

The Effect of Entrepreneurship Educations/Trainings In Improving The Performance of Youth Owned Small And Micro Enterprises In South Wollo And Oromia Zones of Eastern Amhara.

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Abstract: The study attempted to assess and examine the effects of entrepreneurship education and training on the performance of Youth owned MSEs in South Wollo and Oromia Special zone. It aimed to identify and measure the effects of entrepreneurship education and training in improving the business skill and PECs of the youth and thereby improve their economic and financial performance. The research was descriptive in its design. Probability sampling of stratified and simple random type and non-probability sampling of purposive type were applied to obtain data about the effect of entrepreneurship education and training on performance of youth owned MSEs. The researcher used questionnaire and interview together primary data. In this study there were five independent variables those were business planning, Marketing, operations and HRM, Accounting and Finance skills and PECs and one dependent variable which was performance of youth owned MSEs. The study applied descriptive and inferential analytical models. The researcher used version 20 of SPSS to analyze quantitative data and demographic data. Qualitative data was analyzed inductively through narration. The study identified that the major contents of entrepreneurship education and training provided to the youth is not all inclusive and the length of the training and its continuity is not adequate enough and hence the performance of youth owned MSEs in the selected towns is found to be weak. The descriptive result of the research also showed that TVET is the major provider of entrepreneurship training to the youth. The correlation results of the study shows that a strong relationship exists between the skills of business planning, marketing, operations and HRM and PECs and youth owned MSEs' performance. The regression result of the study also revealed that operations and HRM skills and PECs have a significant positive effect on performance of youth owned MSEs, whereas, business planning, marketing and accounting and finance are not as such stronger determinants of youth owned MSEs performance. Finally, the researcher provided some recommendation to the youth, government and training providers. The youth should use their maximum efforts in developing PECs through ongoing practices of the different entrepreneurial qualities. The major contents of entrepreneurship trainings given to the youth should include scientifically selected topics that enable the youth improve their business skills very well. TVET technical trainer should integrate with University business experts and nearby entrepreneurs in providing the training rather than the training alone. Entrepreneurship training should not be given once and stop there, rather it should be made on a continual basis starting from startup then growth and expansion and in all phases of the business. Moreover Universities, TVETs and NGOs should work together in providing the training so that unnecessary duplication of resources can be solved

Keywords: Youth, Entrepreneurs, Performance, MSEs, Education and training

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I. INTRODUCTION

Entrepreneurship is becoming a global agenda now a day as its contribution for the development of a nation is significant and increasing from time to time. Entrepreneurs have been defined as people with ability to identify viable business opportunities, marshal their resources to start a profitable business venture (Hisrich, 2011). Entrepreneurship education/training has been highlighted as a key necessity to development and growth of the entrepreneurship in many countries of the world. It has been recognized as an important tool for changing the attitude and transfer of skills to people with entrepreneurial traits. Entrepreneurship training is a systematic, structured, and objectivism activity that people who has potential ability would be creatively educated or entrepreneurs would be educated to increase their skills and capabilities (Foo, 2011). Studies shows that the

correlation between entrepreneurship training and entrepreneurial intention is significant (Mulugeta, 2010, Foo,2011).

Considering its role, entrepreneurship is included in the curriculums of many countries and is given in different institution and research centers (Akpomi 2009; Dickson, Solomon and Weaver, 2008).

The situation in Ethiopia shows that Majority of Universities and TVET colleges provide entrepreneurship education/training to their students. It is observed from the formal curriculums of different Universities and TVET colleges that Entrepreneurship is given as a course. In addition to the formal education/training, Universities and colleges provide non-formal short term entrepreneurship trainings to different groups of individuals regardless of their educational background.

The Micro & Small Enterprises MSEs Sector continues to be a vibrant sector of the economy in different countries: both developed and under developed. Recognizing the role of Micro and Small Enterprises in the socio-Economic development of the country and giving special attention to the sector, MSEs policy and strategy is prepared and launched in 1997 (MSEs Strategy, 2011). This strategy was intended to create coherence with the other economic sectors and outline duties and responsibilities of all the stakeholders at all level from Federal to Kebele.

II. STATEMENT OF THE PROBLEM

As stated in the introduction above different Universities and colleges provide entrepreneurship education/training both in a formal and informal manner. This is designed believing that the training will contribute a lot in the development of entrepreneurial culture in the country thereby the problem of unemployment can be reduced. In facilitating and encouraging the youth to be engaged in self employment and entrepreneurship, different training supports are given by government and other non government organizations. The number of NGOs engaged in entrepreneurship and self employment increased both in financial support and education/trainings. If we take Amhara region context, DOT Ethiopia, EDC Ethiopia, MEDA are few to mention. In addition to NGOs, the government of the country is allotting a huge budget in supporting youth employment through entrepreneurship. Youth Fund Program (YFP) is among the programmes in which billions of birr is allotted since 2016. It is memorable that the Ethiopian Parliament declared a 10 billion birr budget for youth employment in 2017. Data taken from Amhara's TVED office shows that 2.5 billion birr is allotted for youth employment in the region (TVED report, 2018).

Studies in Ethiopia in general and Amhara region in particular shows that poor entrepreneurial culture is a serious challenge for the development of Youth owned MSEs Mulugeta,(2010), Gemechis(2007), Konjit(2010).

An annual report of TVED office shows that the region does not utilize all the 2.5 billion birr allotted for the year. The report also indicates that the youth engaged in entrepreneurial activities using youth fund are withdrawing and lots of complaints are heard from the youth. Though the fund budgeted is not fully utilized, a large number of unemployed youth, seeking for employment is claiming jobs from the government in the region. This may be attributed to lots of factors associated with entrepreneurship education/training.

Even though entrepreneurship trainings are given by different GOs and NGOs effect and impact of the supports is not studied very well. Majority of the supporters consider the training as an end in itself (TVED report, 2018).

III. RESEARCH QUESTIONS

This study tried to answer the following basic questions:

1. Do the entrepreneurship education/trainings given improve the specific business skills of planning, marketing, operations, HRM, financial management and record keeping business skills of the youth
2. To What extent entrepreneurship education/training develop the personal entrepreneurial competencies of the youth owned MSEs?
3. To what extent the business skills improve overall economic and financial performance of the youth?
4. What are the basic challenges of Youth owned MSEs in relation to entrepreneurial training?

IV. HYPOTHESIS OF THE STUDY

H01: There is a significance relationship between entrepreneurial education/training and business skills of planning, marketing, operations, HRM, financial management and record keeping of the youth

H02: There is a significance relationship between entrepreneurial education/training and personal entrepreneurial competencies (PECs) of the youth

H03: There is a significant relationship between entrepreneurship education/training and Performance of Youth owned MSEs.

V. OBJECTIVES

The general objective of this study is to assess the effect of entrepreneurial education/training to the performance of Youth owned MSEs. Specifically the study tried:

1. To find out if entrepreneurship education/trainings improve the specific business skills of planning , marketing, operations, HRM, financial management and record keeping skills of the youth.
2. To establish the effect of entrepreneurship education/training in developing personal entrepreneurial competencies of the youth.
3. To examine the extent by which the business skills improve overall economic and financial performance of the youth.
4. To identify the basic challenges of Youth owned MSEs in relation to entrepreneurial training.

VI. REVIEW OF RELATED LITERATURES

Entrepreneurship training and business planning

Planning is of very important for the success of any business as it reduces uncertainty, minimize unnecessary costs, and enable to focus on objectives. More over it enable enterprises to show the direction where to go and contributes a lot for their effective control of accomplishments. It is also of great important to have long run dreams than focusing on short term occasions and routines alone (Druker, 1986). In developing planning skills entrepreneurship education and training contributes a lot (Druker, 1986)

Entrepreneurship training and its impact on Marketing and Customer care

It is obvious that customers are the most important ingredients in any organization since the survival of any organization directly or indirectly depend on them. That is why customers are considered to be kings. The modern marketing philosophy address that organizations should strive to satisfy the needs of customers (Hisrich, 2011).

According to (Foo, 2011) organizations should strongly work what makes customers satisfied or dissatisfied. Efforts should have to be made to reduce the dissatisfying factors of customers and strengthen the satisfying factors.

Since marketing skills are to be developed by training and experience, required trainings given to the youth can develop the marketing and customer care competencies of the youth (Akpomi, ,2009).

Kithae Maganjo and Kavinda (2013) found that entrepreneurship trainings given to the youth enable solve their customer complaints as well as retaining them quite well. Kotler (2013) added that entrepreneurship trainings given emphasizing on marketing enable entrepreneurs to produce/render and sell demanded products/services, charge affordable and reasonable prices, communicate and promote products/services and finally distribute to target customers.

Financial management and Business record keeping.

Kithae Maganjo and Kavinda (2013) addressed that entrepreneurship training programme helps entrepreneurs very much in calculating their profits, keeping their business records as well as distinguishing business resources from personal resources. It is also added that the training fairly helps them identify when their businesses need more finances as well as securing appropriate sources of finance and uncertainty avoidance. The training is of much helpful in business risk minimization.

Operations and Personnel management.

The issue of operations and human resource management is complicated unless supported by the required training. It is found that entrepreneurship training has little impact on sourcing for qualified employees, motivating them and even retaining them (Harper, 1988). For Harper, entrepreneurship training is one of the most complicated issues of the small enterprise growth.

Entrepreneurship Training and PECs

Hisrich(2011) and Kithae Maganjo and Kavinda (2013) found that successful entrepreneurs have some peculiar characteristics and qualities. The qualities of planning and monitoring, independence and self confidence, persuasion and networking, risk taking and the like are some of the personal entrepreneurial competencies (PECs). For these authors, these competencies can be developed through continual entrepreneurship trainings.

VII. CONCEPTUAL FRAMEWORK

Based on the research question and literature reviews, the following conceptual model is constructed. Performance of youth owned MSEs (dependent variable) is the function of different variables. Among these business skills of planning, marketing, operations and HRM, accounting and finance and Entrepreneurial personal competencies are the independent variable included in the study.

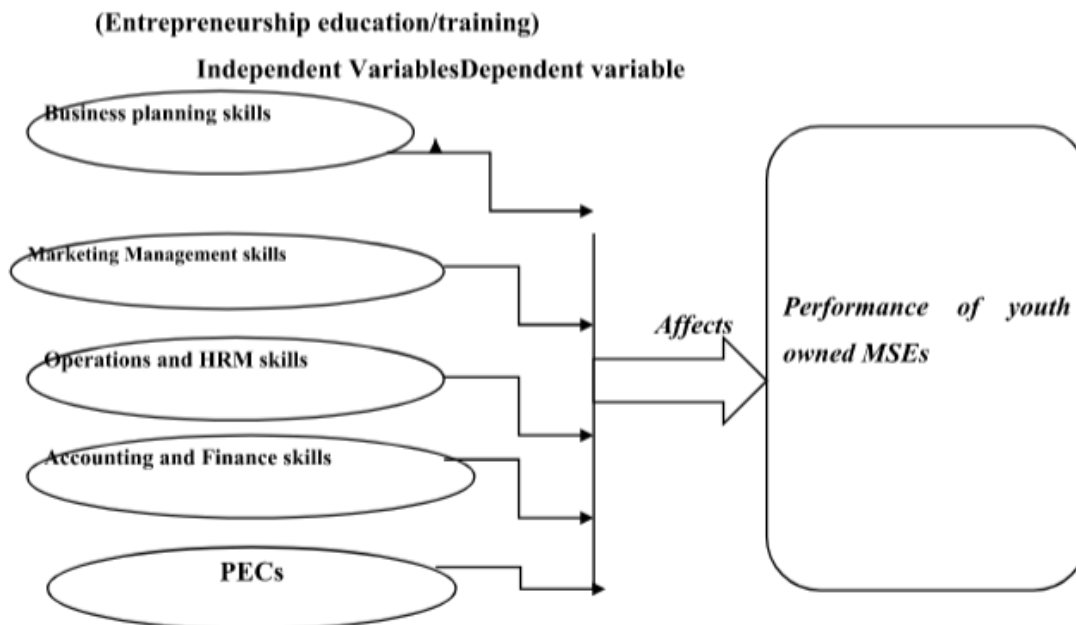


Figure 1 Conceptual framework (own model)

VIII. RESEARCH METHODOLOGY

Target Population

The population of this study is all Youth owned MSEs operators in Dessie, Kemissie, Kombolcha, Haik and Mekaneselam towns engaged in manufacturing, construction, urban agriculture, and service sectors.

Sample and Sampling techniques

Towns are purposely selected taking the fact that there are a large number of Youth owned MSEs operators in the zones. Similarly operators who engaged in the four sectors are purposely selected considering that these are priority sectors of the government. In selecting operators in each town a proportional stratified sampling and simple random sampling (lottery method) was used taking the towns as strata.

In determining the sample size Yamane (1967:88 6) cited in Israel (1992) which is reviewed on June 2013 provides a simplified formula to calculate sample sizes. From the total population of 738 in the five towns a sample of 260 is selected as follows.

$$n = \frac{N}{1 + Ne^2}$$

$$= \frac{738}{1 + 738(0.05)^2}$$

$$= 260$$

Where n= sample size

N= Population

e= the desired level of precision (5%)

Sources and methods of data collection

Both primary and secondary sources of data were used for the study. A five scale likert scale questionnaire was used to gather data from Youth owned MSEs operators. So as to triangulate the data, interviews and focus group discussions were held with selected respective heads of Youth owned MSEs, TVEDs and university/college leaders. Different reports, journals, magazines researches and other works were revised in the literature review of the study. To know the trends of developments in Youth owned MSEs secondary data were used from respective TVED offices.

Methods of data Analysis

After the data is collected it was edited, coded and encoded and made ready for analysis. Both descriptive and inferential statistics were used to analyze the data collected. In analyzing the data, SPSS version 20 was used. The descriptive analysis used includes tables, frequency distribution, percentages, means and standard deviations. Inferential analysis used includes regression and correlation analysis.

IX. DESCRIPTIVE ANALAYSIS

Did you take any entrepreneurship training?

	Frequency	Total
Yes	223	88.5
No	29	11.5
Total	252	100

Table 1: Participation in entrepreneurship Training

Content of the training

Item	Yes		No	
	F	(%)	F	(%)
HRM	87	34.5	165	65.5
Managing business crises	206	81.7	46	18.3
Cost and pricing	226	89.7	26	10.3
Record keeping	206	81.7	46	18.3
Business Planning	93	36.9	159	63.1
Marketing	80	31.7	172	68.3
Source of Finance	226	89.7	26	10.3
Managing team	186	73.8	66	26.2
Financial Analysis	53	21	199	79
Customer service	206	81.7	46	18.3
Business expansion and growth	160	63.5	92	36.5

TABLE 2: Content of the training

Performance of Youth owned MSEs

	N	Mean	Std. Deviation
Improved Sales Growth	252	3.2421	1.11533
Improved Market Share	252	3.0794	1.06448
Helped to enter to New Market	252	3.0198	1.14122
Helped to develop New Product	252	2.9008	.94156
Increased Number of Employees	252	2.7976	.95450
Improved Profitability	252	3.1786	1.09865
Improved Capital investment	252	3.1548	1.27333
Valid N (List wise)	252		

Table 3: Performance of youth owned MSEs

Effect of Entrepreneurship training on Business planning skills

	N	Mean	Std. Deviation
Enable to run the enterprise based on the business plan	252	3.8452	.67086
Enable to know the feasibility of my business ahead	252	3.7143	.56254
Enable to continually update the business plan of the enterprise	252	3.5437	.49908
Enable to get financial access	252	3.2421	1.34229
Enable to clearly set mission, vision and gals of the enterprise	252	3.2183	1.16898
Enable to know the importance of having own business plan	252	2.8849	1.22012
Valid N (listwise)	252		

Table 4. Effect on Business planning

Effect of Entrepreneurship training on Marketing

	N	Mean	Std. Deviation
Enabled the enterprise to segment, target and position products and services	252	4.1111	.82028
Enabled to follow compulsory legal requirements	252	3.9802	.92959
Enable to reasonably price products/services	252	3.8968	.82616
Improved the selling skill of operators	252	3.7421	.99448
Enable to improve the distribution of product/services	252	3.4563	1.02269
Enabled to brand, label and pack its products	252	3.4087	1.27636
Enable to promote products	252	3.1865	.91520
Valid N (listwise)	252		

Table 5: Effect on Marketing

Effect of Entrepreneurship training on Operation and HRM

	N	Mean	Std. Deviation
Enable to implement kaizen	252	3.7024	.94612
Improved the enterprise's relationship with input suppliers	252	3.6587	1.05742
Improved the enterprise's efficiency and productivity	252	3.6032	1.11548
Enable to scientifically recruit, select, train and evaluate employees of the organization	252	3.5357	1.11612
Enable to design its products and services	252	3.3492	1.06234
Enable to manage inventories of the enterprise	252	3.3214	1.00787
Valid N (listwise)	252		

Table 6: Effect on Operations and HRM

Effect of Entrepreneurship training on accounting on finance

	N	Mean	Std. Deviation
Enable to know my profit and loss	252	4.2421	.58614
Enable to record credit customers	252	4.1865	.55829
Enable to keep a separate record of current and fixed assets	252	4.0873	.66823
Enable to know the enterprises assets, liabilities and capitals	252	3.8690	1.01125
Enable to know my tax liabilities ahead	252	3.7738	.99021
Enable to keep financial source documents	252	3.7500	.82600
Enable to continually record my costs and revenues	252	3.6190	.96848
Enable to know my cash flows	252	3.4802	.89019
Enable to record inventories	252	3.1270	1.28419
Enable to open a separate business bank account	252	3.0913	1.32836
Valid N (listwise)	252		

Table 7: Effect on accounting and finance

Effect of Entrepreneurship training on Personal Entrepreneurial competencies (PECS)

	N	Mean	Std. Deviation
Improved my initiation and opportunity seeking potential	252	4.2937	.82845
Improved my risk taking propensity	252	4.0317	.99350
Improved my information seeking potential	252	3.9722	1.06895
Improved my networking and persuasion skill	252	3.9206	.93283
Enable to be independence and develop my self confidence	252	3.8095	.76491
Improved my commitment to work contract	252	3.7659	1.04326
Improved my persistence in business	252	3.7579	.93245
Enable to set own goal	252	3.7103	1.00170

Enable to develop systematic plans and monitor tasks accordingly	252	3.6587	.98727
Improved my efficiency and quality of work	252	3.6389	1.08986
Valid N (listwise)	252		

Table 8: Effect on PECs

X. INFERENTIAL ANALYSIS

Correlation Analysis

		Performance
Business Planning	Pearson Correlation	.482**
	Sig. (2-tailed)	.000
	N	252
Marketing	Pearson Correlation	.505**
	Sig. (2-tailed)	.000
	N	252
Operations and HRM	Pearson Correlation	.450**
	Sig. (2-tailed)	.000
	N	252
Accounting and finance	Pearson Correlation	.363**
	Sig. (2-tailed)	.000
	N	252
PECs	Pearson Correlation	.649**
	Sig. (2-tailed)	.000
	N	252
Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	252

Model	R	R Square
1	.726 ^a	.527

Table 9: Correlation analysis

Regression analysis

$$Performance = 23.67 + 0.226 Business\ Planning + 0.26 Marketing + 0.744 Operations\ and\ HRM + 0.042 Accounting\ and\ finance + 0.886 PECs$$

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	23.671	4.411		5.367	.000
1 Business planning	.226	.168	.102	1.340	.181
Marketing	.260	.152	.239	1.717	.087
Operations and HRM	.744	.198	.603	3.759	.000
Accounting and finance	.042	.086	.044	.490	.625
PECs	.886	.078	1.026	11.386	.000

a. Dependent Variable: Performance

Table 10: Regression coefficients

XI. SUMMARY OF MAJOR FINDINGS

1. Majority of respondents (88.5%) replied that they took entrepreneurship training.
2. Majority of the respondents (88.5%) took entrepreneurship training from public TVETs.
3. Majority of the respondents (83.7%) took entrepreneurship training for less than a week.

4. Majority of the respondents took trainings in the areas of Managing business crises, cost and pricing, record keeping, sources of finance, managing team, customer service and business expansion and growth. But the issues of HRM, business planning, marketing and financial analysis are not addressed very well.
5. The overall performance of youth owned MSE operators in relation to sales, market share, new market and new product development, increasing number of employees, profitability and improvement of capital is low having all a mean score below 3.32.
6. Entrepreneurship education/training has a significant impact in developing business planning skills, improving marketing skills, developing operations and HRM skills, accounting and finance skills and developing Personal entrepreneurial competencies(PECs) of the youth.
7. Significance relationship exists between Youth owned MSEs performance and skills in business planning($r=0.482, P=0.00$), Marketing ($r=0.779, P=0.00$), operations and HRM($r=0.681, P=0.00$), accounting and finance($r=0.454, P=0.00$), PECs($r=0.64, P=0.00$) and performance of youth owned MSEs is stronger with 95% degree of confidence and 5% significance level. The regression result shows that PECs($B=0.886$), training content ($B=.841$) and operations and HRM($B=.744$) skills strongly influence the performance of youth owned MSEs as compared to the remaining independent variables: business planning ($B=.226$), marketing($B=.260$) and accounting and finance skills ($B=.042$).

XII. CONCLUSIONS

Though majority of the respondents took entrepreneurship training, the training contents given to the youth do not include all the major integral components that standardized entrepreneurship training should incorporate. Moreover the training given to the youth are not continuous and the duration of the training is not adequate enough to internalize the required skills and knowledge of entrepreneurship.

It is also found that significant relationship exists between entrepreneurship training and business skills of business planning, marketing, operations and HRM and accounting finance. In addition, training contents influence performance of youth owned MSEs.

However, the performance of youth owned MSEs measured using different parameters mainly profitability, market share, capital investment and number of employees is found to be low.

Hence, it is possible to reach to the conclusion that entrepreneurship education and training given to the youth through different training providers don't contribute a lot in improving their performance.

XIII. RECOMMENDATIONS

1. Even though majority of the youth engaged in MSEs are expected to take entrepreneurship training, the basic contents included is not adequate enough in bringing the desired changes on youth. Hence, it is suggested that the major contents of entrepreneurship trainings given to the youth should include scientifically selected topics that enable the youth improve their business skills very well.
2. It is found that majority of the youth took entrepreneurship training through TVET trainers. In bringing the desired results on the youth, it is recommended that TVET technical trainer should integrate with University business experts and nearby entrepreneurs in providing the training rather than the training alone.
3. The length of entrepreneurship training given to the youth is not only insufficient but also one time and not continuous. The training is given for less than a week and continual follow up and updates are not made. Hence it is suggested that entrepreneurship training should not be given ones and stop there, rather it should be made on a continual basis starting from startup then growth and expansion and in all phases of the business.
4. Government should arrange mechanism through which integrated entrepreneurship training can be provided to the youth by bringing all independent training providers in to one. Universities, TVETs and NGOs should work together in providing the training so that unnecessary duplication of resources can be solved.

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