

# The Influence of Entrepreneurial Education on the Startup and Performance of SMES In Nigeria

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## **Abstract**

*This study examined the influence of entrepreneurial education on the startup and performance of SMEs in Ekiti State, Nigeria. Entrepreneurial education has emerged as a potential solution to address the challenges faced by SMEs during their inception and developmental stages. Entrepreneurial education encompasses a range of formal and informal learning experiences designed to develop the knowledge, skills, and attitudes necessary for individuals to undertake entrepreneurial activities. Using a survey research design, data were collected through questionnaires from a sample of 400 registered SME owners in Ado-Ekiti, this was determined by Yamane's (1964) model. The data analysis methods included mean, standard deviation, frequencies, and simple linear regression. The findings revealed that entrepreneurial education significantly enhances the adoption of sustainable practices, with a coefficient of 0.251 ( $p=0.011$ ). In conclusion, entrepreneurial education is shown to positively affect sustainable practices in SMEs in Ekiti State. Recommendations include collaborative efforts by government, industry associations, and educational institutions to develop tailored entrepreneurial education programs for SMEs, creation of platforms for experience sharing among SME owners, and incentives for SMEs adopting sustainable practices.*

**Keywords:** Entrepreneurship, Entrepreneurial Education, Sustainable, Small and Medium Enterprises (SMEs).

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## **1.0 Introduction**

Small and Medium Enterprises (SMEs) play a pivotal role in driving economic development, fostering innovation, and creating employment opportunities. However, despite their significant contributions, SMEs often face numerous challenges during their startup phases, hindering their growth and sustainability. Common obstacles include financial constraints, lack of managerial skills, and uncertainties in the market environment. This has necessitated the urgent need for diversification and resuscitation of the economy to Small and Medium Enterprises (SMEs) which is the important tool for rapid diversification and recovery of the economy.

Entrepreneurial education has emerged as a potential solution to address the challenges faced by SMEs during their inception and developmental stages. Entrepreneurial education encompasses a range of formal and informal learning experiences designed to develop the knowledge, skills, and

attitudes necessary for individuals to undertake entrepreneurial activities. This education is often provided by academic institutions, training programs, and various support organizations.

The importance of entrepreneurial education in equipping individuals with the tools needed to navigate the complexities of starting and managing a business is increasingly recognized. However, the specific impact of entrepreneurial education on the sustainability success of SMEs remains a subject of scholarly inquiry.

Entrepreneurship education is effectively built through hands-on, real-life experiences, and project work taught across all subjects as a separate subject or combined with another. Making entrepreneurship education a basic feature in education systems, sharing of ideas, knowledge, experience, and best practices among countries, stakeholders, and practitioners, developing models, common instruments, and projects with a high added value at in Nigeria is lacking. Hence, this study looked at the impact of entrepreneurship education on the development of small and medium scale enterprises in Nigeria with a view to empirically come up with findings that would help both the government and small business owners towards strategic entrepreneurship education

### **Statement of the problem**

Entrepreneurship Education is aimed at the overall training of individuals and tertiary institution undergraduates for useful living. The importance of entrepreneurial education cannot be overemphasized as entrepreneurship education is expected to train people to develop skills that would help its recipients to be self-sufficient instead of depending on the white-collar jobs to provide job that are mostly non-existent. There have been several policy intervention and plans put in place by several Nigerian government with the aims of stimulating entrepreneurship development through small and medium enterprises. The government at various level have increasingly invested in supporting small businesses by launching a number of schemes to help the unemployed either to set up their own business and become self-employed, thereby creating wealth for themselves and restructuring the economy.

Despite all these policies and programmes, UNDP, reported in 2023 that, Nigeria still falls short of the economic and social progress required to impact on the well-being of their citizens, as most Nigerians still lives on less than one dollar a day. Nigeria is still far-off in achieving the Sustainable Development Goals (SDGs) especially the goals of poverty reduction, increase employment status, etc. Nigeria is rated low on the Human Development Index (HDI), an index that measures the average achievement of a country in terms of the welfare and quality of life of her citizens.

The non-chalant entrepreneurial attitude of the youth is on the increase, thereby forcing large number of graduates to continue to look for jobs in both private and public sectors. In spite of government effort towards entrepreneurship development which its implementation, has not been able to yield the desired result, due to the peoples' lack of interest in entrepreneurial intention continue to pose challenges in economic growth and development, poverty rate is on the increase, unemployment is on the high side.

However many studies has been carried out by various people like Amadi and Sunday (2019), Kabir and Bashiru (2018), Okesiji and Anjorin (2019), Nwachukwu, kuromiema, and Obatola (2018), Olusanya (2018), Aliyu et al (2018) and so on using various variable and State , but nor has been carried out in Ekiti State using startup indicators and adoption of sustainable practices. However, this study will critically examine the influence of entrepreneurial education on startup of SME in Ekiti State.

## **2.0 Literature review**

Entrepreneurship is commonly perceived as the process of spotting possibilities by recognizing requirements, expectations, and concerns, and subsequently devising ways to overcome challenges. Entrepreneurship is perceived as a systematic procedure that commences with the examination of the surrounding environment to identify potential opportunities, followed by the establishment of ventures aimed at addressing the recognized requirements. Entrepreneurship has a crucial role in fostering societal well-being and economic prosperity. Freiling and Schelhowe (2014) opined that entrepreneurship, as an integrated execution of creativity, development, risk management, internal communication and arbitration functions, is both exploratory and exploitative in nature. Entrepreneurship transcends just ventures creations, although that is undoubtedly a critical facet. The drive of looking for possibilities, taking chances beyond what is protected and possessing the tenacity to drive an idea through to reality by combining different resources optimally into a specific viewpoint that distinguishes an entrepreneur.

Mokaya et al. (2012) defined it as the individual's motivation and willingness to take risks to create and sustain a growth-oriented and profit-making enterprise. According to Teshome (2014) and Odunaike & Amoda (2013), entrepreneurship involves the art of profitably and sustainably setting up and running an enterprise. Agbonlahor (2016) adds that an entrepreneur is someone who is never satisfied with the status quo and is adept at turning new ideas or inventions into successful innovations, perceiving business opportunities, analyzing risks, and making a profit.

### **Entrepreneurship Education**

Entrepreneurship education was integrated into the undergraduate curriculum of Nigerian universities in 2006 to produce graduates with the necessary entrepreneurial skills to start their own businesses and employ others (Agbonlahor, 2016). It is based on the belief that entrepreneurship can be learned, fostering entrepreneurial intentions and leading to business startups (Pittaway & Cope, 2007; Nabi, Holden, & Walmsley, 2010).

Entrepreneurship education aims to equip youth with functional knowledge and skills to develop their character, attitude, and vision. It involves fostering entrepreneurial mindsets, attitudes, and skills in areas like idea generation, startup, growth, and innovation (Fayolle, 2009). Some scholars argue that entrepreneurship is more about personality and psychological traits, which cannot be taught (Thompson, 2004). The key to successful entrepreneurship education is finding the most effective way to teach these skills and matching student needs with appropriate teaching techniques (Lee et al., 2007). It influences students' entrepreneurial intentions and behaviors and is crucial for setting up businesses (Fayolle & Gailly, 2004; Roxas, Cayoca-Panizales & Jesus, 2008; Clereq & Arenius, 2006).

### **Small and Medium Enterprises (SMEs)**

Demoji and Onwuneme (2016) defined small and medium scale enterprises (SMEs) as a business that is separately owned and managed. A small and medium scale enterprise (SMEs) is an enterprise having 29 or less employees and also plants and equipment of GH100, 000. Staniewski (2016) defined small and medium scale enterprises (SMEs) as a business employing 1 to 200 persons. Therefore, small and medium scale enterprises can be defined as small and medium, where the entrepreneur is involved in the production process as well as the administrative and commercial aspects of business.

The National Board of Small Scale Industries (NBSSI) defined small and medium scale enterprises (SMEs) as enterprises that employ no more than 29 workers, with investment in plant and machinery (excluding land and building) not exceeding the equivalent of \$100,000. Small and

medium scale enterprises (SMEs) is defined as an enterprise that has fewer than 500 employees and small enterprise as one that has less than 100 employees (Odetayo & Onaolapo, 2016). A more elaborate definition by Ozioma-Eleodinmuo (2015) said that small and medium scale enterprises is any modern business enterprise, including all manufacturing and non-manufacturing small activities in commerce, service, maintenance, distribution, construction and production employing a limited capital outlay. On the other hand, the World Bank defined small and medium scale enterprises (SMEs) as having no more than 500 employees. Small and medium scale enterprises (SMEs) as defined by the National Council of Industries refer to business enterprises whose total costs excluding land is not more than two hundred million naira (N200, 000,000.00) only. Barrett and Burgess (2018) described small and medium scale enterprises (SMEs) as a private or jointly business which is usually own and operate by the owner/s; the owner/s takes control over operations and decisions. A small and medium scale enterprises is defined as an enterprise with a maximum asset base of N200 million (excluding land and working capital), and number of employees of not less than 10 and not exceeding 300 persons (Oraka, 2017).

### **Entrepreneurship Education and performance of small and medium scale enterprises**

Relationships exist between entrepreneurship education and performance of small and medium-scale enterprises (SMEs) in the society. It is widely believed that entrepreneurship education is essential for the success of the entrepreneur and the growth of SMEs. Studies have established the positive relationship between entrepreneurship education and performance of SMEs leading to employment generation and empowerment of disadvantaged segment of our population which include the poor rural dwellers and the woman.

Oborah (2013) pointed out that performance is multidimensional in nature and that it is advantageous to integrate different dimensions of performance in empirical studies of entrepreneurial education. It is possible to regard financial performance and sustainable growth as different aspects of performance because each reveals important and unique information. Akpan and Effiong (2012) argued that there is no consensus on appropriate measures of the performance of SMEs and that prior research focused on variables for which information was easy to gather.

#### **2.1 Theoretical Review**

##### **Resource-Based Theory (RBT)**

A number of theories were reviewed to determine which is pertinent to the study of entrepreneurship education and orientation and its effect on the performance of small and medium-scale enterprises (SMEs). The study found the Resource-based theory as most relevant. The proponent of resource-based theory was Edith Penrose in 1922. She was strongly of the views that competitiveness of a firm depends largely on the resources available to it. (Thaddeus, 2012). The resource-based theory (RBT) views entrepreneurship education and orientation as the source of knowledge acquisition and skills mastery which are critical human resources needed by an organization to register superior performance. RBT describes a firm in terms of the resources that the firm has and can combine effectively to produce maximum value for the enterprise. Sometimes, a firm achieves superior performance, not because it has enormous resources but for the fact that it has distinctive competences that help her to make better use of the available physical resources. In the dynamic world, firms are constantly creating new combinations of capabilities while their competitors are also improving their own competencies and exploring new markets. According to Aliu & Ibe (2013), there is the need to focus on internal resources and processes and adopt the best of strategies in order to coordinate the internal competences of the firm. The advantage of this when applied to small and medium-scale enterprises (SMES) is that they will be in a better position

to harness their internal resources such as the skills of their employees, managers the entrepreneur and technology to achieve superior performance.

### **Empirical Review**

Ifeanyi Mukhtar and Nuhu (2021) investigated the influence of entrepreneurship education on the quality of SMEs management in Gombe state metropolis. The population of the study consists of all business proprietors in Gombe Metropolis. Data collection was done through a structured interview. Findings suggested that educative seminars and workshops on entrepreneurship are great ways of improving entrepreneurship skills.

Nwachukwu et al., (2021) examined entrepreneurship education is considered a vital tool in empowering graduate for self-reliance in creating job opportunity in the economy given the rate of graduate unemployment in the country. The study used a well structured questionnaire to obtain data from 315 respondents from different tertiary institution in the country. Statistical package for social sciences (SPSS) version 23.0 was utilized for data analysis. Findings from the study disclosed that entrepreneurship education have been found to have a significant positive influence on students' intention to venture into business.

Yusuf (2021) examined the Influence of entrepreneurship education, technology and globalization on performance of SMEs in Nigeria Small and medium enterprises (SMEs). . Cross-sectional survey research design was adopted for the study. The instrument consisted of forty items on a five-point Likert rating scale. Linear regression was used to test the three null hypotheses at 0.05 level of significance. The results indicated that acquisition of entrepreneurship education skills; adoption and use of technology devices and platforms, as well as, globalization enhance productivity and profitability of SMEs in Nigeria.

Egrinyaet al., (2022) investigated entrepreneurship education and small and medium enterprises development in North Central, Nigeria. The instruments used for data collection was the mixed method. Entrepreneurial skill acquisition enhances productivity of small and medium enterprises in North Central, Nigeria ( $r=.949$ ,  $p<0.05$ ).

Abdulazeez and Hameed (2022) examined the enterprise success: does entrepreneurship education matter in Nigerian small and medium enterprises. Correlations and multiple regression analysis were applied to analyze the data, The study's findings revealed that EE is the prime driver of ES. The implication is that a well-designed and implemented EE program will enhance business success.

### **3.0 Methodology**

This study employed a survey research design. The population for this study will cover all the registered owners of SMEs in Ado-Ekiti, Ekiti State, Nigeria. According to Nigeria Bureau of Statistics (2013), which is the latest, there are 11, 663 registered SMEs in Ado- Ekiti, the sample size for this study was 400 respondents chosen randomly, simple linear regression was be used to test the hypothesis.

#### **Model Specification**

The simple linear regression model was generally assuming the following equation:

$$QS = f(ENE).....$$

Where;

QSM = Quality of SMEs

ENE = Entrepreneurship Education

f = functional notation  
 $\mu$  = Error term  
 $\beta_0$  = constant Parameter  
 $\beta_0$ - $\beta_1$  = Coefficients of Regression

#### 4.0 Result and Discussion

#### Frequency and percentage on entrepreneurial education on the adoption of sustainable Practices of SME in Ekiti states?

Items	SA		A		D		SD		Total	
	F	%	F	%	F	%	F	%	F	%
Lack of academic programs dedicated to entrepreneurship	120	32	118	31	55	14	87	22	380	100
Inadequate funding by government and non-governmental organizations	186	49	120	32	67	18	7	2	380	100
Ineffective or poor planning, supervision information,	90	23	191	50	65	17	34	9	380	100
Inadequate teaching materials equipment and infrastructural facilities.	210	55	120	32	30	8	20	5	380	100
Inadequate motivation for teaching and non-teaching staff	180	47	150	39	30	8	20	5	380	100

**Source:** Author's Computation, (2024)

The table above revealed the entrepreneurial education on the adoption of sustainable practices of SME in Ekiti states. 32% of the of the respondents strongly agreed that Lack of academic programs dedicated to entrepreneurship, 31% agreed, 14% disagreed while 22% strongly disagreed. In addition, it was revealed that 49% of the respondent strongly agreed that Inadequate funding by government and non-governmental organizations 32% agreed, 18% disagreed while 2% strongly disagreed. Furthermore, it was gathered that 23% of the respondents strongly agreed that Ineffective or poor planning, supervision information, 50% agreed, 17% disagreed while 9% strongly disagreed. it was gathered that 55% of the respondents strongly agreed that Inadequate teaching materials equipment and infrastructural facilities, 32% agreed, 8% disagreed while 5% strongly disagreed.

There is no relationship between entrepreneurial educations on the adoption of sustainable practices in SMEs.

**Table 4.9: Regression Analysis**

Variables	Coefficient	Std Error	T-Statistic	Prob.
C	3.256	0.803	4.053	0.000

Adoption of Sustainable Practices in SMEs:	0.251	0.097	2.599	0.011
R	0.297			
R-Square	0.088			
F-Statistics	6.756			
P-Value (F. Stat)	0.011			

**Source:** *Author's Computation, (2024)*

Table 4.8 shows that correlation coefficient (R) given to be 0.297 implies that there is a moderate relationship entrepreneurial education on the adoption of sustainable practices in SMEs. The coefficient of determination  $R^2$  value stood at 0.088. This indicates that 8.8% of the systematic variation on entrepreneurial education can be explained by adoption of sustainable practices in SMEs. An explanation of the remaining 91.2% variation on entrepreneurial education can be given by other factors not in this model. Entrepreneurial education has a positive and significant effect on adoption of sustainable practices in SMEs. This is indicated by the values of the coefficient and p-value given to be 0.251 and 0.011. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. The size of the coefficient showed that 1% increase in entrepreneurial education caused 25.1% increase in adoption of sustainable practices in SMEs. This is further emphasized by the probability of the f-statistic given to be 0.011 which showed that the regression result was statistically significant because this is less than 5%, the level of significance adopted for this study.

### **Discussion of findings**

The study examined the influence of entrepreneurial education on adoption of sustainable practices of SME in Nigeria. Through the analysis carried out using simple linear regression, it was discovered that entrepreneurial education has a positive and significant effect on adoption of sustainable practices in SMEs with a result of 0.251 ( $P=0.000<0.05$ ). The reasons for this might be because Entrepreneurial education programs may connect SMEs with resources such as government incentives, grants, or funding opportunities for implementing sustainable practices. This finding agreed with the conclusion of Yusuf (2021) which indicated that acquisition of entrepreneurship education skills; adoption and use of technology devices and platforms, as well as, globalisation enhance productivity and profitability of SMEs in Nigeria.

### **Summary**

The study examined the influence of entrepreneurial education on the adoption of sustainable practices in SMEs in Ekiti State. The study employed survey research design; the reason behind the use of this research design is that questionnaire was used in collecting data on all the variables under investigation. The population for this study covered all the registered owners of SMEs in Ado-Ekiti, Ekiti State, Nigeria. According to Nigeria Bureau of Statistics (2013), which is the latest, there are 11, 663 registered SMEs in Ado- Ekiti. According to Yamane (1964) model, the sample size for this study was 400 respondents. Questionnaire was used to collect the data and the method of data analysis was mean, standard deviation, frequencies and simple linear regression. It was discovered that, entrepreneurial education has a positive and significant effect on adoption of sustainable practices in SMEs. This is indicated by the values of the coefficient and p-value given to be 0.251 and 0.011. Therefore, the null hypothesis is rejected while the alternative

hypothesis is accepted. The size of the coefficient shows that 1% increase in entrepreneurial education will cause 25.1% increase in adoption of sustainable practices in SMEs.

## **5.0 Conclusion and Recommendation**

Despite immense and capable research discussing about influence of entrepreneurial education on startup of SME In Nigeria, the objective for this study, there seemed to be a gap to fill on the influence of entrepreneurial education on startup of SME In Nigeria, the objective for this study. Due to this gap, this study was established, to close up the differences. In lieu of this,. Through the findings which was carried out in the study, it was concluded that Entrepreneurial Education has a positive effect on Adaptability in SMEs, critical startup indicators and Adoption of Sustainable Practices in SMEs in Ekiti.

### **Recommendations**

The following recommendations are considered relevant in line with the findings made:

- i. Governments, industry associations, and educational institutions should collaborate to develop and implement programs that provide entrepreneurial education specifically tailored to SMEs.
- ii. Government should create platforms and networks where SME owners and entrepreneurs can connect, share experiences, and learn from each other.
- iii. Governments and industry stakeholders should consider offering incentives and rewards to SMEs that demonstrate a commitment to adopting sustainable practices.

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