



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

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Abstract : Globally, entrepreneurship and small businesses development have been fronted as a solution to the rising levels of unemployment. Governments and private entities are investing considerable resources to have entrepreneurial thinking and action developed in their people, especially in youth and women. Financial support and capacity building initiatives have been provided to aid in the seizing of business opportunities and the creation of employment prospects. This paper reviews literature on entrepreneurship training, orientation organisational size and performance with an aim of conceptualising the relationships between and among them. The four variables were conceptualised as being independent, mediating, moderating and dependent in that order. In addition to the contribution made to the body of knowledge, this study gives stakeholders of entrepreneurship training insight into how their efforts bear fruit.

Keywords - Entrepreneurship training; entrepreneurial orientation; organisational size; organisational performance, unemployment

1. INTRODUCTION

Many a country is bedeviled by the challenge of unemployment. Figures by the International Labour Organisation (ILO) show that the global unemployment rate in the year 2018 was five per cent, equivalent to 172 million people. Owing to increasing levels of supply of the workforce, an upsurge of one million for each of the years 2019 and 2020 is projected. Low, lower-middle, and upper-middle income categories have their unemployment rates in millions of people for the year 2020 forecasted to increase to 12.2, 49.2 and 80.8 up from 11.4, 47.3, and 80.7 in that order [24]. In Africa, 33 million people were unemployed in 2018, this figure could soar to 34.9 million in the year 2020 [35].

Entrepreneurship and small business development have been touted as a possible solution to unemployment. It is for this reason that the United States of America and the United Kingdom were quick to introduce business incubation models in their space [3]. In the same vein, the Africa Entrepreneurship Policy Forum held in 2017, noted that special business development programmes such as business development funds, business advisory services and community processing centres have been put in place in most African countries. This is done with the hope they will have a positive impact on entrepreneurial performance. For instance, capacity building initiatives, mainly training, are expected to enable those trained to deliver better performance of their organisations.

Hence, the questions that beg are, ‘Is the relationship between the two constructs as direct as it appears? Is there a variable through which the training enhances performance? Is the relationship contingent upon any concept? The section that follows reviews literature to provide indulgence of entrepreneurial training, orientation, organisational size and performance. It is then followed by a section that provides theoretical underpinnings to the conceptual thinking and typology developed thereafter.

1.1. Entrepreneurship Training

This concept alludes to the question of, “Are entrepreneurs born or made?” According to [14], entrepreneurship is a discipline just like other disciplines. It is therefore not about genes and can be learnt. Reference [25] postulated that entrepreneurship can be imparted and or revived by training. Entrepreneurship

training (ET) designates the undertakings that infuse in a person a mind-set capable of enabling the person to identify and pursue opportunities for the creation and running of new ventures [33]. It comprises topics such as idea generation, innovation, opportunity identification, business start-ups and business expansion. It also imparts attitudes and a skill-set that is aimed at arousing propensity to entrepreneurship [15]. It initiates and delivers changes in personality that enable a person to undertake legal money-making endeavours [37]. Training is important to both nascent and existing entrepreneurs [18].

Entrepreneurship training programmes are usually organised around certain skill areas ([26]; [8]). 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.

1.2. Entrepreneurial Orientation

The effect of entrepreneurship training on performance is made possible through an intervening variable. Reference [39] explains that this kind of training develops entrepreneurial ability in the target persons, also called entrepreneurial orientation. This refers to the strategy style that is employed by enterprises owners and those in charge [30]. It is the 'strategic posture' or the underpinning of decisions that the top echelon makes [4]. The dimensions of this concept are innovation, risk-taking and being pro-active, aggressiveness in competition and autonomy ([36] and [29]).

Reference [42] defined innovation as the introduction of a new product, establishment of a new market, use of a newly found source of supply, employing a new means of production or even the starting of a new organisation in order to bring about significant positive change. It is the eagerness to move away from conventional technologies or behaviours in favour of the state of the art [9]. Risk-taking is the appetite for capitalising on high-gain opportunities that are characterized by high chances of failure [49]. Pro-activeness incorporates the will and intuition of a firm to pick up open opportunities, even if it will not be the market leader of such open avenues [29]. Competitive aggressiveness, the fourth dimension, alludes to an organization pursuing frontal attacks against competitors to gain market entry or expansion. The last dimension, autonomy, is the possession of the capability to self-manage [30].

Existing research indicates that the various dimensions of EO relate differently to performance. A study by [38] established that EO does not impact the performance of composites, nevertheless, it significantly affected performance at the individual parameter level. Reference [39] 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 boosts entrepreneurial ability.

1.3. Organizational Size

The literature reviewed indicates that the size of an organisation has a connection to its performance parameters. Reference [43] define organisational size as the magnitude of the production capability possessed by an organisation. It indicates the output potential of an entity. An organisation may, therefore, be described as micro, small, medium or large.

The indicators of organisational size vary from one organisation to another. For instance, size could be implied by industry-specific production technologies like intensities of capital [6]. Organisational size may be measured using the total number of employees, total assets, total sales or financial base ([27]; [23]; and [5]).

1.4. Organizational Performance

Organizational performance is a construct that comprises earnings and satisfaction [29]. It is usually the ultimate result of all the decisions and operations of an entity. Performance is similar to organisational effectiveness in that it evaluates the extent to which various goals are achieved [10]. Reference [31] sees it as the achievement of expected outputs and outcomes relative to their alignment with the resources that were used to achieve them.

The balanced scorecard, by Kaplan and Norton, presents an aggregate of fleeting measures and indicators of organisational performance. These are the financial, customer, internal processes, and growth and learning perspectives [21]. Small and Medium Enterprises usually depend more on monetary measures of performance than non-financial measures because of time and resource limitations [40].

2. THEORETICAL FOUNDATIONS

Policymakers believe that entrepreneurship training is essential to realising growth in entrepreneurship [16]. This belief is buttressed by [46] in their theory of business training and performance. They advanced a

training model that elucidates entrepreneurial performance is a function of motivation, entrepreneurial and business skills. The model conjectured a direct linear relationship between business skills and business performance.

There exists literature that bolsters the view of [46]. Reference [33] reported that training in entrepreneurship has significant positive on the performance of small enterprises. These results were obtained from a correlation and regression analysis of data collected from sixty staff of small enterprises in Sri Lanka. Using the survey research design, [28] carried out a study in Ngoliba, Kiambu County in Kenya on agro-based enterprises run by youth and established that the performance of positively affected by entrepreneurial training.

The view that entrepreneurship training boosts business performance does not always hold. Some studies have conveyed deviating results. Reference [22] used randomized control to measure the marginal effect of adding training in business to women micro-entrepreneurs in Peru. They did not find any evidence of changes in key result areas like business proceeds, net incomes, or employee recruitment. A study by [32] reported that entrepreneurship training has a minute increase in financial performance. They also found out that it enhances the application of good business practices by the entrepreneurs. Findings by [50] indicate that training in entrepreneurial aspects does not have any effect on incomes.

Extant literature indicates that the consequences of entrepreneurial training on performance are effected through another variable, entrepreneurial orientation. Enhancing the competitiveness of enterprises for example requires the utilisation of business advice and increasing their capacity to absorb business knowledge [45]. Reference [44] posits that entrepreneurial mind-sets can be improved through learning. Entrepreneurial orientation has a positive effect on business growth and performance ([20]; [19]; and [49]). A study by [17] found a strong positive linkage between entrepreneurial orientation (EO) and organizational performance when they regressed data collected from 198 SMEs in India. However, the projective capability of EO on organisational performance does not hold all the time. Reference [34] reported that the relationship between EO and the growth of firms in cutting-edge technology is not significant. Besides, some studies established that the correlation existing between EO and OP is very low ([30]; and [12]).

Despite the strong positive link between entrepreneurship training and performance, it has been observed that this relationship depends on a myriad of factors. Among these is the size of the organisation. Compared to small organisations, large ones reap more from training because they enjoy economies of scale, are thus able to seize opportunities because they have humongous resources at their disposal ([27]; [13]). Studies by [47] and [27] showed a significant positive relationship between organizational size and performance of firms operating in India and Greece in that order. This perspective is underpinned by [5] theory of organisational size, which postulates that the rate of return born by an organisation is positively affected by its size.

Nonetheless, some studies have contradicted this relationship. Reference [41] did not find any significant relationship between business size and performance while [1] reported a weak and negative effect of size on organizational growth. Organisational size does also have a moderating effect on certain relationships such as between supply chain management practices and sustainable performance [48].

3. CONCEPTUAL THINKING AND TYPOLOGY DEVELOPMENT

3.1. Conceptual Thinking

On the strength of the foregoing discussions, this study conceptualizes entrepreneurship training and organisational performance as the independent and dependent variables respectively. Entrepreneurial orientation and organisational size have been hypothesized as an intervening and a moderating variable in that order. These relationships are illustrated in the schematic diagram shown in figure 1:

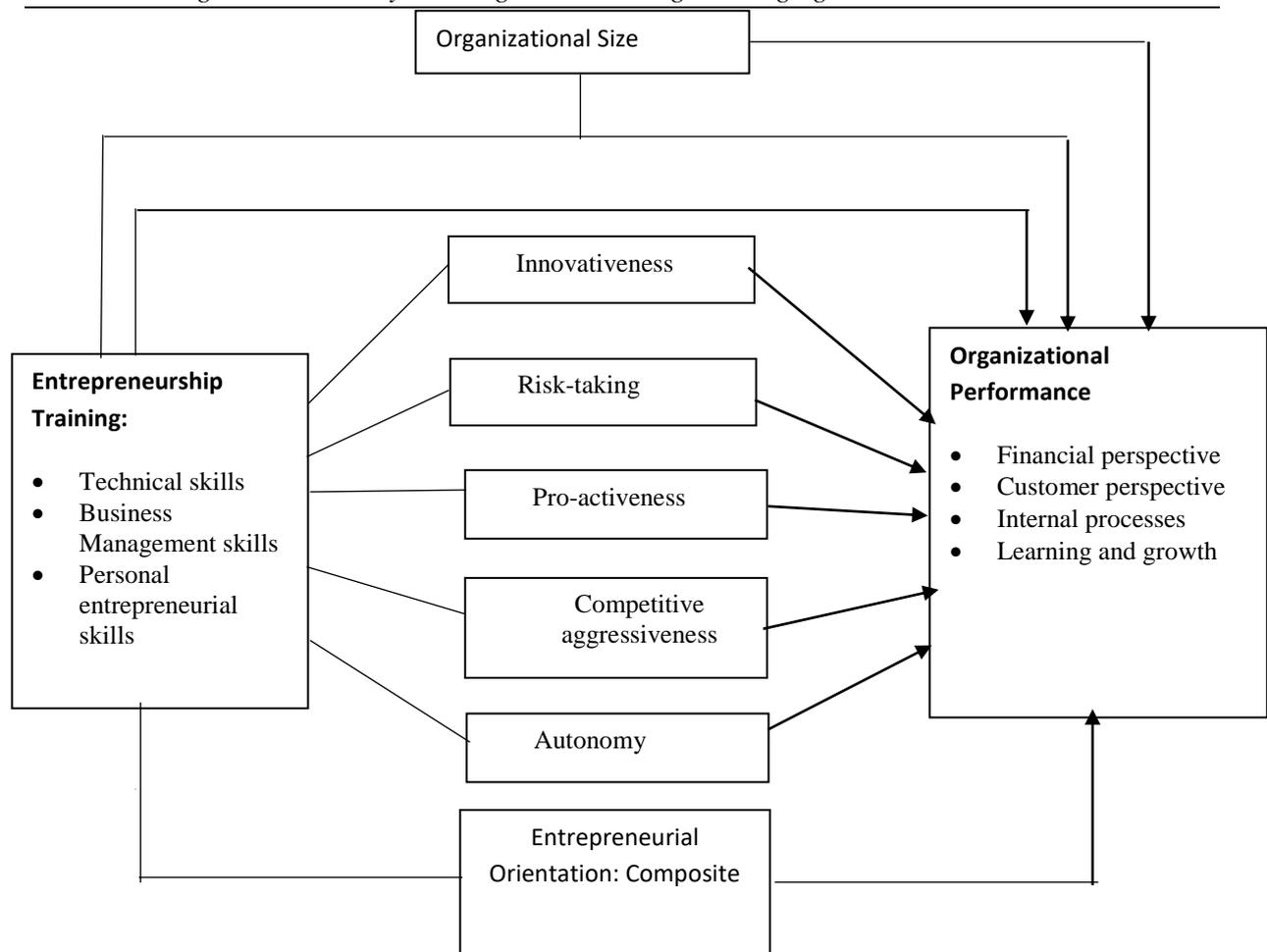


Fig. 1: Conceptual Thinking

Figure 1 depicts that entrepreneurial training has a direct positive effect on the performance of an organization [33]. The training causes its subjects to become entrepreneurially oriented [11]. This is characterised by innovativeness and risk-taking among others [7], which are attributes that are known to enhance entrepreneurial performance. These dimensions of EO can associate independently of each other and affect performance differently. Further, the relationship is moderated by organisation size. It has also been shown that the dimensions of EO can act independently of the others. Consequently, training in entrepreneurship can cause the learner to become innovative, a risk-taker, pro-active, adopt competitive aggressiveness, and embrace autonomy or a combination of some or all of them.

3.2. Typology Representation

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

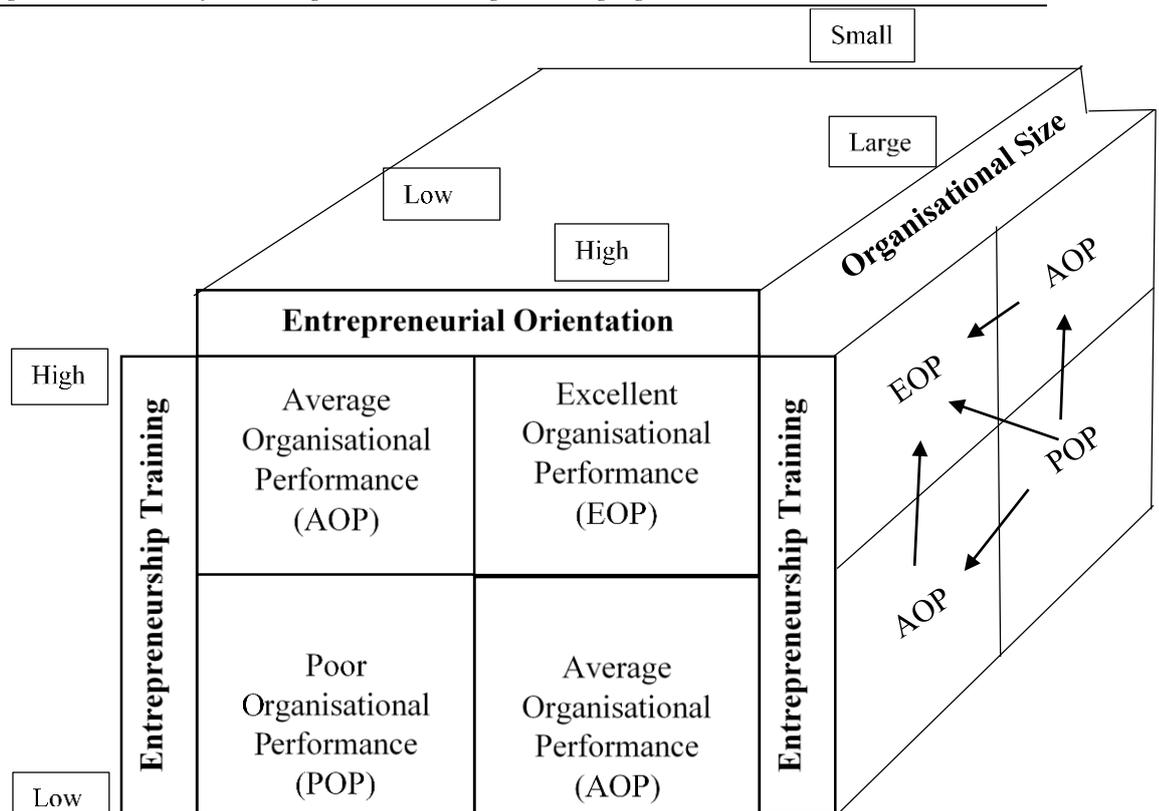


Fig 2: Typology Representation of the Concepts

The arrows in figure 2 show the routes that can be taken by an organisation its bid to enhance its performance when considering entrepreneurial training, orientation and organisational size. Ceteris paribus, organisations whose decision-makers are not trained on matters entrepreneurship and are not entrepreneurially oriented will perform poorly. The converse is also true. Organisations that are characterised by a low and high combination of either of the concepts (entrepreneurial training and orientation) are poised to deliver average performance. Besides, the figure depicts that small organisations with low entrepreneurial capacities are probable candidates for poor performance. Similarly, the opposite is true. A mix of small/high or large/low for size and training in entrepreneurship could bring about average performance. To deliver excellent performance, a poor performing organisation is advised to consider building the capacities of its people in ways that enhance their inclination towards entrepreneurship, while at the same time being aware of the role of size on their efforts.

4. CONCLUSION

The relationship between entrepreneurship training and organisational performance has been conceptualised as being positive. Entrepreneurial orientation and organisational size play the role of mediation and moderation of the relationship respectively. Worth noting is that the connotations posited here do not always hold. Contradictory and non-significant effects have been reported.

The concepts considered in this study are certainly not exhaustive. Constructs like financial capital and intrinsic motivation by the subjects may have a bearing on the organisational performance. Consequently, when the study variables are put to practice, it is logical to expect positive, negative, and no effects depending on the underlying factors at play.

5. IMPLICATIONS

The conceptual relationships advanced here add to the existing body of knowledge of entrepreneurial training organisational performance. Moreover, they form a basis for theory development and further research by academicians. Governments and private organisations that are charged with the responsibility of creating and implementing entrepreneurship stimulus funds and capacity enhancement programmes will benefit from an understanding of how training improves the effectiveness of enterprises. This knowledge will also improve the quality of the policies made with regard to entrepreneurship and small businesses.

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