EFFECT OF ENTREPRENEURSHIP EDUCATION ON CAPACITY BUILDING IN SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN NIGERIA

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ABSTRACT

The paper assesses effect of Entrepreneurship Education on capacity building and establishment of SMEs by graduates of tertiary institutions. The population of the study comprise of all graduates of universities, polytechnics and colleges of education from the time entrepreneurship education was introduced in the curricular of the institutions, ie, 1987 to date. A sample size of 500 was randomly chosen: 200 from universities and 150 each for polytechnics and colleges of education. Descriptive statistics and Chi square test were used in analyzing the data collected from the sample subjects. The Cronbach’s alpha, Split-half test and Guttman’s lambda were used in testing the reliability of the research instrument used in collecting data for the study. The paper concludes that teaching of entrepreneurship education in tertiary institutions has no significant effect on capacity building and establishment of SMEs by graduates of the institutions. This unfortunate development was attributed mainly to faulty curriculum development/delivery and exogenous factors comprising lack of accessibility to capital, inadequate infrastructural facilities, especially electricity and the rest of them. To improve on the situation, the paper recommended among others, provision of assistance packages on finance and technical expertise by relevant government agencies and infrastructural facilities, especially electricity.

Key Words: Effect, Entrepreneurship education, capacity building, SMEs

Introduction

The first known school teaching what is today referred to as western education, was established in Badagry, Lagos, in 1843 by the Methodist Mission. Up to 1882 the educational sector was left entirely to the missionaries. The primary objective of the early Christian missionaries was to convert the ‘heathen’ or the benighted African to Christianity via education (Fafunwa, 1974?). With the intervention of the colonial government in the educational sector in 1882, emphasis shifted from conversion to training manpower for “white collar” job or for employment by the
colonial government or even the missionaries (Akokulu, 2010). This objective was reasonably achieved throughout the colonial period.

From independence in 1960 to date, many schools from primary, secondary to tertiary, have been established by government (at local, state and federal levels) and private individuals/organizations. This has resulted in the teeming youth leaving school, especially tertiary institutions, to join the labour market each year (Micah, 2011). Onuegbu (2006) argued that the rate of growth of students/graduates population is in geometric progression, while the growth of job opportunities can at best be described as in arithmetic progression. This unfortunate situation has given rise to high rate of youth unemployment, poverty and hunger (Micah, 2011). The rate is over 50% (www.doreopatners.com). Youth unemployment has been a source of serious concern to all successive government regimes as it has been a significant contributor to the dramatic rise in social unrest and crime.

As part of measures to address the problem of unemployment, especially among graduates of tertiary institutions, the Federal Government in the late 80s introduced entrepreneurship education in the curricular of Universities, Polytechnics and Colleges of education. The major goal of entrepreneurship education is to promote creativity, innovation and self-employment among the citizens through inculcation of entrepreneurial knowledge, competences and attitudes in the learners (Akokulu, 2010). This goal indicates that entrepreneurship education is a capacity building programme aimed at producing entrepreneurs.

Entrepreneurs and entrepreneurship are considered important in every society due to some reasons (Kendrick, 1998). First, entrepreneurs have the intellectual ability to identify business opportunities and combine the required factors of production to exploit them at a profit. Second, entrepreneurs serve as economic pioneers who initiate change by means of creativity and/or innovation. Third, entrepreneurs assume the risk inherent in every business enterprise. Fourth, entrepreneurs employ the remaining three factors of production (capital, land and labour) and distribute reward to them accordingly. Fifth, entrepreneurs contribute greatly to socio-economic development of communities, societies and nations mainly through employment generation, payment of taxes, development of infrastructural facilities like roads, hospitals, schools etc.

In their exploitation of the identified business opportunities, entrepreneurs usually commence operation at small scale level and later on grow to medium and scales levels. This makes small and medium enterprises (SMEs) important to entrepreneurs and relevant to teaching of entrepreneurship education. Establishment and successful management of SMEs can be used as a criterion to measure the impact of entrepreneurship education on capacity building for graduates of tertiary institutions. The objective of this paper is to examine the effect entrepreneurship education on capacity building in small and medium scale enterprises (SMES) in Nigeria.
Literature Review

Entrepreneurship Education

Entrepreneurship education is not synonymous with vocational education, nor does it mean the same thing as business education (Akudolu, 2010). In fact entrepreneurship education is synonymous with education itself. Education is an instrument of empowerment, which provides one with essential knowledge, skills, attitude and experience needed to meet life challenges (Ameh&Osasebor, 2009). This is exactly what entrepreneurship education is all about. According to Garba and Idriss in Silas and Ayuba (2009) entrepreneurship education provides trainees with knowledge, skills and attitudes to create wealth/jobs for poverty reduction and self employment. The duo argued that entrepreneurship education focus on aspects of training programmes that would lead the beneficiaries to self reliance and competences in running small scale businesses, capacity building or cottage and industrial growth, rural development, business creativity, diversification, employment generation and poverty reduction. In the same vein, Amusa (2004) viewed entrepreneurship education as academic programme that enables trainees or students to imbibe the attitudes and skills necessary for developing and running business. Swatland (2008) maintained that entrepreneurship education aims to stimulate creativity in students, enables them identify opportunities for innovation and motivate them to transform ideas into practical and targeted activities whether in a social, cultural or economic context.

The general objective of entrepreneurship education is to contribute towards the creation of an enterprise culture in a country or society (Bolaji and Nneka, 2012). According to Sasaki (2006) entrepreneurship education has proved to be a useful way to promote self-employment among young people. Important work in municipalities in several African cities have demonstrated that employment for young people can be created by actively promoting awareness on establishment and running of micro-enterprises through teaching of entrepreneurship education.

Following the collapse of the Nigerian economy in the mid 80s, youth and graduate unemployment hit the roof (Jimah and Unuigbokhai, 2011). As part of measures to address the high rate of youth unemployment especially graduates, the Federal Government of Nigeria, in 1987, introduced entrepreneurship education in the curricular of tertiary institutions- Universities, Polytechnics and Colleges of Education. Paul in Araba(2012) captured the specific objectives of entrepreneurship education as follows:

1. To offer functional education for the youth that will enable them to be self-employed and self-reliant
2. Provide the youth graduates with adequate training that will enable them to be creative and innovative in identifying novel business opportunities
3. To serve as a catalyst for economic growth and development
4. Offer tertiary institution graduates with adequate training in risk management, to make certain bearing feasible
5. To reduce high rate of poverty
6. Create employment generation
7. Reduce rural-urban migration
8. Provide the young graduates with enough training and support that will enable them to establish a career in small and medium sized businesses
9. To inculcate the spirit of perseverance in the youths and adults which will enable them to persist in any business venture they embark on
10. Create smooth transition from traditional to a modern industrial economy

**Capacity Building**

Generally, capacity entails individuals’ ability to solve problems and achieve objectives. Based on this understanding, Maiese (2005) viewed capacity building as intentional and coordinated efforts to strengthen individuals’ ability to solve problems and achieve objectives through provision of knowledge and skills. According to Light (2013) capacity building refers to intentional and coordinated and mission-driven efforts aimed at improving an individuals’ ability to exploit his or her potentialities in aspects of human endeavor; economic, political and social. Capacity building can be achieved by means of providing access to repositories of information and resources(for example, databases, libraries and websites), publications, training (public, customized or on line), consultation (for example, coaching, facilitating, expert advice and conducting research) and coordinating alliances(www.authenticityconsulting.com). The expected outcome of capacity building programmes in entrepreneurship include among others business development/planning, leadership skills, team building skills, financial planning/management etc.

**Small and Medium enterprises (SMEs) in Nigeria**

In Nigeria, there are many governmental and Non-governmental agencies involved in development of SMEs. The major ones are the Central Bank of Nigeria, Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), Federal Ministry of Finance, Bank of Industry and National Association of Small and Medium Enterprises. These agencies provide different definitions of SMEs at different times. For convenience, this paper will adopt the Bank of Industry’s definition and categorization of SMEs in Nigeria as presented by Osa-Afiana in Ango (2011). The Bank categorized SMEs in to Micro/cottage, small scale and medium scale.

1. Micro/Cottage enterprises; these are enterprises with capital of not more than 1.5million Naira (orUS$11,278) including working capital but excluding cost of land and/or labour size of not more than 10 workers
2. Small scale enterprises; these are enterprises with capital investment in excess of 1.5million Naira but not more than 50million Naira (US$375,939) including working capital but excluding cost of land and/or labour size of not more than 11-100 workers
3. Medium scale enterprises; these are enterprises with investment worth over 50 million Naira but not more than 200 million Naira (US$1,503,758) including working capital but excluding cost of land and/or labour size of not more than 100-300 workers

SMEs serve as avenue for demonstration of capacity building as it taught in entrepreneurship education offered in tertiary institutions. If the graduates are able to establish and successfully manage SMEs following their entrepreneurship training, then the curriculum aspect of entrepreneurship education is making impact. The reverse means entrepreneurship education is not making the desired impact.

**Entrepreneurship Education, Capacity Building and SMEs in Nigeria**

There are numerous objectives of entrepreneurship education being taught in tertiary institutions. There have been attempts to study the extent of achievements of the said objectives. The available literature has revealed that most of the studies relate entrepreneurship education with employment generation and poverty reduction. For instance, Araba (2012) dwell on “Entrepreneurial Education as a tool for reducing unemployment in Nigeria”. In the study, Araba concluded that engineering students have the highest tendency to start a business after graduation. The study fall short of linking entrepreneurship education with capacity building and its impact on establishment of SMEs.

Ayanda and Laraba (2011) focused on “Small and Medium Scale Enterprises as A Survival Strategy for Employment Generation in Nigeria”. The duo concluded that SMEs account for over 75% of employment in Nigeria, even though 60% of Nigerians still live below the poverty level. This study has not linked SMEs with capacity building in entrepreneurship education. Another related study is that of Adeleke (2012) who dwell on “Improving Poverty Alleviation Programmes in Nigeria through Small and Medium Scale Agricultural Development Projects”. He maintained that as at 2006, the incidence of poverty in Nigeria has reached 70%. Adeleke recommended that the high poverty rate in Nigeria can reduce through establishment of SMEs in agricultural development projects, which are mostly labour intensive and the country has abundance of the required resources like land, animals etc. This study has not linked establishment of the SMEs in agricultural projects to capacity building obtained from entrepreneurship education programme. From the foregoing it is evidently clear that there is dearth of literature linking entrepreneurship education to capacity building and establishment of SMEs in all areas of economic endeavours comprising agriculture, services, industry etc. This study intends to cover this gap

**Theoretical Framework**

According to Akudulu (2010) the content of entrepreneurship education are found in the three main dimensions of human behavior: Attitudes and Values, Knowledge and Skills. Capacity building in entrepreneurship education demonstrated in establishment of SMEs has more to do
with skills than knowledge and attitude. Knowledge or awareness of entrepreneurship and entrepreneurial attitudes ought to be taught at primary and secondary levels of education respectively, while the skill content is covered at tertiary level of education (2010).

The consortium for Entrepreneurship education (CEE-2004) categorized the skill content of entrepreneurship education into Entrepreneurial skills and Ready skills. The entrepreneurial skills entail themes of entrepreneurial processes and traits like creativity, innovation, result oriented, hard work etc. The ready skills content comprise the themes of business foundations, communications and interpersonal skills, digital skills, economics, financial literacy, professional development, financial management, information management, marketing management, operations management, risk management and strategic management.

The study is aimed at evaluation of the extent of capacity building or skill acquisition in entrepreneurship education being taught at tertiary institutions. Centre for Disease Control and Prevention (CDC-2010) defines evaluation as “the systematic collection of information about the activities, characteristics, and outcomes of programmes to make judgments about the programme, improve programme effectiveness, and/or inform decisions about future programming”. CDC (2010) further categorized evaluation into two: process evaluation and program evaluation. Formative evaluation involves collection and analysis of data to determine needs of a targeted population which may be students, markets, community etc. Process evaluation involves collection and analysis of data that facilitates comparison between what was planned and what actually occurred during implementation. Since the study is making comparison between the entrepreneurial skills taught and the ones implemented as demonstrated in establishment of SMEs, its own evaluation is a process one.

Based on the skill content of the entrepreneurship education curriculum as captured by Akudolu(2010), the study collect and analyze data on the following acquired entrepreneurial skills; business planning, business development, leadership development, project management, risk management, team building, financial management, supervision, conflict resolution, information technology, marketing management, personnel management and professional networking.

**Research Methodology**

The study seeks to evaluate the extent of capacity building among graduates of tertiary institutions who were taught entrepreneurship education as may be demonstrated in establishment of SMEs, Accordingly, the target population for the study comprise all graduates of tertiary institutions in Nigeria (universities, polytechnics and colleges of education) from 1987, the time entrepreneurship education was introduced in to the curricular of the institutions to 2012. This makes the study a survey one. A sample size of 300 graduates was chosen and considered adequate due to Kaiser Criterion that suggested a sample size of not less than 250 for a survey research. To ensure a fair representation among the three categories of tertiary
institutions, a total of 100 samples subjects each were randomly selected from universities, polytechnics and colleges of education. A structured questionnaire was used in collecting data from the sample subjects. The Cronbach’s alpha was used in testing the reliability of the questionnaire.

Table 1: Effect of Entrepreneurship Education on Capacity Building

<table>
<thead>
<tr>
<th>REP.</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>My ability to establish a business can be attributed to the entrepreneurship training acquired from my alma mater</td>
</tr>
<tr>
<td>F2</td>
<td>My inability to establish a business can be attributed to lack of training in entrepreneurship from my alma mater</td>
</tr>
<tr>
<td>F3</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “business planning”</td>
</tr>
<tr>
<td>F4</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “business development”</td>
</tr>
<tr>
<td>F5</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “leadership”</td>
</tr>
<tr>
<td>F6</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “project management”</td>
</tr>
<tr>
<td>F7</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “risk management”</td>
</tr>
<tr>
<td>F8</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “team building”</td>
</tr>
<tr>
<td>F9</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “financial management”</td>
</tr>
<tr>
<td>F10</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “supervision”</td>
</tr>
<tr>
<td>F11</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “conflict resolution”</td>
</tr>
<tr>
<td>F12</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “information technology”</td>
</tr>
<tr>
<td>F13</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “marketing management”</td>
</tr>
<tr>
<td>F14</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “personnel management”</td>
</tr>
<tr>
<td>F15</td>
<td>My ability to establish a business enterprise can be attributed to entrepreneurship skill on “professional management”</td>
</tr>
</tbody>
</table>
Discussion of Results

This section presented the results of analysis. The results are as follows: reliability statistics, chi-square test, and subsequently interpreted the result.

Table 1: Reliability Statistics

<table>
<thead>
<tr>
<th>Cases</th>
<th>Valid</th>
<th>Excluded</th>
<th>Total</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>263</td>
<td>0</td>
<td>263</td>
<td>12</td>
</tr>
</tbody>
</table>

Cronbach’s Alpha .759
Split-half Coefficient .739
Guttman Lambda .729

The reliability statistics table above indicates that there are a total number of 263 cases of which 263 are valid and 0 are excluded. And also there are 15 items in each case. To assess the reliability of the factors, the researcher computes Cronbach’s alpha, 0.759, which is coefficient of reliability and it suggests that the measures are acceptable.

The Chi square test was used in analyzing the data collected.

Table 2: Statistical Test

<table>
<thead>
<tr>
<th>Variable Attribute</th>
<th>Chi Square</th>
<th>Df</th>
<th>Critical Chi</th>
<th>Level of Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>6.815</td>
<td>4</td>
<td>9.488</td>
<td>.318</td>
</tr>
<tr>
<td>F2</td>
<td>89.218</td>
<td>4</td>
<td>9.488</td>
<td>.000</td>
</tr>
<tr>
<td>F3</td>
<td>8.911</td>
<td>4</td>
<td>9.488</td>
<td>.210</td>
</tr>
<tr>
<td>F4</td>
<td>4.903</td>
<td>4</td>
<td>9.488</td>
<td>.324</td>
</tr>
<tr>
<td>F5</td>
<td>7.5</td>
<td>4</td>
<td>9.488</td>
<td>.091</td>
</tr>
<tr>
<td>F6</td>
<td>3.153</td>
<td>4</td>
<td>9.488</td>
<td>.500</td>
</tr>
<tr>
<td>F7</td>
<td>8.911</td>
<td>4</td>
<td>9.488</td>
<td>.210</td>
</tr>
<tr>
<td>F8</td>
<td>5.581</td>
<td>4</td>
<td>9.488</td>
<td>.343</td>
</tr>
<tr>
<td>F9</td>
<td>4.5</td>
<td>4</td>
<td>9.488</td>
<td>.380</td>
</tr>
<tr>
<td>F10</td>
<td>6.315</td>
<td>4</td>
<td>9.488</td>
<td>.311</td>
</tr>
<tr>
<td>F11</td>
<td>4.903</td>
<td>4</td>
<td>9.488</td>
<td>.386</td>
</tr>
<tr>
<td>F12</td>
<td>6.387</td>
<td>4</td>
<td>9.488</td>
<td>.065</td>
</tr>
<tr>
<td>F13</td>
<td>7.52</td>
<td>4</td>
<td>9.488</td>
<td>.092</td>
</tr>
<tr>
<td>F14</td>
<td>3.753</td>
<td>4</td>
<td>9.488</td>
<td>.470</td>
</tr>
<tr>
<td>F15</td>
<td>8.921</td>
<td>4</td>
<td>9.488</td>
<td>.210</td>
</tr>
</tbody>
</table>

From the chi square computed above for 15 factors, only one is significant at 1%. This indicates that teaching of entrepreneurship education in universities, polytechnics and colleges of education has no significant effect on capacity building and consequently establishment of small
and medium scale enterprises (SMES) in Nigeria. This development can be attributed to lapses in curriculum development/delivery and hostile business environment characterized by absence or inadequate financial support, inadequate infrastructural facilities such as electricity, water, roads etc.

Conclusions and Recommendations

One of the objectives of the introduction of entrepreneurship education into the curricular of tertiary institutions in Nigeria is to provide the students enough training and support that will enable them establish small and medium enterprises after graduation. The conclusion of the study is that, this objective is yet to be achieved. This is manifested in the increasing number of graduates of tertiary institutions who remain unemployed and are unable to establish small and medium enterprises mainly due to inadequate entrepreneurship training and other exogenous factors like lack of accessibility to capital, lack of supportive/incentives, hostile business environment occasioned by insecurity, corruption, bureaucratic bottlenecks and more seriously, poor infrastructural facilities, especially electricity.

For Entrepreneurship Education to achieve one of its major objectives of capacity building demonstrated in establishment of SMEs by the graduates of tertiary institutions in Nigeria, the following are recommended:

1. Entrepreneurship Education is a means of instilling entrepreneurship culture among the Youth. To achieve a comprehensive and effective entrepreneurship culture among the youth, entrepreneurship education should be taught at all levels of education: entrepreneurship awareness at primary level, entrepreneurial attitudes and values at secondary level and entrepreneurship skills at tertiary level.

2. The regulatory agencies of tertiary institutions comprising Nigerian Universities Commission (NUC) for universities, National Board for Technical Education (NBTE) for polytechnics and National Commission for colleges of Education (NCCE) for colleges of education, should ensure that the entrepreneurship education curricular for tertiary institutions is fashioned in such a way that students are exposed to practical ways of imbibing important entrepreneurial traits like creativity, and innovation, identification and exploitation of business opportunities and not just theoretical aspects of entrepreneurship development.

3. Since no educational system can perform beyond its teachers, teachers involved in teaching of entrepreneurship education should undergo professional training through seminars, workshops etc, to acquire the necessary knowledge and skills required for entrepreneurship driven instructional methodology. There should be entrepreneurship in teaching of entrepreneurship education.

4. To have avenues for exposure of teachers and students to practical aspects of entrepreneurship education, tertiary institutions should collaborate and partner with the
industry on training and housemanship. This can facilitate teaching of practical aspects of entrepreneurship by teachers and establishment of SMEs by students after graduation.

5. To ensure that tertiary institutions show concern on teaching of practical aspects of entrepreneurship education, the regulatory agencies should henceforth include among the criteria for assessment of performance of institutions, the number of their graduates on self-employment due to entrepreneurship education acquired. The higher the number, the higher the rating and vice versa.

6. To compliment efforts of tertiary institutions in ensuring practice of entrepreneurship among their graduates, government at all levels (Federal, States and Local) through appropriate agencies, should prepare and make packages of financial, technical and material assistance, accessible to graduates who are willing to establish SMEs. Presently, such packages are either no available or they are available but not accessible to most graduates who may not have personal contacts with the officials in charge.

7. In view of the significant role infrastructural facilities play in establishment of SMEs, all the three tiers of government should embark on provision and/or improvement of such facilities comprising roads, water and electricity. Many SMEs cannot either be established or those established have folded up mainly due to absence or shortage of electricity.

8. To facilitate and encourage establishment of SMEs by graduates, the three tiers of government should ensure removal of bureaucratic bottlenecks in registration of business, securing of land/premises, payment of tax etc.

9. SMEs due to their small capital and inexperience require a more conducive atmosphere to operate than their large scale counterparts with large capital and wealth of experience in business management. The atmosphere can be made conducive for SMEs mainly through improvement in security and removal or minimization of corruption among government officials. This will go a long way in reducing cost of doing business which usually serves as a serious inhibiting factor for SMEs.

References


