

Entrepreneurial Education and Business Performance: A Theoretical Approach

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Abstract

This study explores the relationship between entrepreneurial education and customer satisfaction, focusing on the roles of targeted training and financial literacy in enhancing business performance. Entrepreneurial education equips individuals with the necessary skills to innovate, manage resources efficiently, and meet market needs. Specifically, targeted training is found to improve customer service by equipping employees with industry-specific skills, leading to better customer interactions and satisfaction. Financial literacy further enhances customer satisfaction by enabling entrepreneurs to make sound financial decisions that prioritize customer needs, ensuring business stability and trust. The study recommends that businesses invest in tailored training programs and financial literacy initiatives to improve service quality, optimize customer experience, and drive long-term business success. Future research should empirically test the direct effects of entrepreneurial education on customer satisfaction and explore potential mediating factors such as innovation and customer loyalty.

Keywords: Entrepreneurial education, customer satisfaction, targeted training, financial literacy, business performance

Introduction

Business performance is integral to organizational success and competitiveness. It reflects the efficiency and effectiveness of an enterprise in achieving its strategic objectives (Kaplan & Norton, 1992). Performance indicators such as revenue growth, profitability, market share, and customer satisfaction serve as benchmarks for organizational success and resilience (Neely, 2005). For entrepreneurial ventures, high performance is synonymous with innovation, scalability, and sustainability. High-performing businesses contribute significantly to economic development by creating jobs, fostering innovation, and generating tax revenue (Audretsch & Thurik, 2001). Small and medium enterprises (SMEs), which are often entrepreneurial, rely on robust performance to survive and grow in competitive markets. Performance metrics help businesses identify strengths, weaknesses, and areas for improvement (Drucker, 1999). Continuous evaluation fosters a culture of innovation and adaptability, ensuring long-term survival. Additionally, in startups and

entrepreneurial ventures, performance often determines the ability to secure funding, attract talent, and build market trust.

Entrepreneurial education equips individuals with the skills, knowledge, and mindset needed to identify opportunities, innovate, and successfully manage ventures (Fayolle & Gailly, 2008). Its influence on business performance has been widely acknowledged but requires further exploration in emerging markets and diverse contexts. Entrepreneurial education fosters creativity, critical thinking, and risk management skills, which are pivotal for strategic decision-making (Gibb, 1993). Moreover, it cultivates an entrepreneurial mindset characterized by resilience, opportunity recognition, and proactive problem-solving (Bacigalupo et al., 2016).

Studies have shown that entrepreneurs with formal education in entrepreneurship often outperform their peers in terms of innovation and profitability (Martinez et al., 2010). This highlights the transformative role education plays in equipping entrepreneurs to adapt and thrive in competitive environments. Despite the growing interest in entrepreneurial education, significant gaps remain. Many studies focus on developed economies, overlooking the unique challenges and opportunities in emerging markets (Jones et al., 2017).

of entrepreneurial education in enhancing business performance, particularly in under-researched contexts such as emerging economies or specific industries. By examining entrepreneurial education in diverse socio-economic and cultural settings, this study provides a nuanced understanding of its impact. It integrates traditional and non-traditional forms of entrepreneurial education, including experiential learning, digital platforms, and community-based programs.

Statement of the Problem

There is poor business performance with a focus on low innovation highlights the pressing need for organizations to adapt and evolve in competitive markets. Innovation is a critical driver of productivity, competitiveness, and growth, yet many businesses struggle to foster a culture that supports creative problem-solving and novel solutions (Tidd & Bessant, 2020). Poor innovation is often linked to inadequate investment in research and development, limited employee empowerment, and a failure to adopt emerging technologies (Drucker, 1985). These barriers not only stifle growth but also contribute to declining market relevance and customer satisfaction. Addressing this issue requires a systemic approach to fostering innovation, emphasizing leadership commitment, resource allocation, and an organizational culture that values continuous improvement (Smith, 2010). Consequently, tackling low innovation is essential to reversing poor business performance and ensuring long-term sustainability.

Aim and objectives of the Study

The aim of the study was to examine the relationship between entrepreneurial education and business performance

1. Investigate the relationship between targeted training and customer satisfaction

2. Examine the relationship between Financial Literacy and customer satisfaction

Significance of the Study

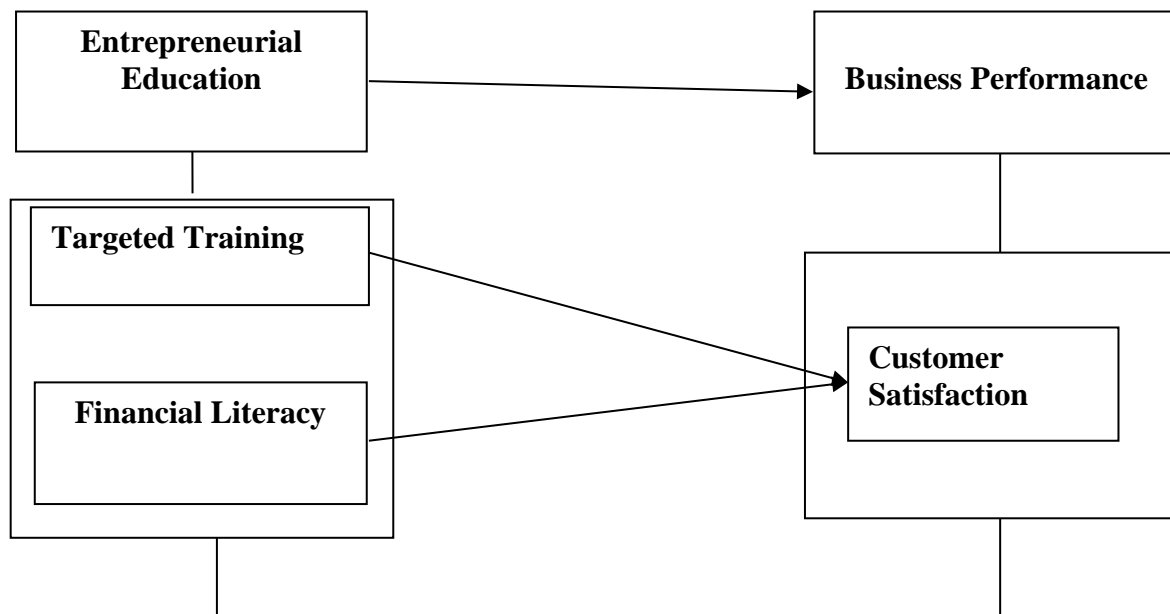
Studying entrepreneurial education and its impact on business performance is significant for business organizations, policymakers, and scholars. For businesses, it enhances innovation, leadership, and decision-making, leading to improved competitiveness and growth. A workforce with entrepreneurial skills is proactive and capable of identifying new opportunities, improving performance. Policymakers can leverage this research to create educational frameworks that nurture entrepreneurial mindsets, driving national economic growth, reducing unemployment, and supporting SMEs. For scholars, the research deepens understanding of the link between entrepreneurial education and business outcomes, contributing to future academic exploration and policy development.

LITERATURE REVIEW

Conceptual Review

A conceptual review of a study focusing on entrepreneurial education and customer satisfaction would examine the relationship between how entrepreneurial education influences business practices and, consequently, impacts customer satisfaction. Entrepreneurial education aims to equip individuals with the necessary skills to innovate, manage resources efficiently, and respond to market needs.

Conceptual Framework



Source: Desk Research (2024).

Concept of Entrepreneurial Education

Entrepreneurial education refers to the structured process of equipping individuals with the knowledge, skills, and mindset necessary to start, manage, and grow businesses. It integrates theoretical learning with practical applications, focusing on developing problem-solving abilities, creativity, risk management, and leadership skills. By fostering entrepreneurial competencies, such education aims to inspire individuals to pursue innovative ventures, drive economic growth, and contribute to job creation (Kuratko, 2005). Entrepreneurial education has been shown to significantly enhance individuals' entrepreneurial intentions and success rates in establishing and managing their businesses, particularly in volatile and competitive environments (Fayolle & Gailly, 2015).

Targeted Training

Targeted training in entrepreneurship focuses on equipping individuals with specific skills and knowledge tailored to their unique needs, industry demands, or business goals. Unlike general entrepreneurship education, targeted training addresses particular competencies, such as marketing, operations, or business strategy, that are relevant to the individual's context. This approach ensures that entrepreneurs are better prepared for the challenges they face in their industries. Tailored training programs have been found to improve the practical application of entrepreneurial knowledge, enabling individuals to more effectively navigate business obstacles and capitalize on opportunities (Gorman, Hanlon, & King, 1997). By offering relevant and customized learning experiences, targeted training supports both novice entrepreneurs and established business owners seeking to refine their skills.

Financial Literacy

Financial literacy is the ability to understand and effectively use financial concepts, such as budgeting, investment, financial planning, and risk management. For entrepreneurs, financial literacy is essential as it enables them to make informed decisions about resource allocation, financing options, and long-term sustainability. It also helps entrepreneurs better manage cash flow, optimize profits, and reduce financial risks (Lusardi & Mitchell, 2014). Financially literate entrepreneurs are more likely to access and manage funding opportunities, identify potential financial pitfalls, and ensure the health of their businesses. Studies have demonstrated that entrepreneurs with higher levels of financial literacy are better equipped to sustain and scale their ventures, thus improving overall business performance and reducing the likelihood of failure (Cole & Shastry, 2009).

Business Performance

Business performance is a key metric for evaluating a company's success and its ability to achieve financial and operational goals. It encompasses a variety of indicators, such as profitability, market share, revenue growth, operational efficiency, and customer retention. High business performance

is often a result of effective management practices, strategic decision-making, innovation, and strong customer relationships (Kaplan & Norton, 1992). Companies with strong performance tend to experience greater competitiveness, sustainability, and the ability to adapt to market changes. Conversely, poor business performance can lead to reduced market share, financial instability, and an inability to compete effectively (Barney, 1991). As a result, assessing business performance through both financial and non-financial metrics is essential for organizations seeking to sustain growth and maintain long-term success.

Customer Satisfaction

Customer satisfaction is a crucial indicator of business performance, as it reflects how well a company meets or exceeds the expectations of its customers. High customer satisfaction is linked to various positive outcomes, such as increased customer loyalty, repeat purchases, and favorable word-of-mouth, all of which directly contribute to higher revenue and market share (Anderson, Fornell, & Lehmann, 1994). Furthermore, satisfied customers are more likely to become brand advocates, promoting the business and attracting new customers. On the other hand, low customer satisfaction often leads to customer churn, negative reviews, and a damaged brand reputation, which can negatively impact financial performance and long-term sustainability (Kotler & Keller, 2016). Therefore, tracking and enhancing customer satisfaction is essential for businesses looking to optimize their operations and maintain a competitive edge in the market.

Targeted Training and Business Performance

Targeted training, which focuses on equipping employees and entrepreneurs with specific skills tailored to their roles or industries, has been shown to significantly enhance business performance. Empirical studies indicate that such training improves individual competencies, leading to better job performance, increased productivity, and enhanced decision-making (Gorman, Hanlon, & King, 1997). For example, research by Evert (2009) found that businesses investing in industry-specific training saw measurable improvements in operational efficiency and customer satisfaction, contributing to higher profitability. Furthermore, targeted training helps organizations stay competitive by ensuring employees have the necessary skills to adapt to evolving market trends and technological advancements. By honing relevant skills, employees become more capable of meeting organizational goals, thus driving the overall performance of the business.

Financial Literacy and Business Performance

Financial literacy is a critical determinant of business performance, particularly for entrepreneurs and small business owners. Studies have demonstrated that higher financial literacy is linked to better business management practices, improved profitability, and reduced financial distress. For instance, Lusardi and Mitchell (2014) found that entrepreneurs with higher financial literacy were better equipped to make informed decisions about resource allocation, investments, and cash flow management, leading to more successful businesses. Similarly, a study by Cole and Shastry (2009) showed that small business owners with higher financial knowledge were more likely to access

financing, manage debt effectively, and maintain a healthy financial position, all of which contribute to improved business performance. Financially literate entrepreneurs are more likely to mitigate risks, optimize revenue, and sustain business growth over time.

Entrepreneurial Education and Business Performance

Entrepreneurial education has been shown to have a significant positive impact on business performance by equipping individuals with the skills, mindset, and knowledge required to start and manage successful ventures. Empirical studies suggest that entrepreneurs who undergo formal entrepreneurial training are more likely to launch businesses that perform well in the marketplace. For instance, a study by Fayolle and Gailly (2015) found that entrepreneurial education enhances an individual's ability to identify and seize business opportunities, manage risks, and innovate, which are crucial for long-term business success. Moreover, research by Van der Sluis et al. (2008) indicated that individuals with entrepreneurial education had higher success rates in terms of business profitability and growth, as they were better prepared to navigate the challenges of managing a business. Entrepreneurial education fosters creativity, strategic thinking, and problem-solving, which are directly linked to improved operational and financial performance, thereby contributing to overall business success.

Theoretical Review

Human Capital Theory (Becker, 1964).

This theory posits that individuals' knowledge, skills, and experiences—often developed through education—are critical assets that contribute to their economic productivity and success (Becker, 1964). In the context of entrepreneurial education, the theory suggests that acquiring entrepreneurial knowledge and skills through formal training enhances an individual's ability to make informed decisions, innovate, and manage a business effectively. These skills, in turn, improve the performance of the business by fostering strategic thinking, risk management, and opportunity identification.

Theory of Planned Behavior (TPB), by Ajzen (1991)

Theory of Planned Behavior (TPB), developed by Ajzen (1991), supports the link between entrepreneurial education and business performance. TPB posits that entrepreneurial intentions, influenced by attitudes, subjective norms, and perceived behavioral control, play a key role in business success. Entrepreneurial education positively affects these components by enhancing an individual's attitude toward entrepreneurship, increasing confidence in their abilities, and shaping their intentions to pursue and sustain business ventures. This, ultimately, leads to better business performance through more effective planning, execution, and management.

Empirical Review

Several empirical studies have explored the relationship between entrepreneurial education and business performance, highlighting how education impacts various aspects of entrepreneurial success. Fayolle and Gailly (2015) conducted a study that found entrepreneurial education has a significant positive effect on entrepreneurs' ability to start and manage businesses successfully. They concluded that entrepreneurship programs help individuals develop essential skills, such as opportunity recognition, risk management, and innovation, which in turn lead to better business performance, especially in terms of profitability and growth. This study reinforces the idea that entrepreneurial education enhances the capabilities of entrepreneurs, making them more effective in managing business challenges.

Van der Sluis, van Praag, and Wit (2008) examined the relationship between entrepreneurial education and business performance by analyzing data from entrepreneurs in the Netherlands. Their findings indicated that individuals who received entrepreneurial education were more likely to run profitable businesses and experienced higher growth rates. They attributed this success to the acquisition of knowledge in critical areas such as finance, marketing, and management through educational programs, which gave these entrepreneurs a competitive edge.

Luthje and Franke (2003) investigated the impact of entrepreneurial education on business performance in Germany and found that education significantly improved entrepreneurial intentions, which are directly linked to business success. Their study revealed that entrepreneurs with formal education were more likely to pursue innovative strategies and manage their businesses effectively, leading to better financial performance and market positioning.

Zhao, Seibert, and Lumpkin (2010) conducted a meta-analysis that synthesized findings from multiple studies on the effects of entrepreneurial education on business outcomes. Their study confirmed that entrepreneurial education positively influences entrepreneurial behavior, skills, and overall business performance, particularly in fostering innovation and improving strategic decision-making. They concluded that entrepreneurs who undergo formal education are more likely to succeed in the long term due to better planning, management, and execution.

Summary of Literature Review

This literature review examines the relationship between entrepreneurial education and business performance, focusing on elements such as targeted training, financial literacy, and customer satisfaction. Entrepreneurial education equips individuals with essential skills and mindsets to innovate, manage resources efficiently, and respond to market needs. It enhances skills like opportunity recognition, risk management, and leadership, all of which contribute to business success. Targeted training, which focuses on specific skills tailored to industry demands, improves job performance, productivity, and decision-making, thereby enhancing business performance. Financial literacy is also crucial, as it enables entrepreneurs to allocate resources effectively, manage cash flow, and optimize profits, leading to sustainable business growth. Entrepreneurs

with high financial literacy are better positioned to manage risks and secure funding, improving business outcomes. Entrepreneurial education fosters competencies such as creativity, problem-solving, and strategic thinking, significantly impacting business performance. Entrepreneurs with formal education tend to have higher success rates, as this education helps them manage risks, innovate, and seize business opportunities, resulting in better operational and financial performance. The Human Capital Theory and the Theory of Planned Behavior (TPB) provide a theoretical foundation for understanding how entrepreneurial education enhances business performance, with both theories emphasizing the importance of knowledge, skills, and positive intentions in achieving business success. Empirical studies have confirmed the positive relationship between entrepreneurial education and business performance, showing that it leads to higher profitability, growth, innovation, and improved strategic decision-making, thereby reinforcing its importance for business success.

Gap in Literature Review

Despite the significant body of research exploring the relationship between entrepreneurial education and business performance, there remains a gap in understanding the specific mechanisms through which entrepreneurial education influences business outcomes across diverse contexts. Despite the significant body of research exploring the relationship between entrepreneurial education and business performance, there remains a gap in understanding the specific mechanisms through which entrepreneurial education influences business outcomes across diverse contexts. While existing studies have largely focused on the general positive impact of entrepreneurial education, they have not sufficiently examined how specific components, such as targeted training and financial literacy, contribute to the enhancement of key business indicators like customer satisfaction. The present study fills this gap by exploring the role of targeted training and financial literacy in improving customer satisfaction, a crucial determinant of business performance.

Methodology

The study adopted a systematic literature review (SLR) approach through literature review. The methodology of using a literature review, known as a systematic literature review (SLR), involves a structured approach to identifying, evaluating, and synthesizing existing research on entrepreneurial education and business performance. This method ensures a comprehensive analysis of peer-reviewed articles, books, and credible sources to uncover trends, gaps, and relationships in the field. By systematically searching databases, applying inclusion and exclusion criteria, and categorizing findings, the review highlights how entrepreneurial education influences key aspects of business performance, such as innovation, profitability, and sustainability. This approach not only builds a theoretical foundation but also identifies areas requiring further empirical investigation, ensuring a robust and evidence-based understanding of the research variables.

Findings

Based on the review of relevant literature the study found that targeted training is strongly associated with improved customer satisfaction as it aligns employee skills with customer expectations. Employees who receive specific, relevant training can effectively address customer needs, provide high-quality service, and resolve issues promptly. This not only enhances the customer experience but also builds trust and loyalty, contributing to a business's competitive advantage. Research consistently shows that well-trained employees are more confident, competent, and capable of delivering personalized and efficient service, directly impacting customer satisfaction levels.

The study also found that financial literacy has a significant impact on customer satisfaction by enabling businesses to make better financial decisions that align with customer expectations. Entrepreneurs and employees who are financially literate can manage pricing strategies, investment decisions, and cost controls effectively, ensuring that products and services are priced fairly and delivered with consistent quality. Financial literacy also aids in transparent communication with customers regarding financial matters, building trust and fostering long-term relationships. Studies reveal that businesses with a strong foundation in financial literacy are better equipped to offer value-driven solutions, enhancing overall customer satisfaction.

Conclusion

The study investigates the relationship between entrepreneurial education and business performance and found that entrepreneurial education improves business performance. Based on the findings, the study concludes that targeted training plays a critical role in enhancing customer satisfaction by equipping employees with the specific skills and knowledge required to meet customer needs effectively. When training programs are tailored to address areas such as communication, problem-solving, and product expertise, employees are better positioned to provide high-quality service, resolve issues efficiently, and foster a positive customer experience. This alignment between employee competencies and customer expectations not only increases satisfaction levels but also drives customer loyalty, leading to improved overall business performance. The study also conclude that financial literacy improves customer satisfaction by enabling entrepreneurs to make informed decisions, manage resources effectively, and innovate to meet market demands. Financially literate entrepreneurs can optimize pricing, cost management, and investment strategies, creating value for customers and fostering trust. Similarly, entrepreneurial education provides the skills and mindset needed to identify customer needs, design impactful solutions, and adapt to changes in the market. Together, these factors enhance customer satisfaction and drive sustainable business success, underscoring the interconnectedness of education, literacy, and performance outcomes.

Recommendations

1. Entrepreneurs should design and implement targeted training programs tailored to address specific customer needs and equip employees with the skills necessary to enhance service quality and satisfaction levels.
2. Entrepreneurs should prioritize financial literacy education to improve decision-making, resource management, and pricing strategies, ultimately fostering greater customer trust and satisfaction.

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