



The effect of entrepreneurial training and orientation on organisational performance: A conceptual overview

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Abstract: *Entrepreneurship has been touted as the driver of the growth of economies. It is in view of this, that many a government have invested in inculcating an entrepreneurial culture in its people, more so among the youth and women. They have thus developed training programmes aligned to new venture creation and management of small businesses. This paper reviews literature on entrepreneurship training, orientation and organisational performance with an aim of conceptualising the relationships between and among them. The three variables were conceptualised as being independent, mediating and dependent in that order. This knowledge provides academics and practitioners with insights into the mechanism through which training outputs performance.*

Keywords - *Entrepreneurial orientation, Entrepreneurship training, organisational performance*

1. INTRODUCTION

Entrepreneurship has been touted as the driver of the growth of economies. It is in light of this, that many a government have invested in inculcating an entrepreneurial culture in its people, more so among the youth and women. Countries like the United Kingdom and the United States are actively pursuing business development and incubation models in their bid to instil entrepreneurial thinking and action [2]. Africa has not been left behind in this endeavour. Reference [1], recognised the springing up of special business development programmes such as business development funds, business advisory services and community processing centres. Organizations that conduct training in entrepreneurship, do it on the pretext it shall positively impact on organisational performance of those trained. Is the relationship between the two concepts as direct as it seems? Is there a mechanism through which the training brings about change in the entrepreneurial behaviour of the individual to enhance their performance in business? This study attempts to provide answers to the questions posed.

Entrepreneurial training refers to activities that instil an entrepreneurial spirit in an individual [25]. In addition to covering various entrepreneurial topics like idea generation, innovation, starting and growing a business, entrepreneurship training comprises activities meant to incline mind-sets, attitudes and skills towards entrepreneurship [11]. It brings about changes in personality that enable a person to venture into business [28]. Given this thinking, the question of whether entrepreneurs are born or made arises. Reference [10] opines that it does not have anything to do with genes and that it's a subject just like any other, and can therefore be learned. Training is a facet of enhancing the capacities of budding and practising entrepreneurs to conceive, start and grow business ventures [14].

Effective entrepreneurship training requires the development of various types of skills unto the target individuals ([20]; [5]). These are technical, business management and personal entrepreneurial skills. Technical skills include communication, environment scanning, problem-solving and use of technology. Business management skills encompass planning, objective setting, decision making, human resource management, marketing, finance, accounting, customer service, quality control, negotiation, business expansion management and compliance with rules. personal entrepreneurial skills on its part incorporate innovation, anger management, persistence, leadership, system building and intuition.

Ordinarily, the immediate outcome of training in entrepreneurship is a positive change in thinking and entrepreneurial behaviour of those trained. This transformation is referred to as entrepreneurial orientation [3]. It

is the strategy style that is applied by enterprises [23]. Reference [27] delineated the dimensions of this construct as risk-taking, innovation, and being pro-active. Later, [22], autonomy and aggressiveness in competition were added.

Innovation denotes doing differently in a manner that brings about significant positive change. It could be the bringing forth of a new product, establishment of a new market, use of a newly found source of supply, employing a novel means of production or even the starting of a new organisation [32]. It is the alacrity to diverge from conventional technologies or behaviours in favour of the state of the art [6]. Risk-taking is the proclivity for investing in opportunities that are also characterized by high chances of failure [34]. Proactiveness encompasses having the will and premonition of a firm to pick up open opportunities, even if it will not be the market leader of such open avenues [22]. Competitive aggressiveness, the fourth dimension, alludes to an organization zealously challenging competitors to gain market entry or expand its market share. The last dimension, autonomy, is described as the possession of the ability to self-govern [23].

The ultimate objective of entrepreneurship training is to increase performance. Organizational performance can be explained as a construct that comprises earnings and satisfaction [22]. Reference [7] asserts that it is akin to organisational effectiveness in the sense that it assesses the degree to which set goals are attained. The balanced scorecard, by [17], proposes a mix of fleeting measures and driving pointers of organisational performance. These are the financial dimension, customer service, internal processes, and innovativeness and learning [17]. Small and Medium Enterprises usually rely more on financial measures of performance than non-financial measures because of time and resource constraints [31].

2. THEORETICAL FOUNDATION

Reference [33] theorised in their training model that entrepreneurial performance is a function of motivation, entrepreneurial and business skills. Their model portrayed a direct linear relationship between the independent and dependent variables mentioned above. Reference [19] posited that entrepreneurship can be taught and or invigorated by training. Reference [12] reports that policymakers believe that entrepreneurship training is essential to attaining growth in entrepreneurship. Reference [25] obtained data from sixty staff of small enterprises in Sri Lanka and analysed it using correlation and regression statistics. The results showed a significant positive effect of training in entrepreneurship on the effectiveness of small enterprises. Using the survey research design, [21], established that the performance of agro-based enterprises run by youth is positively affected by entrepreneurial training. He carried out the study in Ngoliba, Kiambu County in Kenya.

The notion that entrepreneurship training enhances organizational performance is not airtight. Some studies have reported divergent results. Reference [18] used randomized control to measure the marginal effect of adding training in business to women micro-entrepreneurs in Peru. They found virtually no proof of changes in key result areas like business proceeds, net incomes, or employee recruitment. According to a study by [24] entrepreneurship training has a minuscule increase in financial performance. They, however, found out that it enhances the application of good business practices by the entrepreneurs. Reference [35] established that training in entrepreneurial facets does not have any effect on revenues.

Business growth and performance are positively related to entrepreneurial orientation ([16]; [15]; and [34]). Reference [13] found a strong positive linkage between entrepreneurial orientation (EO) and organizational performance when they regressed data from 198 SMEs in India. However, the prognostic capability of EO on organisational performance does not hold all the time. A study by [26] showed that the relationship between EO and growth in firms advanced in technology is not significant. Further, some studies established that the correlation existing between EO and OP is very low ([23]; and [9]).

Extant research indicates that the various dimensions of EO relate differently to performance. A study by [29] established that EO does not impact the performance of composites, nonetheless, it significantly affected performance at the individual parameter level. Reference [30] examined the result of entrepreneurial training on young people's readiness to engage in entrepreneurial activity using applied structural equation modelling on a sample of 490 students in Malaysia. The findings indicated that entrepreneurship training augments entrepreneurial ability.

3. CONCEPTUAL THINKING AND TYPOLOGY DEVELOPMENT

Founded on the foregoing review, this study conceptualizes entrepreneurship training and organisational performance as the independent and dependent variables respectively. Entrepreneurial orientation has been hypothesized as an intervening variable. It has also been shown that the dimensions of EO can act independently of the others. These relationships are depicted in the schematic diagram shown in figure 1:

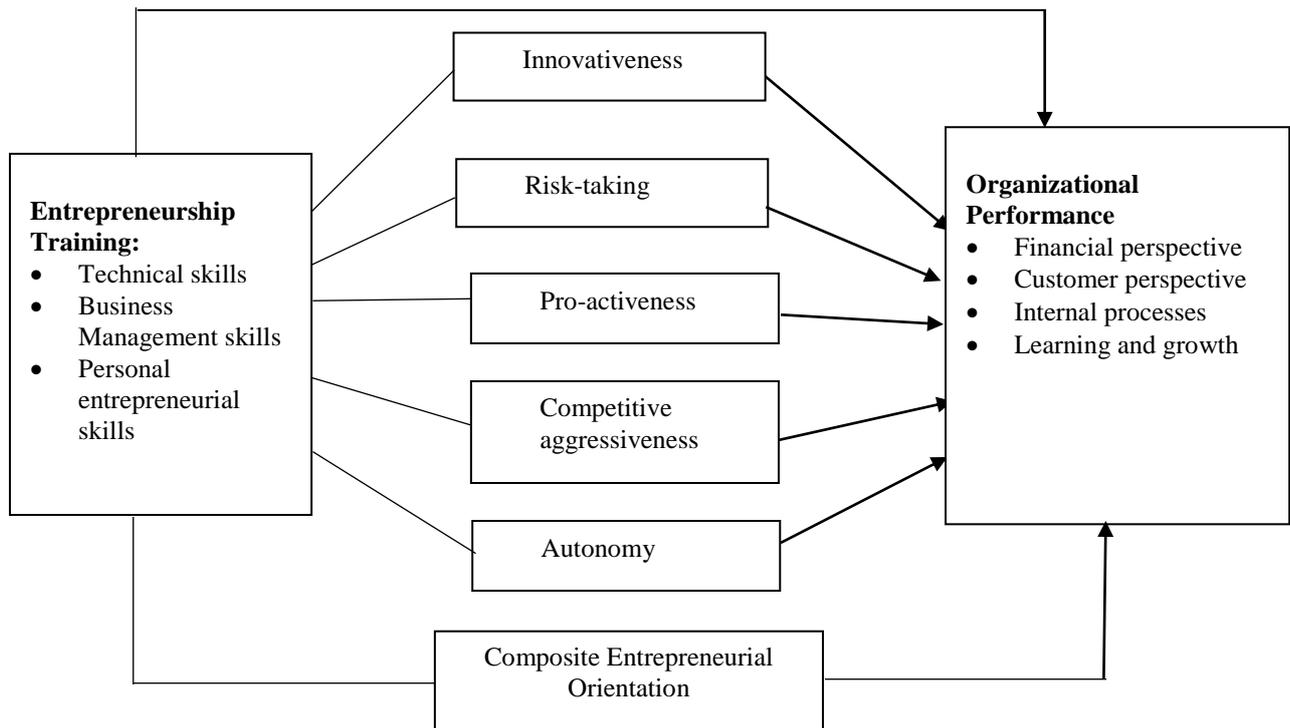


Fig. 1: Conceptual Thinking

Figure 1 shows that entrepreneurial training has a direct positive effect on the performance of an organization [25]. It also illustrates that the training causes its subjects to become entrepreneurially oriented [8]. This is characterised by innovativeness and risk-taking among others [4], which are attributes that are known to enhance entrepreneurial performance. Consequently, training in entrepreneurship can cause the learner to become innovative, a risk-taker, pro-active, adopt competitive aggressiveness, embrace autonomy or a combination of some or all of them.

Going by the foregoing review, the typology below may be drawn.

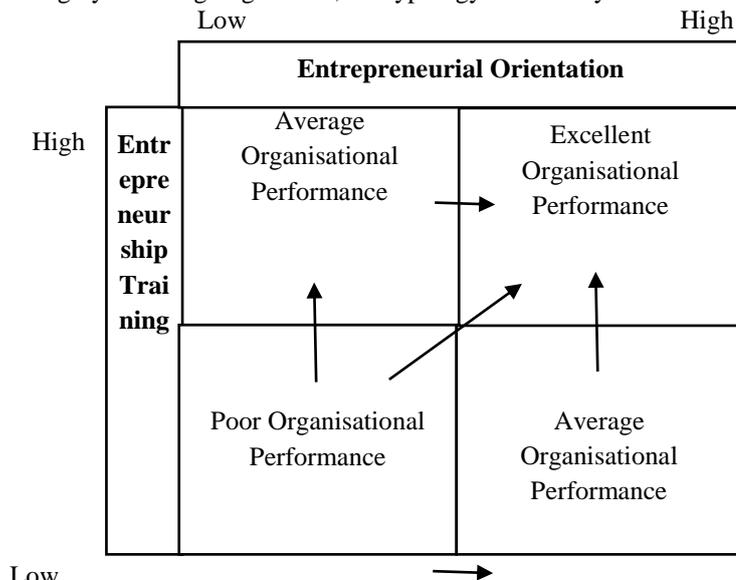


Fig. 2: Typology Representation of the Concepts

Figure 2 depicts that, ceteris paribus, an organisation that is characterised by low levels of entrepreneurial training and orientation is likely to post poor performance. On the other hand, highs of both could deliver excellent organisational performance. A mix of high and low is a potential candidate for average performance. The arrows indicate the routes that can be taken by an organisation its bid to enhance its

performance when considering entrepreneurial training and orientation. Moving an organisation from poor to excellent performance will require investment in capacity building that aims at instilling entrepreneurial thinking and action in the individuals.

4. CONCLUSION

Entrepreneurship training and organisational performance have been conceptualised as being positively correlated. This is achieved through the intervening effect of entrepreneurial orientation. Worth mentioning is that the associations conjectured above do not always hold water. Conflicting and non-significant results have been reported.

Undoubtedly, the constructs considered in this study are not comprehensive. Variables such as organisational size and financial capital may have an effect on organisational performance. Accordingly, therefore, when the variables in question are put to practice, it is reasonable to expect positive, negative, and no effects depending on the underlying factors at play.

5. IMPLICATIONS

In addition to adding to the body of entrepreneurial and small business development knowledge, the conceptual associations conjectured above, form a basis for theory development and further research by academicians. Further, this knowledge will enhance the quality of the policies crafted regarding entrepreneurship and small businesses. Organisations involved in the creation and implementation of entrepreneurship stimulus funds and capacity enhancement programmes, will benefit from an insight into the mechanism through which training brings about performance.

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