

## **MODERATING EFFECT OF TRAINING TRANSFER ON THE DETERMINANTS OF ENTREPRENEURIAL PERFORMANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) OWNERS IN LAGOS STATE, NIGERIA**

By

**KABIRU ISHOLA GENTY<sup>1</sup> & OLUFEMI KAYODE AWE<sup>1</sup>**

**Lagos State University, Ojo Lagos Nigeria**

**Industrial Relations & Personnel Management Department<sup>1</sup>**

**ishola.genty@lasu.edu.ng , kayode\_awe@gmail.com**

*Despite the significance and contributions of micro, small and medium enterprises (MSMEs) to the national economy, many problems and constraints still exist in promoting their development and growth which invariably affect the performance of the owners. This, in turn, led to dwindling in the number of MSMEs in Nigeria. The declines were attributed to poor personal traits of entrepreneurs in Nigeria, underdeveloped human resources, and the harsh operating business environment. In addition, MSMEs failure, particularly in emerging economies, has been attributed to lack of preparedness as a result of inaccurate entrepreneurial training transfer and lack of basic education on entrepreneur skills. Though, very few studies have been conducted in Nigeria to ascertain the performance rate of entrepreneurs and factors influencing entrepreneurial performance collectively. Thus, this study examines holistically the determinant factors influencing entrepreneurial performance in Lagos State Nigeria taken into consideration the multidimensional constructs of personal qualities of the entrepreneurs, business competencies, environmental factors, and training transfer. The study adopted a quantitative approach using a cross-sectional descriptive survey while Cochran (1977) formula for sample size determination was used to calculate for the sample size. Descriptive statistic tool was used for demographic data analysis as well as to determine the level of the used constructs in the study. The Structural Equation Modelling (SEM) approach and Multi-Group Analysis are utilised to test the stated research hypotheses. Prior to full utilisation of the model, the researcher ensure the model meet the acceptable goodness-of-fit indices:  $\chi^2$  (CMIN) = 387.238 (DF = 196), Relative  $\chi^2$  (CMIN/DF) = 1.976, AGFI = .870, GFI = .899, CFI = .939, IFI = .939, TLI = .928 and RMSEA = .056. The study revealed that there is a moderate level of entrepreneurial performance among the 307 valid respondents with an overall aggregate mean score of 24.24 (SD= 8.07). The structural equation model showed that personal qualities did not significantly contribute to entrepreneurial performance ( $\beta = .105$ ,  $p = .121$ ). However, the analysis of structural equation model depicted that business competencies contributed significantly to entrepreneurial performance ( $\beta = .126$ ,  $p = .050$ ). In addition, training transfer contributions to entrepreneurial performance revealed ( $\beta = .321$ ,  $p = .000$ ) which was also significant with high effect size when compared to the relationship with business competencies and entrepreneurial performance. The structural model revealed that the relationship between personal qualities, business competencies, and environmental factors are moderated by training transfer in the study with measurement residual  $\chi^2$  greater than unconstrained  $\chi^2$  based on model comparison output  $\Delta\chi^2$  (CMIN) = 140.931;  $\Delta df = 57$ ;  $p = .000$ . Therefore, there is a presence of moderation effect of training transfer on the determinants of entrepreneurial performance in the overall model.*

**Keywords:** Business Competencies, Environmental Factors, Entrepreneurial performance, Nigeria, Personal Qualities and Training Transfer.

**MODERATING EFFECT OF TRAINING TRANSFER ON THE  
DETERMINANTS OF ENTREPRENEURIAL PERFORMANCE AMONG  
MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) OWNERS IN  
LAGOS STATE, NIGERIA.**

**BY**

**KABIRU ISHOLA GENTY<sup>1</sup> & OBAFEMI KAYODE AWE<sup>1</sup>**  
**Lagos State University, Ojo Lagos Nigeria**  
**Industrial Relations & Personnel management Department<sup>1</sup>**  
**ishola.genty@lasu.edu.ng, kayodeawe@gmail.com**

**INTRODUCTION**

There exists a number of factors that are important and influential in impacting the emergence, practice training development and performance of the entrepreneurs, the micro, small and medium enterprise (MSME) owners and the entrepreneurial business. Many studies have attested to the central importance and primacy of the environmental, or contextual, factors including family cultural, social economic, political psychological and technological acting independently or in combination of sign and transfer a training and development programmes that shape the performance of business owners and their organisations (Histrick and Peters 2008, Ogundele and Opeifa 2003, Ibeh and young 2001). In Nigeria, and Lagos State, in particular, despite the significance and contributions of micro, small and medium enterprises to the national economy, many problems and constraints still exist in promoting their development and growth which in variably affect the performance of the owners. This, in turn led to the dwindling in the number of MSMEs in Nigeria. The declines were attributed to poor personal traits of entrepreneurs in Nigeria, under developed human resources, and the harsh operating business environment (Fatoki and Oni 2014). In addition, MSMEs failures particularly in emerging economies, has been attributed to lack of preparedness as a result of inaccurate entrepreneurial training transfer and lack of basic education on entrepreneur skills. Also, very few studies have

been conducted in Nigeria to ascertain the performance rate of entrepreneurs and factors influencing entrepreneurs performance collectively. No literature not has been observed on the moderating influence or are effect of traning and development transfer on the determinants of entrepreneural performance such as business competencies, environmental factors, personal traits, qualities and orientation of MSME'S owners in Nigeria.

### **OBJECTIVE OF THE STUDY**

The study therefore examines holistically the determinant factors influencing entrepreneurial performance In Lagos state, Nigeria taking into consideration the multi dimensional constructs of personal qualities of the entrepreneurs, business compentencies, environmental factors and training transfer as a moderating variable.

### **REVIEW OF RELEVANT LITERATURE**

**Entrepreneur and Entrepreneurship:** Although the term entrepreneur has been used differently by various authors, it is frequently defined as the person responsibe for policy who organizes and coordinates the work of the other three factors , land, capital, labour and takes decisions which are necessary to set up a firm and keep it in line with the changing pattern of demand, creation of new product, services, markets and values (Suhmpeter 1943, Drucker 1985, Meredith et al 1991). However enterpreneurship has been defined as the process of creating something new with value by devoting the necessary time and effort assuming the accompanying financial, psyshic, social risk and receiving the rewards of monetary and personal satisfaction (Histrick and peters 2008, Drucker 1985).

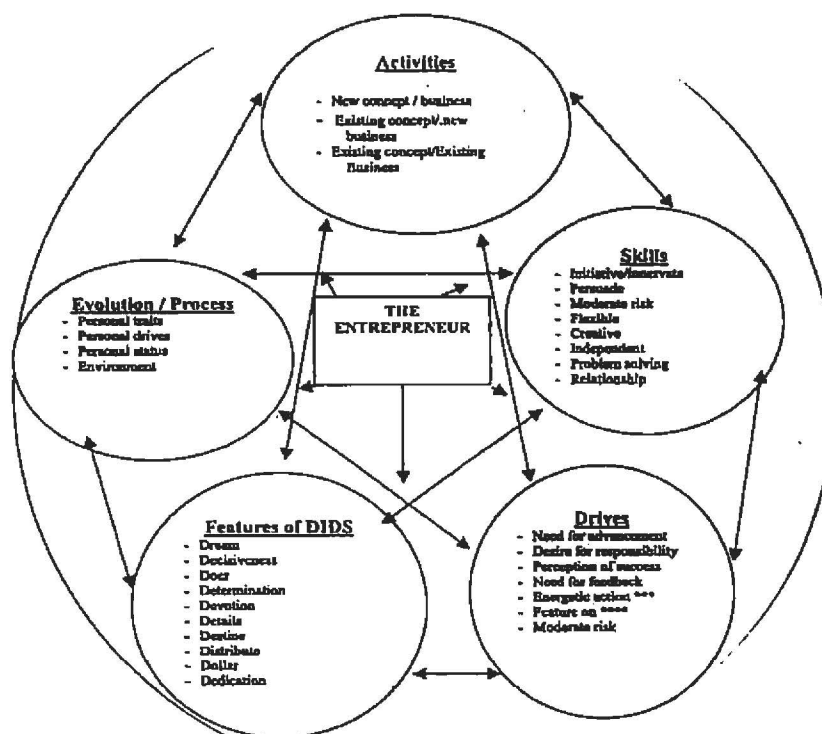
**Determiners of Entrepreneurial Performance:** Several thories which can be described, e.g. psychological, sociological\ cultural, economical, political and historical have been developed to explain the

path of emergence, behaviours and performance of the entrepreneur, as well as the impact of environmental influences on the process of entrepreneurship. The environment as operationally defined refers to the external and internal factors that affect and interface the emergence of individual MSME business owners entrepreneurial organizational activities, in terms of vision, mission strategies, decision system, performance and competitiveness. The psychological theory emphasizes the personality traits such as need for achievement, power, desire for accomplishment, personal locus of control, flexibility, thriftiness, risk taking and ability to perceive opportunities and threats (McClelland 1961, Drucker 1985, Meredith et al 1991). The socio cultural theory sees entrepreneurship as a role and its development as a function of form of society and characteristics of culture. Such cultural environments have aided entrepreneurship by providing for business ideas, valuable information, resources, opportunities, social relations network and other supports that directly and positively influence the process of emergence, behaviours and performance of the entrepreneurship, for the economic theory, the entrepreneurship is the man who perceives business opportunities and takes advantage of scarce resources and the structure of economic incentives available in the market which have influence the emergence, behaviours and performance of the entrepreneur (Schumpeter 1943, Drucker 1985). The historical theory considers the past historical events as independent variables on emergence and performance of the entrepreneurship (Akeredolu- Ale 1975, Histrich and Peter 2008). The development theory deals with occupational choice and development of entrepreneurial skills, which includes training designs and transfer of skills and competencies in opportunity awareness of relevant public, technology, market and dealing with government agencies at micro level: attitudinal and behaviour changes, motivation, education, human capital development and work experience and orientation which act as

determinants of effective entrepreneurship (Akeredolu-ale 1975, Bowen and Histrich 1986).

The experiential theory emphasis the varied exposure of the individual in a socia, occupational and other environment that enables the entrepreneur acquire skills knowledge and insiht to run organisation successful (Kilby 1965 Ibeh and Young 2001). In the same vein, the managerial theory focuses on the percepton of marketoppurtuniues, managerial and operation skills strategic management practices all with directpositive influence on the part of the entrepreneurship process (Kilby 1965, Meredith et al 1991, Osuagwu 2001). The innovation theory consider the development of new products services and ideas thus giving enterprises forms of producing capacity (Schumpeter 1943 Drucker 1985, Kilby 1965).

**Model of entrepreneurial process for personality skills and development.**



**SOURCE:** Developed by Ogundele O.J.K et.al "entrepreneurship and environment" in Folarin B.A and Ogundele J.K edited *environment value and policies in Nigeria A book of readings*.

Above is a model of the entrepreneurial process that focuses on developing relevant personal traits and skills in the entrepreneurs or business owners. There are five broad categories of such personal level skills shown in Figure 1. The relevant issues, activities, skills drives, are ten sets of Ds, and the evolution of the individuals. Each of these five categories have several elements which if properly developed and transferred in the entrepreneurs and business owners will make them effective achievers. The evolution process clearly brings out the relevance of the environment in that can be simulated in training and the development of the entrepreneurial personality. In essence the activities, skills, drives, personal status are all affected by the transfer of training and acquire skills and competences undertaking in similar entrepreneurial environment.

Entrepreneurial Education and Training According to Ogundele et al 2007, Entrepreneurs and business owner are agents of economic, social and technological changes in society. They are business leaders who are concerned with exploiting business opportunity for profits and economic development. A nation that values human capital development must establish and organised training and development programmes that will churn out large number of entrepreneurs. They should be equipped with relevant and adequate attributes, skills and competencies for initiating and managing their businesses efficiently and effectively. Training is concerned with the appropriate, design implementation acquisition and transfer of skills, specific knowledge, attitudinal changes techniques competencies and business process and development experiences, which are required to perform particular jobs, production or services. (Aamodt 2007). Development involves systematic process of training and growth, through which the individuals / business owner gain. apply and effectively transfer skills. Knowledge insight and attitude to manage work structures

and business enterprises effectively with consequential effects on business and national economic growth are development. (Awe and Genty et al 2017).

According to Edigbonya (2013), entrepreneurship education refers to a teaching process that provides training and information and also educates recipients with interest in entrepreneurial activities. According to Nian. Bakar and Aminul-Islam (2014), entrepreneurship education differs from business education pointing that one of main objectives of entrepreneurship education that makes it different from business education is that it generates even quicker a greater variety of ideas on how to exploit or take advantage of business opportunities as well as the ability to be able to project extensive sequence of actions for venturing into business.

This contribution supports that of Agu (2006) who argued that entrepreneurship education refers to the type of education designed with both the orientation and attitude of the recipients which equips the recipient with both knowledge and skills to enable the him/her to start and be able to manage a business entity. In other words, entrepreneurship education aims at developing the necessary entrepreneurial attitude, competence and skills that will equip an individual to be able commence and manage a business enterprise.

According to Fatoki and Oni (2014) Entrepreneurship education deals with the introduction of changes new ideas as well as the ability to control resources such that they satisfy an entrepreneur objective. In doing this, Fatoki and Oni (2014) argue that there is a need to develop some skills and attitude based on confidence and good judgment which involves taking decisions and making choice, ability to assume reasonable risks among others.

## **Transfer of training**

Transfer of Training' has been defined as the effective and unending application of the knowledge and skills gained by the trainee during and after training to their jobs. There are two facets to the transfer of training. The first is application that is the trainees immediately applies all that they have learnt in training to their jobs, while the second is the practice that is with practice on the job, the trainees' level of skill will increase (Friensen, kaye and Associates, 2009).

Initial research on the transfer of learning was steered by theories that accentuated the likeness between conditions of learning and conditions of transfer. Transfer of training has also been categorized in terms of 'near transfer' and 'far transfer'. Near transfer of skills and knowledge talks about the replication of the earlier assimilated knowledge and skills in all identical circumstances based on Thorndike's theory of 'identical elements'. The significance of transfer of training to the Nigerian economy and the organization is that the training will help boost the employees, improve their skills and knowledge which will in turn increase productivity which will aid the organization to achieve its goals. One of the foremost glitch organizations are faced with today is the failure of employees transferring the training they have acquired to their workplace / works setting.

It refers to the transfer of knowledge, skills, competencies, work attitudes and experiences to the job or business process for which training has been designed and implemented. Research in learning has indicated that the more similar the training situation is to the actual job situation, the more effective training will be (Aamodt 2007). This principle is extremely important when a training programme is being designed and implemented. The business skills, competence, processes and curriculums are considered. Other way to increase positive transfer of training is by having the trainer or business owners practice the desired behaviours. Attitudes, emotions movements, business designer thoughts and practices – as much



as possible. Such overlearning principle is needed where technical orientations and innovation skills are very much desired as in the business organs skills of changing economice. Driskell, Willis and Cooper (1992) supported overlearning to increase significantly retention of business skills. competency training.

Thirdly trainees business owners must be given oppourtunity and encouraged to apply these acquired business skills and competencies especially and considerably by the environmental supports of provided by governments, agencies and institutions. Lastly, transfer of training can be increased by teaching concepts basic principle and the 'big picture' raker than first specific facts or techniques. Fourth is the provision of appropriate levels of infracstrures of energy transportation founding, learning and environmental factor supports for effective transfer learning (Awe and Genty 2017)

### **Theoretical frame work**

Theory of planined behaviour this theory propose that behavioural intentions are formed by individual's attitude towards that behavior, subjective norms and perception of behavioural control. Thye theory states that attitude towards behavior subjective norms, and perceived behavioural control, together shape an individual's behavior intentions and behaviours. Pulka Aminu and Rikwentishe (2015:151) postulate that most behaviours result from an individual's intention to perform entrepreneurial behavior and their ability to make mindful choice among alternatives and make good decisions. This theory is made up of three components: the attitude toward the behavior, subjective norm and perceived behaioural control as shown in diagram above. This study adopts the theory of planned behavior because the study explains human behavior. The framework was also adopted because it is most appropriate theoretical basis of entrepreneurship education given that it influences the formation

of process of entrepreneurship intention. Finally, the theory was adopted because entrepreneurship is in fact a planned behavior given that new entrepreneurial ventures cannot be created without planning.

Theories of entrepreneurship: Large number of theoretical formulations have been developed to give explanation to the process of entrepreneurial emergence, behaviour and performance. Such bodies of theories have become reference points in formulation of programmes and policies for entrepreneurship development. It is necessary to list the theories and their specific relevance of each of the two models presented above (Ogundele and Opeifa 2003). Entrepreneurial process model: six of the several entrepreneurial theories have informed the development of the entrepreneurial process model, Figure 1 above. They are: psychological theory: Which emphasizes personality traits. It focused on such issues as need for achievement, future orientation, energetic activity and perception of probability of success. Economic Theory: It is concerned with perception of business opportunities and taking advantages of using scarce resources to earn profit. **Innovation theory:** Considers the entrepreneur as innovator who brings about novel combination of products, services and ideas, making obsolete previously existing products services or idea. Managerial Theory: This approach focuses on perception of market opportunities. It also emphasizes the operational skills required to run a successful enterprise. development theory: This approach focuses on the development of entrepreneurial skills. Areas involved are training in opportunities awareness, relating to relevant parties, attitudes, motivating, education, market and dealing with government agencies. The factors considered in Figure 1, are personal or individual level variables affecting entrepreneurship. But they are all to a very extent environmentally based. A number of other theories of entrepreneurship also influence the building of model of environmental complexity in. They

are eight in number. They include; social cultural theory: this theory sees entrepreneurship as a social role and entrepreneurial development as a function of the form of society and characteristic of culture (Brown and Steyeart, 1990). ecological theory: The concern here is on the influence of the environment on business startup without concern about the characteristic and motivation of the organization owners. Historical theory: it focuses on historical antecedents as independent variable on the emergence, behaviour and performance of entrepreneurs. educational theory : This approach is concerned with general level of education in the society. It emphasizes the facts that education equip people with needed skills and outlook at the world in a more organized and coordinated fashion.

Experiential theory: The exposure of the individual in his social and occupational environment, is the focus of this approach. Experience enables individuals to acquire skills, insight, and knowledge on how to run organizations successfully. Network Theory: It focuses on the social links, which promote or hinder entrepreneurship. Structural theory: It examines the effect of the internal patterns of relationships among the various parts and components of an organization on entrepreneurial behaviour and performance. Technological theory: This theory is concerned with machines, equipment, tools and methods used in producing goods and rendering services and their impacts on entrepreneurial success. It should be noted that there are some overlaps in the number of factors that are relevant within each model. The economic, developmental and innovation theories are all applicable in the model. They should not be regarded as watertight and exclusively separate models. Because of the impact of entrepreneurs on the environment and vice versa there is need for change in the entrepreneurship development programmes in Nigeria to produce entrepreneurs that are positively tuned towards environmental sustainability.

## Theories of learning

Classical conditioning: Pavlov (1927) discovered a learning process in which the association of a central stimulus such as ringing of a bell (conditioned) with unconditioned stimulus, such as meat, produces salivation in a dog. Over time and after repeated pairing, mere ringing of bell produces conditioned response (salivation) and a behaviour is said to have been learnt.

Thus;

1.    UCS   +    CS    $\longrightarrow$  UCR  
      (Meat)    (bell)    (Salivation)
2.    CS                     $\longrightarrow$  CR  
      (Bell)                    (Salvation)

According to Pavlov, behaviour learnt is more or less permanent and can be generalized over other stimuli. In reality we learn through repeated association and store of information in the long term memory.

Operant conditioning or reinforcement: The effort of Thorndike (1932) in another form of associative learning resulted in operant conditioning developed by Skinner (1953). Emphasis was on reward of an existing behaviour (response). The 'reward' can be negative (to terminate unwanted behaviour). Reward is also called reinforcement and has incentive value to encourage favoured behaviour. There are at least three strategies or schedules of reinforcement. The interval, ratio, and continuous reinforcement schedules.

Observational Learning: Both classical and operant conditioning involves learning by doing. A child learns not to touch burning stove because it once burned his/ her hand (operant conditioning). A dog runs to the door at the sound of door bell because past experience indicates that door bell announces a visitor (classical conditioning). Knowledge can equally be gained through observation. Human beings acquire a wide variety of

strategies, outlooks, tasks and rules that they can imitate, avoid or modify. No particular reinforcement is needed in observational learning.

Social cognitive theories: A series of research in social psychology have become useful in consumer behavioural studies. Two of these are made reference to here; attitude studies and cognitive dissonance theories.

People have attitude towards just everyone and everything. Attitude is a disposition to respond favourably or unfavourably towards some person, thing, event, place goods and services or situation (often called attitude object) In other words, attitude describes our thoughts, feelings, behaviour (negative or positive) towards attitudes objects.

### **Conclusion**

Modern training techniques are many and varied in the goals they can help to achieve for business owner aiming to improve the knowledge, skills and capabilities. In all, three vital areas are addressed by most training programmes. First, increase in knowledge base, i.e. information relevant to attain the specific and general goals and objectives of the job position or performance determiners. Second, enhancement of skills aimed at building the level of know-how among business owner and workers knowledge alone is insufficient. The business workers need to know how to use information to effectively and efficiently carry out their business trades and job roles. Third, change of attitude is also a major focus of training programmes. Attitude has been observed as a predictor of behaviour. When certain behaviour occurs regularly, e.g. high productivity, exposure to trades and business market processes it is likely that our attitude will be affected.

Attitude changes involve strategies aimed at dislodging certain beliefs, feelings and actions. Training and development programmes, when driven through the vehicle of carefully chosen methodology are very truly useful. It is imperative, therefore, to first determine what issue is involved

in the training programme: Knowledge or skills deficiencies or a need for attitudinal modification? The answer to this question is more important in every phase of the training programme and especially in the selection and use of appropriate methods and transfer of learning in terms of regular exposure and (environmental supports) of businesses trades and production market development and innovation skills and transactional competencies of business owners and workers.

## References

Akeredolu Ale E.O (1975) *the underdevelopment of indigenous entrepreneurship in Nigeria*, Ibadan: Ibadan University press.

Agu, C.N (2006). *Pedagogy of entrepreneurship in a contemporary society. The Enterprises . International Research Journal for Development*. 8(1). 18-32

Almoosa, H.A , Pokodi, s. (2014). *Measuring the effectiveness of entrepreneurial Education among H C T students of oman. A SEM approach The international journal of Economics and Business studies . 3 (5). 43- 52*

Awe and Genty Br. 2017 *Entrepreneurial education and sustainable economic development perception of Lagos State University Students. Proceedings of international conference Lasu*

Drucker, P.F (1985). *Innovation and entrepreneurship* London: Pan books Ltd.

Ediagbonga, K. (2013). *The roles of entrepreneurship education in ensuring economic empowerment and development. Journal of business administration and education*, 4 (1). 72-90

Fatoki, O. & Oni, O. (2014). *Students' perception of the effectiveness of entrepreneurship education at a south African University. Mediterranean Journal of Social Sciences* 5(20). 585-591

Ibeh K.J.N and young S. (2001). *Exporting as an entrepreneurship act an empirical study of Nigerian firm. European journal of Quatering. Vol 35. No. 5/ 6 pg. 566-5886.*

Kilby P. (1965)- *African enterprise: the Nigerian bread industry entrepreneurship and economic development* New York. The free press. The Hoover institution on war, revolution and Peace Stanford University.

Hisrich, R. D, Micheal, P.P, & Shephard, D.A. (2005). *Entrepreneurship. New York; McGraw-Hill Irwin.*

Nian, T.Y, Bakar, R & Amin ul-islam (2014). *Students 'perception on entrepreneurship Education. The Case Of Universities Malaysia Perlis. International Education Studies . 7(10). 41-49*

Ogundele et al (2007) *entrepreneureship and environment* Mr. Folarin A. and Ogundele OJK edited: *evironment value and polices in Nigeria. A book of reading A publication of environmental and behaviour association of Nigeria*

Orzanna, O, (2015). *Theory of planned behavior.* <https://commons.wikimedia.org/wiki/Retrieved> on 19<sup>th</sup> July,2016.

Pulka, B.M, Aminu, A.A. & Rikwentishe, R. (2015). *The effects of entrepreneurship education on University students' attitude and entrepreneurial intention.*

*European Journal of Business and Management, (7)20. 149-157.*

Schumpeter J.A (1943). *The theory of economic development* Cambridge mass: Harvard University, cited in G Meirer (1976)*leading issues in economic development (3<sup>rd</sup> Ed)* new York: Oxford University Press.