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**Formal Education, Entrepreneurial Orientation and Small and Medium Enterprises  
(SMEs) Performance in Oyo State, Nigeria**

**By**

**Abiola, Olawumi Toyin and Esther Sanya**

**Abstract**

This study is an examination of Formal Education, Entrepreneurial Orientation and Performance of SMEs in Oyo State, Nigeria. The respondents will be asked to reflect their opinions on entrepreneur development, financial literacy, strategic planning, innovativeness, pro-activeness, risk-taking, formal education and entrepreneur orientation as they predict SMEs performance. Participants of the study are selected from 6, 1313 registered small and medium enterprises in Oyo state. Through Taro Yamane (1967) model of sampling size determination, 417 respondents were arrived at for sampling. A well-structured questionnaire with a reliability study of 0.739, 0.941, 0.851, 0.842, 0.763, 0.829 and 0.814 respectively for entrepreneur development, financial literacy, strategic planning, innovativeness, pro-activeness, risk-taking and entrepreneur orientation were distributed to the 375 determined sample size of the study. Analysis of the field work was carried out using inferential statistics such as ANOVA and multiple regression analysis tests. It was concluded that there was significant composite and relative relationship of formal education (entrepreneur development, financial literacy and strategic planning) and SMEs Performance. Also, there was significant composite and relative relationship of entrepreneur orientation (innovativeness, pro-activeness and risk-taking) on SMEs Performance. The research recommended that would-be entrepreneurs see themselves as competent and psychologically prepared to confront the opportunities and threats of a global and competitive marketplace. It also supports the suggestions that business education is essential in providing the technical tools and serves to re-orientate people towards self-sufficiency, self-reliance, autonomy, creativity, and flexible thinking.

**Keywords:** Entrepreneurial development, Entrepreneurial orientation, Enterprise Financial literacy, Formal education, Innovativeness, Planning, Pro-activeness, Risk-taking, Small and medium enterprises, SMEs, Strategic

**Word Count:** 254

## Introduction

In developed countries and developing countries, the size of the small and medium economy is important. Small and medium enterprises (SMEs) form the potential economic backbone of many regions and make a greater contribution to jobs than large companies<sup>i</sup>. Some of the important roles of SMEs are its position as a major player in economic activities in various sectors, namely: the largest provider of employment; important players in developing local economic activities and community empowerment; new market creators and sources of innovation; and its contribution in maintaining the balance of payments through export activities. In today's increasingly globalized economy, small and medium enterprises (SMEs) are now regarded as the main sources of dynamism, innovation and flexibility in developed and developing countries, as well as the economies of industrialized countries, they contribute greatly to economic development and job creation.

Formal education deals mainly with awareness creation, of which entrepreneurship education as a whole has the aim of educating students on the issues about setting up and running a business. Enterprise modules within business and other courses at undergraduate or postgraduate level can also be included in this category. Education for enterprise, which is also a branch of entrepreneurship education, deals more with the training of aspiring entrepreneurs for a career in self-employment with the aim of encouraging participants to set-up and run their own business. Individuals are taught the practical skills required for business management. The courses are often directed towards the preparation of a business plan. Knowledge which is acquired through formal education and also a part of human resource competence plays an important role in achieving company performance. The success of a company is more directed at its ability related to knowledge and learning than its physical assets<sup>ii</sup>. Therefore, people will hope that for companies to be successful, they must exploit methodically their knowledge assets<sup>iii</sup>.

For business aspiration to become a reality, effective support structures are required to harness local initiatives and nurture new enterprises that are capable of creating sustainable employment and business models. There is need to address the failures and non – performance in SME, Stacked up against such a choice are many examples of business failures in Nigeria in general and Ibadan in specific, negative attitudes towards business, and misconceptions about what makes a business succeed, the common view is that all you need to succeed is 'capital. The aim of this study is to determine the role of formal education, entrepreneurship effectiveness and SMEs Performance in Oyo State, Nigeria.

## Literature Review

Evidence has shown that when financial education is presented to a broader population through a communal setting then understanding is lower than more customized settings. When financial education is delivered directly to individuals in their homes, evidence is weak and mixed on the effectiveness of this channel in promoting optimizing financial behaviour. Atkinson demonstrated the importance of duration and frequency of financial education programs. Duration or frequency are measures of intensity as a variable in the design of an education programme, that is, how often learners are exposed to content, with one theory suggesting that in order to see actual literacy gains, a significant amount of repetition and exposure is necessary. Despite the fact that research on how intensity affects learning of financial concepts, Atkinson et al. state that duration and frequency are both associated with greater literacy<sup>8</sup>. More intensive financial education has stronger effects on behaviour.

### 2.1.3 Concept of Entrepreneurial Education

Entrepreneurial education is the process or series of activities which aims to enable an individual to assimilate and develop knowledge, skills, values and understanding which allow a broad range of problems to be defined, analyzed and solved. Entrepreneurial training - can be defined as a more planned and systematic effort to modify or develop knowledge, skills etc. through learning experiences to achieve effective performance in an activity or range of activities. Entrepreneurial education incorporates both informal and formal methods. The methods used, content and delivery methods will vary depending on the student group. The formal aspects of entrepreneurship education focus on providing the theoretical and conceptual frameworks which underpin entrepreneurship. The educator acts as an expert by instructing and facilitating the learning process. The informal aspects of entrepreneurship education focus on skills building attribute development and behavioral change. The informal aspects of entrepreneurship education combine and integrate with the formal aspects of education<sup>iv</sup>.

Entrepreneurship education was started by Shigeru Fijii in 1938 at Kobe University in Japan. Myles Mace started the first course in entrepreneurship in USA at Harvard Business School in 1947. Entrepreneurship education has grown rapidly in tertiary institutions around the world. The growing number of tertiary institutions offering Entrepreneurship education is an attestation that entrepreneurship can be taught<sup>v</sup>. The main objective of entrepreneurship education in tertiary institutions is to empower graduates irrespective their course of study with skills that will

provide them the opportunity to engage in income yielding business, whether they are able or not able to secure paid employment whether in public or private sector. Entrepreneurship Education turns a graduate from being a job seeker to job creator. Entrepreneurial Education was introduced into the undergraduate curriculum of Nigerian Universities in 2006<sup>vi</sup>.

The main purpose of introducing it to tertiary institutions is to produce graduates with entrepreneurial skills needed in the private sector can also start their businesses and consequently employs others. Entrepreneurship education is based on the premise that entrepreneurship can be learned, can develop student entrepreneurial intentionally and finally lead to business start-up. Though not all studies agree that entrepreneurship education affects entrepreneurial intention. Scholars have seriously debated whether entrepreneurship can be taught and learned. It is vital for higher institutions to make available quality education for likely entrepreneurs to prepare them for future businesses that they can start. All over the world, entrepreneurs exist in all professions: Medicine, architecture, law, research, education, engineering et al. and they are available in different shapes, colours, size and background. Participation in entrepreneurship education is likely to strengthen entrepreneurial intentions. Also, more favourable attitude towards entrepreneurship is likely to increase intentions of starting a business<sup>4</sup>.

Furthermore, right after studies students in other fields than business and economics are likely to be more interested in starting their own business. Entrepreneurship education has the mandate to equip the youth with functional knowledge and skill to build up their character, attitude, and vision. Entrepreneurship education consists of all activities with the objective of fostering entrepreneurial mindsets, attitudes, and skills covering a range of areas such as idea generation, startup, growth and innovation. Entrepreneurship could not be taught because it is more of personality and psychological traits because talent and temperament cannot be taught. The key to achieving a successful entrepreneurship education is to determine the most efficient way to handle the teachable skills and identify the best match between student needs and teaching techniques. Entrepreneurship education influences students' entrepreneurial intentions and behaviours. Entrepreneurial education plays an important role in setting up one's businesses<sup>4</sup>.

Technical skills are said to involve such things as writing, listening, oral presentation & communication, monitoring environment as well as the ability to organize. On the other hand, management skills include those areas involved in starting, developing and managing any enterprise. That is, skills in decision making, marketing, general management/administration, financing, accounting, production, controlling and negotiating which are essential in launching and growing a new business venture. While personal skills are some skills that differentiate an

entrepreneur from a manager, that is, inner control/discipline, risk taking, being innovative, being change-oriented, being persistent, visionary leader, among others. All these entrepreneurial skills are undoubtedly needed in every facet of an organization product development or product life cycle (development, growth, Maturity and decline stages), to ensure the sustainability of the various products to a level of economic stability and growth in order to maximize profit<sup>vii</sup>.

The need for entrepreneurial skills for product position/value development evolved as a result of the strong gaps or lack of qualification often faced by small and medium scale enterprises (SMEs) owners, which leads to some set back such as liquidation, low profit and product offering reaching the decline stage within a short period. Also, there are certain commonalities that exist between small, medium enterprises and entrepreneurship that allows 'entrepreneurs' venture in to the medium scale enterprises and making it their habitat. It has gotten to the point that it has become a common practice or tradition to discuss entrepreneurship in relation to small and medium enterprises. For instance, SMEs requires low capital setup which will encourage 'entrepreneurs' who have what it takes but low capital to setup a business, they can both be a sole proprietorship business or partnership<sup>12</sup>.

One of the major objectives of business education is to provide technical competencies to undergraduates to have a successful career as a professional. Curriculum content in the field of business provides a theoretical framework beneficial for understanding business management and, at the same time, provides undergraduates with the knowledge, skills, and techniques arguably indispensable to start up and manage small businesses effectively. Entrepreneurship can serve as a career path diverging from employment provided that prior skill sets in the area of self-employment have been inculcated<sup>viii</sup>. In actuality, equipping business students to be self employed is one of the effective solutions addressing the surfeit of graduates with business majors given that the labor market in most Arab economies cannot absorb them purely in the capacity of professionals.

Universities have always been regarded as higher education spaces where students learn to think critically and to express their thinking in appropriate modes of writing and debate; discussions with professors and peers are paramount in the development of students' intellectual skills; universities are also institutions in which the young learn to become good citizens. Entrepreneurship is the practice of starting new organizations with a view specially to generating innovation in response to identified business potential<sup>ix</sup>. Moreover, entrepreneurship involves independent and calculated risk-taking behavior carried out for future benefit. Entrepreneurs identify opportunities using skills inculcated from education<sup>x</sup>. Entrepreneurial activities devolve

from skills obtained from entrepreneurial education— a manifestation of entrepreneurial self-efficacy or entrepreneurial intentionality.

There are positive relationships between business creation and education. In other words, the level of education acquired by individuals influence their abilities in the creation of business ventures. Furthermore, right after studies students in other fields than business and economics are likely to be more interested in starting their own business<sup>28</sup>. Formal education has the mandate to equip people with functional knowledge and skill to build up their character, attitude, and vision. Formal SMEs education consists of all activities with the objective of fostering entrepreneurial mindsets, attitudes, and skills covering a range of areas such as idea generation, startup, growth and innovation. The key to achieving a successful entrepreneurship education is to determine the most efficient way to handle the teachable skills and identify the best match between student needs and teaching techniques. Education influences students' entrepreneurial intentions and behaviours.

Entrepreneurship education has been globally acknowledged as an instrument for achieving small and medium enterprises growth and development as well as employment creation. Entrepreneurship education is the process of learning the skills needed to assume the risk of establishing a business venture. Entrepreneurship education is that skills acquired in any of the area of business related programme, training in entrepreneurship equipped graduates with requisite skills to establish and run businesses on their own. Entrepreneurship skills are simply business skills which individuals acquire to enable them effectively function in the turbulent business environment as an entrepreneur<sup>xi</sup>. Entrepreneur skill and its effect on small and medium business are paramount in this age and time in most developing countries, because most Nigerian graduates roam around looking for jobs endlessly, with no fruition<sup>xii</sup>.

The success or failure of any organization product offering(s), be it goods or services, depends immensely on the strategies and technologies used in developing, maintaining and sustaining such products or services in the target market<sup>xiii xiv</sup>. The extent to which these responsibilities/duties/tasks are successfully carried out is as a result of the unusual skills, experience and ability possessed by the owner (entrepreneur), of the said business organization; to effectively co-ordinate the human and material resources in that organization, in order to achieve the stated organisation objectives either to make profit or community service rendering<sup>xv</sup>

xvi xvii

## Methodology

This is the overall plan, layout and guideline of the study that is used to analyze the needed data. This helps to know if the research questioned are answered accurately. Descriptive research design and causal research design were used. Descriptive research design was used for the analysis of data which involves finding the mean and standard deviation of the results while causal research design was used to describe the effect of the independent variable on the dependent variable.

### 3.2 Population of Study

The study focused on registered small and medium enterprises in Oyo Central Senatorial District Oyo State, Nigeria. The sample size from the population of the study will be drawn from population of registered SMEs owners in Oyo state as obtained from National Bureau of Statistics<sup>3</sup>. The total population of SMEs in Oyo state as at the last SMEDAN report is 6, 131. Small Enterprises are 6,039 while Medium enterprises are 92.

### 3.3 Sampling and Sampling Techniques

Sample size is the actual number of respondents that was representative of the population under research, and bore some proportional relationship to the size of the population from which it drawn. The sample frame draws out similar characteristics representative of the entire population making its selection extremely fundamental. The sampling frame for this study were small and medium enterprises owners in Ibadan, Oyo state. The study also included respondents with and without financial background. The rationale behind the choice of respondents is to allow for comparison of various managers with financial and non-financial backgrounds. The sample size was established with the use of the Taro Yamane (1967) statistical formula. This formula relates the population size to the level of significance as illustrated below:

$$n = \frac{N}{1 + (e^2) N}$$

Where

n = Sample Size Desired

N = Overall Population

e = Tolerated/assumed error limit 0.05 on the basis of 95% confidence level

Therefore,

$$n = \frac{6131}{1 + (0.05^2) 6131}$$

$$\begin{aligned}
 & 1 + (0.05^2) 6131 \\
 = & \frac{6131}{16.328} \\
 = & 375
 \end{aligned}$$

Going by the general rule, the sample size obtained was considered insufficient, hence an additional 11.2% of the said sample size was added making the total sample size determined to be expressed as followed:

$$\frac{11.2}{100} \times 375 = 42$$

$$42 + 375 = 417$$

Therefore, the sample size used for the study is 417.

### Method of Data Analysis

The data gotten from the questionnaires administered were analyzed both electronically and manually. The electronic application will involve the Statistical Package for Social Sciences (SPSS). This computer package was used to calculate and analyze behavioral and social science research data. Manually, the data will be sorted into rows and columns using the tabular arrangement to enable counting of data under each category. The data will be properly checked for completeness and accuracy. The data will later be coded which will be followed by transcription of data and entry and finally, results will be run and presented in tables and charts. The data were subjected to statistics; descriptive and inferential statistics. Descriptive because it made use of the frequency distribution, mean and standard deviation. Inferential statistics will be used to analyze the hypotheses.

### Results and Discussion

**Table 4.1 Questionnaire Administration and Response Rate**

Questionnaire	Frequency	Percentage (%)
Response	407	97.4
Non-response	10	2.39
<b>Total</b>	<b>417</b>	<b>100</b>

**Source: Field Survey, 2020**



## 4.2 Demographic Data of Respondents

This study established the demographic characteristics of the respondents in terms of gender, age, marital status and educational level. Demographic characteristics were considered important in providing relevant background of the respondents from whom data was generated. They were also important because they had a bearing on the respondents' understanding of the influence between the study variables. Summary results of respondent's demographics are presented in Table 4.2.

**Table 4.2 Demographic Characteristics of the Respondents**

<b>Variables</b>	<b>Options</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>	Male	162	64.3%
	Female	145	35.6%
<b>Age</b>	20-25	84	20.6
	26-30	94	23.1
	30-35	35	8.6
	36-40	104	25.6
	41-45	34	8.4
	46-50	28	6.9
	51 and above	28	6.9
<b>Marital Status</b>	Single	136	22.5
	Married	247	60.7
	Widow/Widower	11	3.2
	Divorced	13	2.7
<b>Educational Level</b>	B.Sc./B.A	113	27.8
	MSc/MBA	242	59.5
	PhD/DBA/others	52	12.8

**Source: Field Survey, 2020**

The demographic characteristics of the respondents are presented in Table 4.2. The table shows that in terms of gender, there were more male than female operating in selected Small and Medium Enterprises (SMEs) in Nigeria. There are a total number of 262 (64.3%) male and 145 (35.6) female. This implies that a general perception that women are more business inclined than men is being countered here.

In terms of age of respondents, within age range of 20 to 25 years, a total number of 84 (20.6%) respondents indicated they were within this age range. 94 (23.1%) indicated that they were within age range of 26 to 30 years. 35 (8.6%) respondents attested to the fact that they were within age range of 30 to 35 years of age. Age range of 36 to 40 years has a total number of 104 (25.6%) respondents saying that they are of this age range. Ages 41 to 45 fell within the age range of 34 (8.4%). 46 to 50 years of age had a data figure of 28 (6.9%) and finally in the context of 51 years and above, 28 (6.9%) respondents attested to belong to this age range.

This age range data implies that employees in selected Small and Medium Enterprises (SMEs) in the country comprises of active people who are at their prime of age. With this active people in place, it is perceived that they can be pretty much innovative, determined and resilient in maximizing profit by all means at all cost. It also implies that they still have much energy to drive the SMEs sector to optimum height of sustainability irrespective of whatever challenge that might confront the sector. For those within the age range 41 to 50 and 51 years of age and above, it implies that they must have had much experience in life, thereby that experience must have translated into much knowledge which when applied can actually contribute to the development of SMEs sector.

The marital status of employees in the SMEs sector is an interesting aspect of the demographic aspect of this study. 247 (60.7%) respondents actually indicated that they are married. 136 (22.5%) are single while 11 (3.2) are widows and widowers while 13 are divorced. This means that for there to be 247 married employees in the SMEs sector, then these category of respondents as far as this context is concerned means that they are responsible men and women. Another implication of this part of the demographic characteristics means that those that are single seem not want to toil with idleness. A total number of 136 singles are also within the SMEs sector. This means that these categories of respondents are actually very much engaged with something meaningful to do. Adding the figures of those that are single and those married which results in a total sum of 373 respondents outweighs those are widows, widowers and divorced which has a total result of 24. This totally means that SMEs operators in the country constitute of responsible men and women.

Surveying the level of educational qualification of employees in the SMEs sector, as far as this work is concerned, 113 (27.8%) respondents attested to the fact that their highest educational qualification is the first degree (B.A/B.Sc). 242 (59.5%) are of the masters degree while doctoral degree holders constitute 52 (12.8%) respondents. This implies that SMEs operators in the country are well educated. It is expected that with this level of education, much knowledge should be applied to the development of their various SMEs.

Going by this result, as it was stated earlier when reflecting on the level of educational qualification of SMEs operators in Nigeria that there seem to be responsible men and women in the sector, there seem to be thorough breed of professionals who actually know what they are doing.

### 4.3 Data Analysis and Interpretation

#### 4.3.1 Restatement Research Question and Hypothesis 1

**Research Question 1:** To what extent would SMEs, as indices of formal education, impact SMEs Performance in Oyo state, Nigeria?

**H<sub>01</sub>:** There will be no significant relationship between entrepreneur development on SMEs Performance in Oyo State, Nigeria.

Respondents were asked to respond to statements relating to level of agreement of entrepreneur development of selected SMEs in Nigeria. The responses were on a scale of 1-6, where 1=strongly disagree, 2= disagree, 3=fairly disagree, 4= fairly agree, 5= agree and 6= strongly agree. The frequencies, percentages, mean and standard, were computed as presented in Table 4.2.1.

**Table 4.2.1 Descriptive Statistics of Responses on Entrepreneur development**

Item	SD	D	PD	PA	A	SA	Mean	Std.Dev.
	(%)	(%)	(%)	(%)	(%)	(%)		
<b>Creativity and innovativeness</b>	145 (35.6)	262 (64.4)	0	0	0	0	1.64	.479
<b>Initiative taking ability</b>	84 (20.6)	94 (23.1)	35 (8.6)	132 (32.4)	34 (8.4)	28 (6.9)	3.05	1.529
<b>Knowledge for commercial and legal aspect of business</b>	113 (27.8)	242 (59.5)	52 (12.8)	0	0	0	1.85	.620
<b>Problem solving attitude</b>	20	139	162	19	51	16	2.98	1.201

	(4.9)	(34.2)	(39.8)	(4.7)	(12.5)	(3.9)		
<b>Risk taking ability</b>	14	7	0	117	231	38	4.33	1.226
	(3.4)	(1.7)		(28.7)	(56.8)	(9.3)		
<b>Time management</b>	16	126	10	3	236	16	3.90	1.533
	(3.9)	(31.0)	(2.5)	(.7)	(58.0)	(3.9)		

**Average mean = 1.64 + 3.05 + 1.85 + 2.98 + 4.33 + 3.90 = 2.95**

**An average mean of 2.95 on a 6 point likert scale with 3.50 decision rule**

**Source: Field Survey 2020**

Table 4.2.1 presents the descriptive statistics on the level of agreement of entrepreneur development of selected SMEs in Nigeria. 145 (35.6%) respondents were strongly against the assertion that there is a general form of problem solving attitude in my firm. This finding is contrary to most findings, which asserted that there are two types of financial literacy - misappropriation of assets or financial statement financial literacy. The second item of this study says that “Misappropriation of funds is some form of problem solving attitude in my firm”. A total number of 84 (20.6%), 94(23.1%) and 35 (8.6%) respondents were strongly against this premise. However, 132(32.4%), 34(8.4%) and 28 (6.9%) respondents affirmed this assertion. Those that support this assertion were pretty much more than those that were against this particular statement. The affirmation on this statement on entrepreneur development is in line with ISA240.2’s assertion that there are basically two types of financial literacy misappropriation of assets or financial statement financial literacy. “Entrepreneurs and executives may be inclined to forsake the interests of shareholders when an opportunity for financial literacy behavior arises that provides a substantial private pay-off”<sup>1</sup>. This study found that 113 (27.8%) 242 (59.5%) 52 (12.8%) respondents strongly disagreed, disagreed and partially disagreed respectively on this assertion. This implies that entrepreneurs of selected Small and Medium Enterprises (SMEs) in Nigeria will not take advantage of the naivety of shareholders when there is an opportunity for financial literacy behaviors. A mean score of 1.85 on a likert scale of 6 point of 3.50 decision rule speaks in support of this finding. Another item on this part of the research instrument says “there have been opportunities for executives of my firm to deceive stakeholders financially. The response to this assertion has it that 20 (4.9%) 139 (34.2%) 162 (39.8%) 19 (4.7%) 51 (12.5%) 16 (3.9%) respondents strongly disagree, disagree, partially disagree, partially agree, agree and strongly agree respectively. Out of all these many respondents were of the opinion that

there have been opportunities to deceive stakeholders financially but perhaps never made use of these abysmal opportunities.

A mean score of 2.98 was generated in affirming this position, still on the type of financial literacy, “Misappropriation-type financial literacy is more difficult to observe and measure”<sup>2</sup>. 14 (3.4%), 7 (1.7%) 0, 117 (28.7) 231 (56.8) 38 (9.3) respondents respectively strongly disagreed, disagreed, partially disagreed, agreed, partially agreed and strongly agreed on this particular item of the questionnaire. However, many respondents affirmed that indeed, misappropriation-type financial literacy is more difficult to observe and measure.

To further buttress this, a mean score of 4.33 was actually generated for this particular item which clearly means that it is highly impossible for misappropriation-type financial literacy to observe and measure. The last item in determining the level of agreement on entrepreneur developmentsays that “The CEO and audit committee composition of my firm seem to be accomplices in financial literacy activities “. Respondents’ reaction to this item is as follows: 16 (3.9%) 126 (31.0%) 10 (2.5%) 3 (.7%) 236 (58.0%) 16 (3.9%). This response level means that out of a total number of 407 respondents surveyed in this study, 253 (62.16%) agreed on this while 174 (42.7%) were against. This implies that the audit committee composition of selected Small and Medium Enterprises (SMEs) in Nigeria are significant predictors of financial literacy. This is also in line with the findings who reported that CEO–chair duality and the audit committee composition are significant predictors of financial literacy<sup>3</sup>. Finally, the cumulative average mean score of entrepreneur development of selected Small and Medium Enterprises (SMEs) in Nigeria is at 2.95 on 6 point likert scale with a decision rule of 3.50. This implies that entrepreneur development of selected Small and Medium Enterprises (SMEs) in Nigeria is not too alarming.

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**Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.944 <sup>a</sup>	.891	.889	.202

a. Predictors: (Constant), financial literacy, strategic planning and marketing mix knowledge, innovations

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**ANOVA<sup>a</sup>**

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Model		Sum of Squares	Df	Mean		Sig.
				Square	F	
1	Regression	133.067	5	26.613	653.998	.000 <sup>b</sup>
	Residual	16.318	401	.041		
	Total	149.385	406			

a. Dependent Variable: enterprise\_performance

b. Predictors: (Constant), financial literacy, strategic planning and marketing mix knowledge, innovations

### Conclusion and Recommendation

Findings of this study conformed to the underpinning theories of Agency and Stewardship theories. Due to their inability to do their best to maximize shareholder capital, entrepreneurs produce agency costs for the firm, according to the Agency Theory. But instead of helping the company, they engage in actions that promote their own self-interest and allow them to get private gains from their efforts. As long as they are paid, people will accomplish the work they are hired to do. However, there is the chance of betrayal of trust, especially if motivation is weak in the worker. This theory seeks to explain the relationship between entrepreneurs and owners (shareholders).

Based on the findings from the study, it is recommended that SMEs should put machineries in place to discourage entrepreneur development within their operations and systems. Findings of this study found entrepreneur development to be a contributing factor in decreased performance and growth of their corporation. However, one of the ways to do this is by providing attractive incentives for employees, in ways that would increase their commitment and honesty within the workplace.

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