



# **A Study of Entrepreneurial Education on the Success of Entrepreneurial Intentions in Chipata District**

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## **ABSTRACT**

Entrepreneurship involves identifying, evaluating, and exploiting opportunities and introducing new products to the market through organised efforts (Carree and Thurik, 2010; Kirzner, 1997; Knight, 1921; Miller, 1983; Schumpeter and Backhaus, 1934; Shane, 2003). There is a general recognition that entrepreneurship contributes to economic development, competition, innovation and employment generation in economies (de Kok and de Wit, 2014; Hessels and van Stel, 2011; Neumark et al., 2011; Peters, 2014; Pickernell et al., 2011; Wennekers et al., 2005). For instance, in Zambia, micro, small and medium-sized enterprises (MSMEs) account for 97% of all firms and contribute 89% of the jobs in the economy (CSO, 2011a; CSO, 2011b; CSO, 2013). In developed countries like the United Kingdom, MSMEs account for 99.9% of all enterprises, 58.8 % of private sector employment and 48.8% of private sector turnover (Lord Young, 2012).

Policy makers, researchers and practitioners increasingly recognize the significant role that higher education plays in nurturing enterprising graduates and graduate entrepreneurs (Harrison and Leitch, 2010; Herrmann et al., 2008). The World Economic Forum (WEF) suggests that considering the power that education has in developing skills and attitudes as well as generating an entrepreneurial mind-set, it becomes clear that entrepreneurship education (EE) is important (Wilson et al., 2009). Researchers argue that the purpose of EE is mainly threefold (Blenker et al., 2011; Gibb, 2007; Packham et al., 2010; Rae et al., 2012; Solomon et al., 2002):

- a) To develop an entrepreneurial mind-set and enterprising skills including creativity, innovativeness, problem solving, opportunity identification, opportunity evaluation, leadership and proactive action in responding to changes;
- b) To build up a wide understanding of entrepreneurship and its application to a diversity of settings; and
- c) To develop capabilities and confidence to start, operate and grow an enterprise effectively.

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## **Keywords**

- ✓ Understanding Entrepreneurship
- ✓ Capabilities And Confidence
- ✓ Exploiting Opportunities
- ✓ Entrepreneurial Mind-Set
- ✓ Micro, Small And Medium-Sized
- ✓ Innovativeness

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## **Introduction**

This chapter reviews literature on entrepreneurship education (EE) and its role in the development of entrepreneurial skills, knowledge and attitudes that are expected to influence entrepreneurial intention and behaviour.

### ***Importance of Entrepreneurship Education***

Generally, education is a lifelong process of developing the powers of reasoning and judgement as well as preparing individuals for life (Matheson, 2008). Specifically, formal education is a structured process in which knowledge, skills, attitudes, character and behaviour of a person are shaped and moulded (Kolb et al., 2001; Krathwohl and Bloom, 2002; Matheson, 2008). Scholars indicate that education is a mirror of society since it reflects societal priorities.

### ***Specific Pressures Moulding the Need for Entrepreneurial Skills***

In the challenging economic environment, entrepreneurial skills can be beneficial (Collins et al., 2004b; Robertson et al., 2003; Woodier-Harris, 2010). The challenges continue to create greater uncertainty and complexity confronting people at four levels: global, societal, organisational, and individual levels (Fayolle, 2007; Gibb, 2007).

### ***Education and the Changing World***

Given the foregoing sources of uncertainty and complexity, the need for an entrepreneurial response is apparent. Entrepreneurial knowledge, skills, attributes, values and behaviours may enable people to deal with challenges and uncertainties. Furthermore, whatever their career choice or personal situation, through the study of entrepreneurship, individuals will be able to benefit from Entrepreneurship Education 84 learning innovative approaches to problem solving, adapting to change, and becoming more self-reliant and developing their creativity (Gibb, 2007). There is no doubt that under any economic climate such learning could have far reaching benefits for society. It could be argued, therefore, that the need for entrepreneurship education and training has never been greater (Hytti and O’Gorman, 2004).

### ***Types of Enterprise and Entrepreneurship Education***

Scholars argue that there is a difference between ‘enterprise’ and ‘entrepreneurship’ and similarly between ‘enterprise’ and ‘entrepreneurship’ education. For example, scholars often ask the question “are they trying to develop enterprising graduates or entrepreneurial graduates?” (Kirby, 2004). This query implies that it is necessary to distinguish between the broader meaning of enterprise education and the narrow meaning of entrepreneurship education (Henry et al., 2003). Specifically, some scholars perceive enterprise education as a process of equipping students (or graduates) with an enhanced capacity to generate ideas and the skills to proactively make them happen.

### ***Enterprise and Enterprise Education***

Enterprise is defined as the application of creative ideas and innovations to practical situations (Rae et al., 2012). It combines creativity, idea development, initiative, independence and problem solving with communication and practical action. This definition is distinct from the generic use of the word in reference to a project or business venture (Bridge et al., 2009; Gibb, 2000). Education “through” enterprise embraces teaching approaches/styles which require idea generation and action-based learning (entrepreneurial situations) as part of the education process.

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## **METHODOLOGY**

This chapter highlights the methods that will be used in this study which include the research design, target population, sample size, data collection instruments, reliability, validity, pilot test and data analysis.

### ***Research Design***

Kothari describes a research design “as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure” (Kothari, 2004, p.31). Kothari further asserts that there are different research designs namely:- Exploratory research which formulate a problem for more precise investigation, Descriptive research which are concerned with describing the characteristics of a particular individual or group and hypothesis-testing research where the researcher test the hypothesis of causal relationships between variables.

This study employs a concurrent triangulation strategy to avoid bias from utilising one particular methodology. Primary data were collected from Chipata via qualitative observations and a quantitative survey. For the quantitative study, 50 useful responses were received from final year undergraduate students using a descriptive research design to investigate the relationship between four independent variables namely individual factors, contextual factors and entrepreneurship education (EE) in isolation from each other.

### ***Target Population***

The target population of this study is the Small and Medium Enterprises in Kapata Market, Chipata Zambia. This area is densely populated by different small and medium enterprises which include trader, transporters, agricultural, hospitality, professional services, health and entertainment that are appropriate to gather data related to the research.

### ***Sample Size***

Kothari wrote that “a size of a sample should neither be excessively large nor too small but should be optimum to fulfill the requirements of efficiency, representativeness, reliability and flexibility” Therefore the researcher used a sample of 5% taken using 50 stratified random sampling

### ***Data Collection Instruments***

Primary data will be collected using questionnaires as they are inexpensive and the researcher can distribute them easily. Walliman (2005, p.281), comments that using questionnaires enables a researcher to organize the questions and receive replies without actually having to talk to every respondent.

Therefore this study uses questionnaires as they can be easily distributed and also due to their impersonality. The questionnaires are structured according to the objectives and were closed ended to ensure effective analysis.

### ***Reliability and Validity***

Kothari describes validity as “indicating the degree to which an instrument measures what it is supposed to measure while reliability has to do with the accuracy and precision of a procedure” (Kothari 2004, pp.73-74). Validity accuracy and reliability of the data was carried out through a thorough audit and scrutinized for any errors.

### ***Pilot Testing***

According to Walliman “a questionnaire should be pre-tested on a small number of people in what is called a pilot study and it is best to test it on people of a type similar to that of the intended sample” (Walliman, 2005, p.282). Therefore a pilot test of the questionnaires for this study was conducted in Kapata market.

### ***Data Analysis***

The researcher collected Quantitative data using questionnaires which were analyzed using Microsoft Excel. The data was presented in bar graphs and pie charts.

## **DATA ANALYSIS**

The research yielded the following data: Descriptive Data was obtained using questionnaires and are presented in pie charts and bar graphs. The data was analyzed using Microsoft Excel.

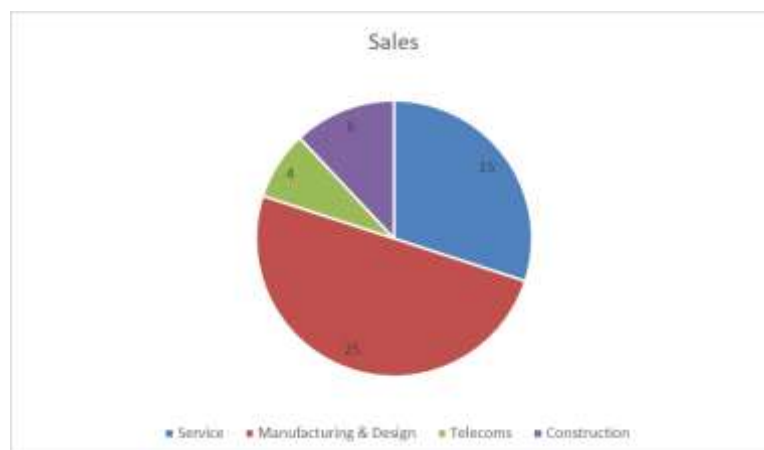
### ***4.1 Response Rate***

A total of 50 questionnaires were distributed and none were returned which represents a response rate of 100% the respondents were interviewed to establish whether they were business owners or managers.

**TABLE 4.2. Type of business**

<b>Business Type</b>	<b>Frequency</b>	<b>Percentage</b>
Service	15	30
Manufacturing and design	25	50
Telecommunications	4	8
Construction	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.2 Type of business**



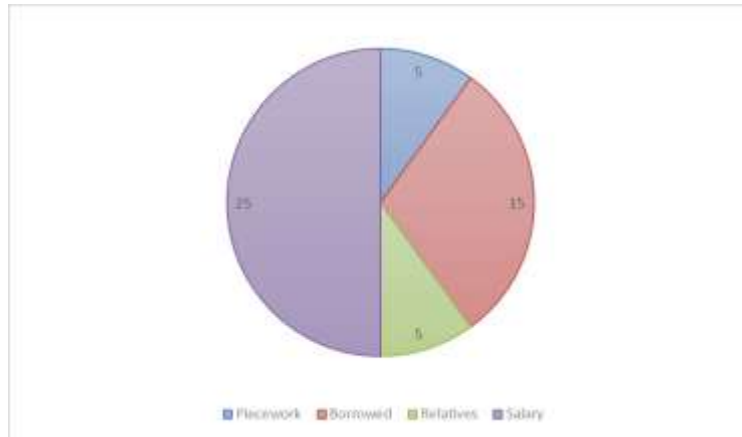
**INTERPRETATION:**

The chart above shows different categories of SME engagement. Most SME’s interviewed were into manufacturing thus timber processing and blacksmith activities. These SME’s had received training in business Management to ensure their businesses thrive. The trainings included funds management and savings for growth. The trainings were provided by financial lending institutions such as Investrust Bank Plc in conjunction with Citizen Economic Empowerment Commission (CEEC).

**TABLE 4.3 Sources of seed Capital**

Particulars	Frequency	Percentage
Piecework	5	10
Borrowed from friend/ bank	15	30
Relatives	5	10
Salary	25	50
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.3 Sources of seed Capital**



**INTERPRETATION:**

The study found that twenty-five of the respondents accessed seed capital from salary earned while fifteen borrowed from friends and Microfinance Institutions. This data indicates that a majority of the businesses are started by funds through salary with Microfinance Institutions only helping a small group of entrepreneurs to access seed capital.

**TABLE 4.4 Entrepreneurial training attended**

Particulars	Frequency	Percentage
Financial Management	30	60
Proposal writing	8	16
Customer relations management	12	24
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.4 Entrepreneurial training attended**

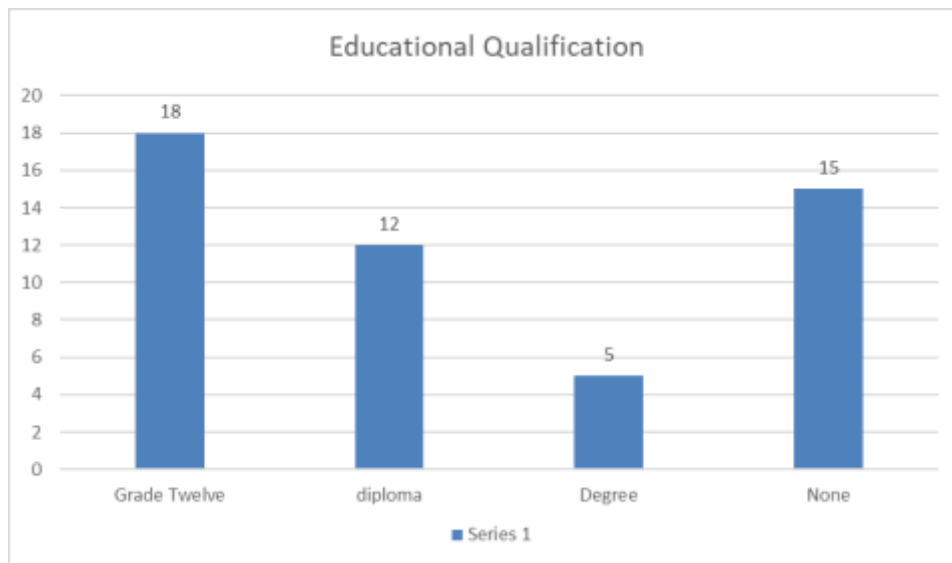


**INTERPRETATION:**

The study found that thirty of the respondents attended entrepreneurial education on financial management while twelve respondents attended entrepreneurial training on customer relations management. This shows that there are more entrepreneurs trained in financial management than in customer relations management.

**TABLE 4.5 Educational level attained**

Particulars	Frequency	Percentage
Grade Twelve certificate	18	36
College Diploma	12	24
University Degree	5	10
None	15	30
<b>Total</b>	<b>50</b>	<b>100</b>

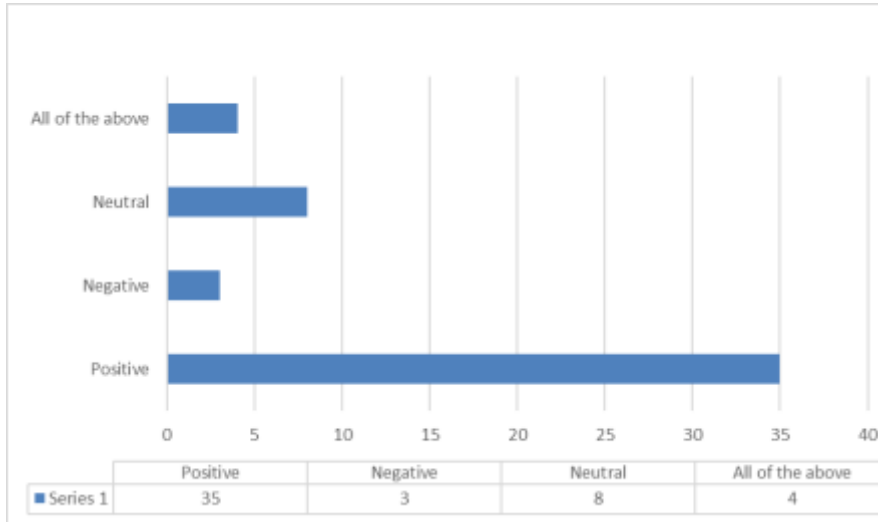
**CHART 4.5 Educational Levels Attained****INTERPRETATION:**

The number of SMEs that have undergone educational training vary. The study reviews that most SMEs have attended grade twelve level of education while five have attained a degree level of education. The study further revealed that fifteen respondents were unable to attend any educational training due to various factors such as lack of parental support and distance to schools.

**TABLE 4.6 Contributions of educational training on growth of enterprise**

Particulars	Frequency	Percentage
Positively	35	70
Negative	3	6
Neutral	8	16
All of the above	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.6 Contributions of educational training on growth of enterprise**



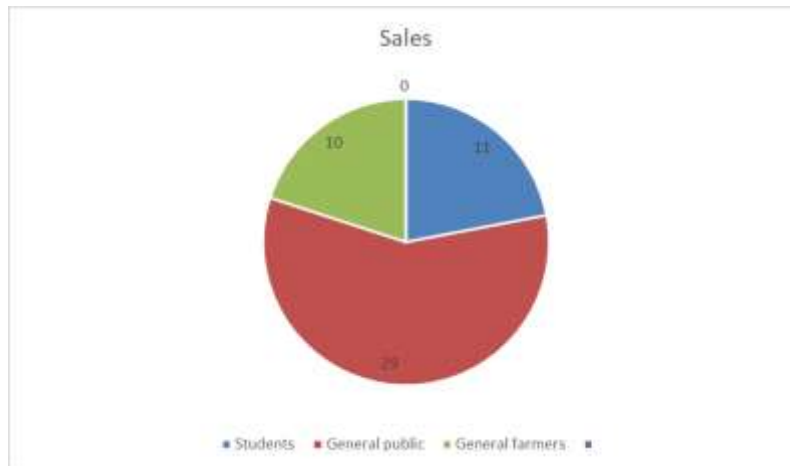
**INTERPRETATION:**

The study found that thirty-five SME’s in kapata felt that educational attainment contributed positively to the growth of the entrepreneurial intent while three felt that their educational attainment does not impact on the growth of entrepreneurial intent.

**TABLE 4.7 Main customers of the business**

Particulars	Frequency	Percentage
Students	11	22
General public	29	58
General farmers	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.7 Main customers of the business**



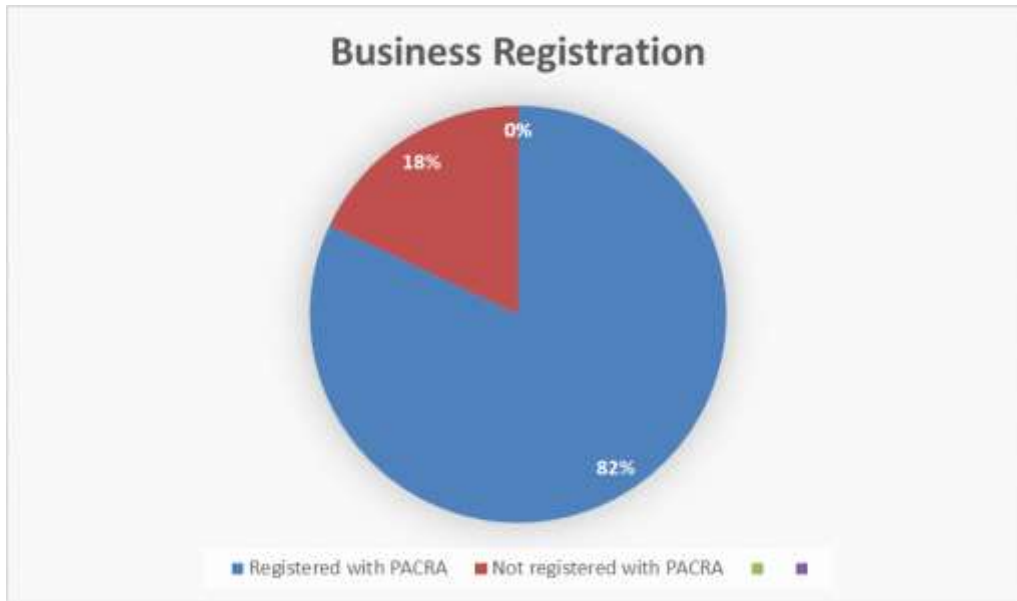
**INTERPRETATION:**

The study found that of the twenty-nine respondents felt that the main customers of their entrepreneurial intent were the general public while eleven respondents considered students are their main customers. Ten other respondents felt that general farmers provided a platform for their sales.

**TABLE 4.8 Business registration**

Particulars	Frequency	Percentage
Registered with PACRA	41	82
Not registered with PACRA	9	18
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.8 Business registration**



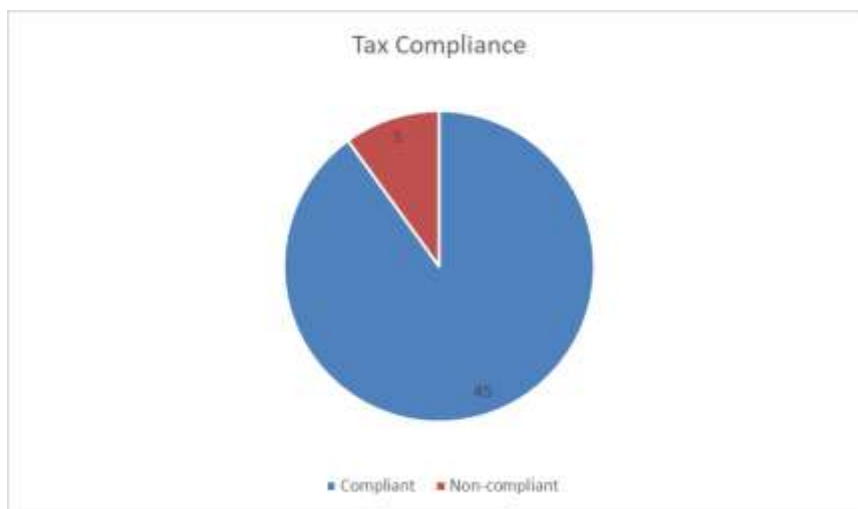
**INTERPRETATION:**

The study found that forty-one SME’s were having their business registered with PACRA while nine have not registered their businesses. Unregistered businesses therefore are unattractive to loan extension by micro financial institutions.

**TABLE 4.9 Tax remittance to ZRA**

Particulars	Frequency	Percentage
Tax compliant	45	90
Tax non-compliant	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.9 Tax remittance to ZRA**



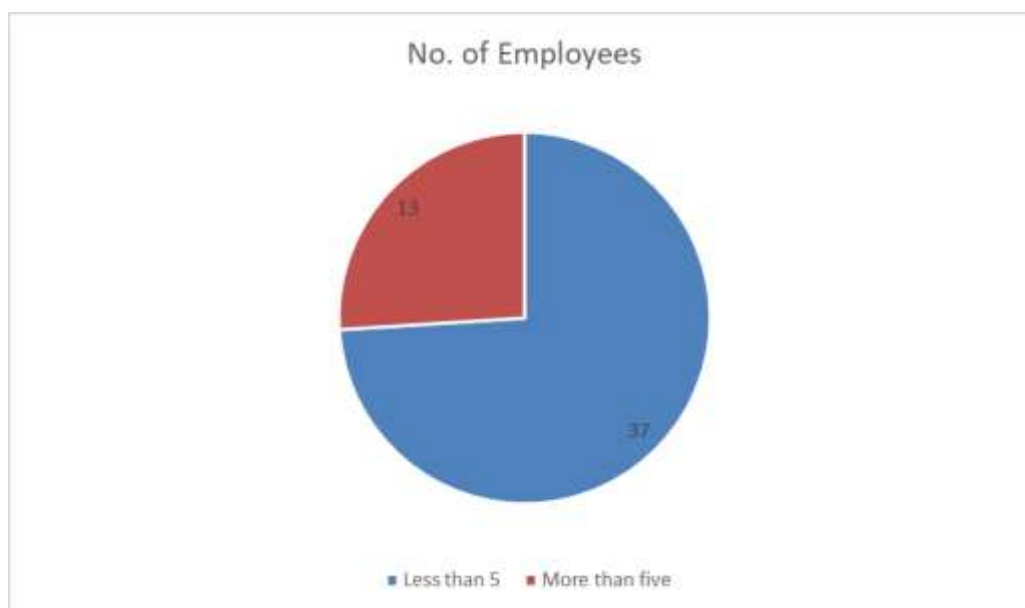
**INTERPRETATION:**

The research found that forty-five SME’s were able to remit taxes to ZRA while five do not remit taxes because they lack tax education and did not know it was a requirement by the Government.

**TABLE 4.10 Number of employees**

Particulars	Frequency	Percentage
Employees less than 5	37	74

Employees more than 5	13	26
<b>Total</b>	<b>50</b>	<b>100</b>

**CHART 4.10** Number of employees**INTERPRETATION:**

The study found that out of the total sample size of fifty, thirty-seven SME's were able to employ more less five employees representing seventy-four percent while thirteen SME's were able to employ more than five employees representing twenty-six percent. This means there is significant contribution to national income through various taxes such as pay-as-you-earn.

**SUMMARY OF FINDINGS**

The study established that provision of seed capital affects growth with 96% of the business owners saying it was important in starting their businesses therefore without seed capital their businesses would remain an idea that cannot be implemented. According to the findings the starting entrepreneurs depend mostly on friends and family to raise start-up capital.

The study established that financial skills training affected growth of SMEs with all the business owners who had financial skills saying that without financial skills training their businesses could not have grown however majority of the business owners had not been trained on financial management. The study further established that majority of the respondents had been offered training by Microfinance Institutions.

The study established that role models affected the growth of SMEs with 80% of the respondents saying that role models had enabled their business grow however a majority of the respondents at 57% had not been provided with a role model. The study further found out that friends or relatives were the biggest providers of role models.

The study found out that savings affected the growth of SMEs with 80% of the respondents experiencing growth through saving all the businesses stored savings. The study also established 45 that SMEs mostly stored their savings in banks. The study further found out that savings were important to the growth of the small and medium enterprises.

**SUGGESTIONS**

The researcher recommends the following to Microfinance Institutions. The institutions should make an effort to increase in providing seed capital offered to small and medium enterprises. Seed capital would ensure a lot of businesses are started to reduce poverty and create employment. The respondents who accessed seed capital from microfinance institutions could only access it in a group this reduced chances of access for individual applicants.

The researcher also recommends that the Microfinance institutions should increase the number of SME owners trained on financial management by employing field agents to sensitize the business owners on the benefits of financial skills and also gather data on small medium enterprises to reduce adverse selection.

The researcher would also like to recommend that Microfinance Institutions provide role models to small and medium enterprises as they can guide them on how to succeed in business.



The researcher would also like to recommend to the Microfinance Institutions to Increase the number of savings accounts held by SMEs as savings was very important to their growth.

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## CONCLUSION

The study discovered that a respondent's level of education and intuition are important aspects to consider in the field. The study further discovered that SMEs that not registered with PACRA were unable to make tax remittance to the relevant Government agencies. This has a negative effect on the national income at large.

### Answers to Research Questions

- A) Examine individual and institutional determinants of EI

The research revealed that entrepreneurial success is depended upon institutional support such as financial literacy and provision of seed capital. Further, the research reveals that individual determination to succeed in entrepreneurial intentions is key. The research findings indicated that SME's without educational attainment were able to engage in enterprise, driven by aspirations and observations of success ventures.

- B) Explore the effect of EE on the relationships between the above determinants and EI?

The relationship between entrepreneurial education and enterprise success are intertwined. The research reveals that respondents who attained some level of entrepreneurial education were able to record positivity in terms of financial management, Customer relations management and better ways of luring seed capital.

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