agreement with the research of Njoroge & Gathungu (2013), Munene (2013) and Aun, Abdul, Oladipo & Omotayo (2018).

Having reviewed literature and rigorous research related to entrepreneurship training and business growth, the results of the study have made it clear that entrepreneurship training is a key factor in the growth of SMEs. Thus, the extent to which further training is based depends on the availability and the effectiveness of training needs and programs. Specifically, with consistent training, solid growth should improve. As a result, the owner/manager trained will put in the expertise, knowledge, and ability to improve productivity, efficiency and commitment and will therefore provide quality services to the clients of the organizations.

Based on the results of this study, the following recommendations are given:

1) Managers and SME owners should develop a good idea for training programs in all areas related to business to help promote and increase the competitiveness of the industry.

2) The government and all stakeholders should invest in entrepreneurship training programs. The creativity and sustenance of these programs are beneficial not only for entrepreneurs but also the economy as a whole because the societal resources will be raised, and jobs created all for economic growth and sustainability.

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