

The Impact of Entrepreneurship Training on Business Performance of Small and Micro Enterprises (The Case of Some Selected City Administrations-in Oromia Regional State)

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Abstract

The aim of this study was to analysis the impact of entrepreneurship training on the performance of micro and small business enterprises in a case of Oromia regional state enclosed to some selected city administrations. The study covers micro and small business enterprises those who had been received entrepreneurship training from 2014-2018 G.C. Systematic and stratified sampling method was employed to select representative samples from the target population. Primary and secondary data collected through open and close ended questionnaires and interview had analyzed using paired sample t-test, ANOVA and Linear regression statistical tests. The hypothesis test result of correlation and regression analysis reveals that there was a positive significant relationship between entrepreneurship training and business performance of MSEs. Therefore, the researcher concluded that, the training program has a significant impact on the business performance of micro and small enterprises.

Keywords; Entrepreneurship training, micro and small business enterprises and business performance

Chapter I: Introduction

Small and micro enterprise development program is one of the eight pillars of growth and transformation strategic plan that Ethiopian government gave due attention and currently operating on it. In order to achieve the objective, many government and non-government organizations are providing training for micro enterprises and small enterprises. Findings of research conducted by Desalegn (2016) reveal that in spite of the increasing participation of government and nongovernmental organizations in the Ethiopia, their training programs have had little or no impact on the change of attitude and acquisition of entrepreneurial skills to target beneficiaries but the reasons why such had happened have not been neither well explored nor do we have empirical evidence to explain them. Yet, more studies need to be done in order to ascertain the real impact of training on business performance of micro and small business enterprises. Therefore, this study is aimed to identify whether entrepreneurship training has an impact on business performance of small and micro enterprise.

1.1 Objectives

1. To examine the impact of entrepreneurship training on business performance of small and micro enterprises.
2. To investigate the relationship between entrepreneurship training and business performance.

Methodology

This analytical research design was employed to assess the impact of entrepreneurship training on business performance of small and micro enterprises. Small and micro enterprises business operators those who have received training are target populations of the study. Stratified and systematic sampling methods used to collect data from selected representative of enterprises. Both primary and secondary data were included in the study. The primary data was collected from respondents through self-administered questionnaires, interview, and observation. Paired sample t-test employed to test the significant level of training on enterprises' business performance comparing before and after training performances. Correlation analysis was employed to test the significant relation between dependent and independent variables.

Chapter Two: Analysis and Discussion

2.1 Impact of Entrepreneurship Training

This study focuses on entrepreneurship training in business skill, risk management, systematic planning & monitoring, marketing management and financial management.

2.1.1 Business Skills of Enterprises

Business skill of micro and small business enterprises has been surveyed having five independent variables such as business opportunity identification and creating new venture, business knowledge level of enterprises', business skill of enterprises', enterprises commitment and attitudes of change and product/service innovation.

Variables were compared on mean average and standard deviation scale, the difference being observed increased in both means average and standard deviation. The study result indicates that, there were significance

changes of enterprises' business skill after receiving the entrepreneurship training. As observed from the table below, micro and small business enterprises attended the training program had improved their business skills specifically on ability to identify business opportunity, know-how of the business, commitment and attitude of change and product/service innovation.

Table 4.8 Business skillbefore Training after Training

Variables	N	Mean	Std. Deviation	Std. Error Mean	N	Mean	Std. Deviation	Std. Error Mean
Identifying existing opportunities and create business.	318	1.70	.633	.035	318	3.65	.733	.041
Business knowledge level.	318	1.78	.666	.037	318	3.75	.816	.046
Possess skill of business	318	1.70	.674	.038	318	3.87	.882	.049
Commitment and attitude of change	318	1.79	.734	.041	318	3.93	.824	.046
product/service and process innovation	318	1.71	.678	.038	318	3.95	.814	.046

Source: Survey data 2018

Table 4.9 Paired Samples statistics

Independent Variables		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Opportunity identification	-1.953	.970	.054	-2.060	-1.846	-35.899	317	.000
Pair 2	Business knowledge level	-1.975	1.038	.058	-2.089	-1.860	-33.915	317	.000
Pair 3	Possess skill of business	-2.164	1.106	.062	-2.286	-2.042	-34.896	317	.000
Pair 4	Commitment and attitude of change	-2.138	1.112	.062	-2.261	-2.016	-34.295	317	.000
Pair 5	product/service and process innovation	-2.239	1.051	.059	-2.355	-2.123	-38.007	317	.000

Source: survey data 2018

With the conventional confidence level of 95%, the test result of t-statistics the five dimensions of business skills were analyzed. Accordingly, the outcome of the study shows; business opportunity identification performance of enterprises' a t- test of value-35.899 with degree of freedom 317 and the two tailed *p*-value is 0.000 which is less than conventional 5% of significance level. With similar outcome, the paired t-test result of business knowledge t-test result-33.915 df 317 with corresponding two-tailed *p*-value of 0.001 which is less than 0.05 conventional significant interval. Therefore, the null hypothesis was rejected at 5% of significance level. This means that the performance of enterprises was indeed change after attending the entrepreneurship training program.

2.1.2 Risk Management

Table 4.10 Risk management Before Training After Training

Variables	N	Mean	Std. Deviation	Std. Error Mean	N	Mean	Std. Deviation	Std. Error Mean
Take calculated risks and evaluates alternatives	318	1.72	.707	.040	318	3.94	.823	.046
Takes action to reduce risks and / or control outcomes	318	1.66	.667	.037	318	3.87	.787	.044

The mean comparison result illustrated in the above table shows, there was great variation of enterprise performance on risk management before and after entrepreneurial training program delivered. When precisely compared on the dimension of take calculated risk and evaluated the outcome, enterprise performance before training (mean 1.72 std.dev.0.707) and after training (mean 3.94 std.dev.0.823). In line with taking action to reduce business risk, the average result of enterprise performance before training (mean 1.66 std. dev.0.667) after training (mean 3.87 std.dev.0.787). The study result indicates that an average of micro and small business enterprises' risk management performance had increased after entrepreneurship training program delivered. Therefore, the null hypothesis was reject at the $\alpha=0.05$, which means that the sample value was significantly different from the hypothesized value and the average risk management performance of micro and small business enterprises' were not the same as before and after training program had been delivered.

2.1.3 Systematic Planning and Monitoring

Systematic planning and monitoring nature of sampled micro and small enterprises were analyzed and indicated

below.

Table 4.12 Strategic planning
Before Training After Training

Variables	N	Mean	Std. Deviation	Std. Error Mean	N	Mean	Std. Deviation	Std. Error Mean
Sets clear and specific goals	318	1.64	.664	.037	318	3.91	.815	.046
prepare business plan with clear time-frames	318	1.69	.645	.036	318	3.92	.806	.045
Revises plans & uses for decision making	318	1.64	.690	.039	318	3.92	.810	.045

Source: 2018 survey data

The mean comparison analysis indicated in the above table shows, there was great mean difference before and after training on the three variables. The outcome of the study shows that there was a great increment of enterprises' performance on strategic business plan after entrepreneurship training offered.

To verify the null hypothesis, data was analyzed using paired sample t-test statistics illustrated in the following table

Table 4.13 Paired Samples statistics

Independent Variables		Paired Differences					t	df	Sig. (-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Sets clear and specific goals and objectives	-2.274	1.114	.062	-2.396	-2.151	-36.404	317	.000
Pair 2	prepare business plan with clear time-frames	-2.233	1.067	.060	-2.350	-2.115	-37.321	317	.000
Pair 3	Revises plans & uses for decision making	-2.283	1.121	.063	-2.407	-2.159	-36.310	317	.000

Source: survey data 2018

The statistical measure result shows a t-statics -36.404 with degree of freedom 317. The two tailed p-value is 0.001 which is less than the conventional 5% significant level. Therefore, the null hypothesis was rejected at 5% significant level, which means that the average business performance of enterprises indeed changed after attending the training program.

2.1.4 Marketing Management

Table 4.15 Paired Samples statistics

Independent Variables		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	identifying customer needs and wants	-2.280	1.101	.062	-2.401	-2.158	-36.935	317	.000
Pair 2	Costing and pricing of Service/product	-2.270	1.107	.062	-2.393	-2.148	-36.561	317	.000
Pair 3	Knowledge & technology transfer	-2.35849	1.12770	.06324	-2.48291	-2.23407	-37.295	317	.000
Pair 4	Managing customer relationship.	-2.23270	1.09022	.06114	-2.35299	-2.11242	-36.520	317	.000

Source: survey data 2018

The output produced shown in the table 4.7 indicates that the three aspects of variables measured results were significant at the conventional level of 95%. Specifically, the result of t-test measured on identifying customers' needs and wants shows t-statics-36.935 with 317 degree of freedom and the two tailed p-value was 0.001 which is less than 95% conventional significant level. Hence, the null hypothesis was rejected. That means training has significant impact on marketing performance micro and small business enterprises.

2.1.5 Financial management

Table 4.16 Financial management

Variables	Before Training				After Training			
	N	Mean	Std. Deviation	Std. Error Mean	N	Mean	Std. Deviation	Std. Error Mean
Net income & growth in asset cost and profit management	318	1.616	.63840	.03580	318	3.968	.81718	.04582
Management of cash flow, stock and credit	318	1.600	.63116	.03539	318	3.915	.83441	.04679
Taxation issue in a business	318	1.635	.68716	.03853	318	3.918	.83283	.04670
Business record keeping	318	1.641	.65290	.03661	318	3.569	.74930	.04202
	318	1.676	.64441	.03614	318	3.720	.82181	.04608

The mean comparison was made with corresponding period before and after training. Therefore, the researcher stated that micro and small business enterprises experienced significant changes after attending the entrepreneurship training.

Paired sample t-test was employed to verify whether significant difference exist in the average output of enterprises' performance before and after going through entrepreneurship training program.

The test result shows a t- value of -61.95 with 317 degree of freedom and the two tailed p-value is 0.001 which is less than the conventional 0.05 significance level. The null hypothesis at 5% of confidence level rejected. Therefore, the training program had significant impact on the financial performance of micro and small business enterprises.

4.5 Correlation Analysis

Table 4.20 Correlation Analysis

Indicators		Correlations					
		Business Skill	Risk Management	Planning and Monitoring	Financial management	Marketing Management	Business performance
Business Skill	Pearson Correlation	1	.436*	.313*	.770*	.431*	.359*
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	318	318	318	318	318	318
Risk Management	Pearson Correlation	.436*	1	.414*	.621*	.403*	.790*
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	318	318	318	318	318	318
Planning and Monitoring	Pearson Correlation	.313*	.414*	1	.394*	.611*	.314*
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	318	318	318	318	318	318
Financial management	Pearson Correlation	.770*	.621*	.394*	1	.589*	.641*
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	318	318	318	318	318	318
Marketing Management	Pearson Correlation	.431*	.403*	.611*	.589*	1	.327*
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	318	318	318	318	318	318
Business performance	Pearson Correlation	.359*	.790**	.314*	.641*	.327*	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	318	318	318	318	318	318

*Correlation is significant at the 0.05 level (2-tailed).

The Pearson's correlation coefficient, *P*-value of two tailed test significance is measurement criteria. It was perceived that the correlation coefficient between training of business skills and enterprises business performance was $r = 0.359$) and the *p*-value for two tailed test of significance level ($p = 0.001$) which is less than 0.05 conventional significant level. From this result, the researcher concludes that there is a positive correlation between training of business skill and business performance at significant level of 5%.

In similar condition, the correlation coefficient of marketing management training and business

performance ($r=0.327$ $p=0.001$) and business plan training and business performance ($r=0.314$ $p=0.001$) are positively correlated at conventional significant level of 5%. The result showed that the correlation coefficient between training on financial management and business performance $r=0.641$ $p=0.001$ which is less than 0.05. A significant strong relationship was found between training on risk management and business performance= 0.79 with p-value of 0.001 which is less than 5% significant level. Therefore, the researcher concluded that there was significant relationship between entrepreneurship training and business performance of micro and small business enterprises. The alternative hypothesis was accepted.

4.6 Regression Analysis

Table 4.21 Regression Model

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839	.180 ^a	.703	.698

a. Predictors: (Constant), FM, RM, BS, BP, MM

b. Dependent Variable: Level of sales and profit

From the above model summary R square value is 0.703. R square states to what extent entrepreneurship training (business skill, business planning, risk management, marketing management and financial management) determines the performance of micro and small enterprises. It shows that about 70% is determined by the variation in the score of entrepreneurship training. The adjusted R square value in this analysis is 0.69. This indicates that the five IVs(training) in the model accounts 69% variance in DV-enterprises business performance.

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	59.024	5	11.805	147.852	.000 ^b
Residual	24.911	312	.080		
Total	83.934	317			

a. Dependent Variable: Level of sales and profit

b. Predictors: (Constant), FM, RM, BS, BP, MM

The F value indicates whether the model has significance or not. Based on the result observed, F value 147.85 with p-value 0.001 at significant scale of 0.05. Therefore, entrepreneurship training (business skill, risk management, business planning, marketing management and financial management) was significant for business performance.

Table 4.22 Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.292	.174		1.676	.095
	Business skill	.094	.063	.061	1.479	.004
	Risk Management	.090	.035	.123	2.614	.009
	Business Plan	.151	.046	.120	3.294	.001
	Marketing Management	.162	.067	.112	2.416	.006
	Financial Management	1.233	.071	.733	17.360	.000

a. Dependent Variable: Performance of MSE

The result observed from the above table shows that the relationship between the two variables; business performance of micro and small enterprises (DV) and entrepreneurship training (IV) were both positively and negatively correlated. Business performance of enterprises and entrepreneurship training (business skill, risk management, business plan, marketing and financial management) are positively correlated.

MSE performance = -0.292 + 0.061(BS) + 0.123(RM) + 0.12(BP) + 0.112(MM) + 0.733(FM)

Then the researcher verified that there was a significant relationship between entrepreneurship training and business performance of micro and small enterprises.

Table 4.23 Hypothesis Testing Results

Hypothesis	Description	Tools	Hypothesis supported/rejected
H ₀	Business performance of micro and small enterprises are the same before and after attending entrepreneurship training program	Paired sample t-test	Rejected
H ₁	There is a significant relationship between entrepreneurship training and SMEs' business performance	Correlation	supported
H ₂	Entrepreneurship training program has an impact on business performance of MSE	Linear regression	supported

Source: researcher's own data 2018

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