Entrepreneurs' Level of Education and Performance of Medium Enterprises in Automobile Industry, Anambra State, Nigeria

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ABSTRACT

This study examined the influence of entrepreneur's level of education on the performance of medium enterprises in automobile industry in Anambra State, Nigeria. The study made use of a sample of 300 respondents out of which 298 responded to the questionnaire. The data were collected through questionnaire and were analysed using descriptive statistics and regression technique of the Ordinary Least Square (OLS). Findings from the t-test of the hypotheses revealed that with the exception of professional certification which was not significant, all the coefficients (apprenticeship training, tertiary education and mentoring) significantly influenced the performance of medium enterprises in the automobile industry in Anambra State. The study therefore recommends that that there is a need for the development of supervised apprenticeship training programme by the agency regulating medium enterprises since apprenticeship training programme has been found to significantly influence the performance of medium enterprises in automobile industry. The entrepreneurs need to improve on their tertiary education and professional certification. This will give them comparative advantages in automobile industry and also influence their investment decision. The entrepreneurs should also strive to be properly mentored especially during their apprenticeship training. This will help enhance their business initiative in the competitive automobile industry.

KEYWORDS: Medium Enterprises, Automobile Industry, Apprenticeship Training, Tertiary Education, Professional Certification, Mentoring

INTRODUCTION

An entrepreneur's level of education is perceived to bring about the amount of experience, skill, innovation and business ideas he would introduce in building-up his business in order to hedge against competition and remain competitive in the market. Although, there are a few entrepreneurs who have excelled in their line of trades or businesses without attaining a reasonable level of education, but their growth is often met with hitches as a result of inadequate knowledge of business practices in the area of structural and functional characteristics of business (Agbasi, Edoko & Nwangene, 2019; Adeloye, 2012). Supporting the critical role education plays in business development Fatoki (2011) averred that the success or failure of the (Medium Enterprises) is largely influenced by the skills and abilities of the owners. In the entrepreneurial process, lack of education-subset of human capital- is the most important cause of failure for new Medium Enterprises (Fatoki, 2011; Herrington, Kew & Kew, 2009).

Researchers have noted that globalization and the changing context of trade are having a profound impact on the way enterprises operate. Information and Communication Technology (ICT), nanotechnology, new computerised machinery and higher-speed communications, are just a few of the developments that are revolutionising business processes and management strategies. One effect of these advances has been an increase in short product cycles, essential in an environment where products that would previously have served for a decade can become the victims of fashion or of new innovations within months All of the above changes generate a demand for new knowledge and innovation, and for the skills that enable enterprises to benefit from continuous technological advances (International Labour Organization, 2008; Lamotte, n.d). According to Lamotte (n.d), education and training are key responses to this demand, as well as being responsible for workplace practice that enhances the workplace experience and widens the opportunities available to workers.

The focus of this research is the automobile industry. The Nigeria automobile industry is import driven and serves as a centre for the assembling of various kinds of automobile. Anambra Motor Manufacturing Company (ANAMCO) was the first known automobile company in Nigeria. But the company was mainly an assembling plant for already produced vehicle parts that were imported. Arguably, company has failed to meet the auto needs of the masses thus suggesting the company has not been competitive in the Nigeria auto industry. Until recently, the Innoson Vehicle Manufacturing (IVM) company was established in Nnewi, Anambra State Nigeria. It produces all kinds of autos and

auto spare parts for consumers. Every other automobile firm imports assembled products or imports and assemble various kinds of automobile. They also import various kinds of spare parts ranging from motorbikes, cars, tricycles and spare-parts for lorries and trucks. These firms fall within the Medium Scale Enterprises in Nigeria.

The Medium Scale Enterprises are a segment and component of the SMEs in Nigeria. Both the Medium Enterprises and the SMEs in general (Udechukwu, 2003) have been fully recognised by governments and development experts as the main engine of economic growth and a major factor in promoting private sector development and partnership. Udechukwu (2003), further noted that the development of (Medium Enterprises and the SMEs in general) is therefore an essential element in the growth strategy of most economies and holds particular significance for Nigeria. The sub-sector not only contribute significantly to improved living standards, they also bring about substantial local capital formation and achieve high levels of productivity and capability. From a planning stand point, SMEs are increasingly recognised as the principal means for achieving equitable and sustainable industrial diversification and dispersal; and in most countries Medium Enterprises and the SMEs in general account for well over half of the total share of employment, sales, and value added.

Statement of the Problem
The failure rate of Medium Scale Enterprises and its low contribution to the Gross Domestic Product (GDP) in Nigeria informed this study (Gbandi & Amissah, 2014; Yusuf & Dansu, 2013). The medium scale enterprises operate side by side with the small scale enterprises in Africa as a whole, hence, the acronym Small and Medium Scale Enterprises (SMEs). The medium size segment of the SME's sub-sector, because of its size and presence in the economy, it is expected to contribute to growth and development by reducing unemployment rate and contribute significantly to the nations GDP. Incidentally, these expectations are far from reality because of the perceived failure rate of the Medium enterprises. Yusuf and Dansu (2013), noted that in spite of the efforts of government and other stakeholders to achieve economic growth and development through sustainable SMEs, most small firms are short-lived. According to Gbandi and Amissah (2014), SMEs constitute more than 90% of Nigerian businesses; their contribution to GDP is only about 1%. Aganga (n.d) and Adeloye (2012), averred that Nigeria has an estimated population of seventeen million SMEs, representing over 80% of the total number of firms in Nigeria and employ over 31 million Nigerians or about 75% of the total workforce. Aganga further noted that SME's contribution to the GDP in Nigeria is relatively low as a result of the major constraints in the operating environment. Thus, suggesting that the entrepreneurs who set up these businesses lack the needed intellectuality to keep the sub-sector viable and moving. Udechukwu (2003) asserted that many entrepreneurs who found and manage SMEs lack the appropriate management skills (education) and because of lack of adequate capital or sheer ignorance of technological advances, such entrepreneurs purchase obsolete and inefficient equipment thereby setting the stage abinitio, for lower level of productivity and poor product quality with serious consequences on product output and market acceptability. Previous research have found a strong link between business experience, education and business

Success (Chiliya & Roberts-Lombard, 2012; Wanigasekara & Surangi, 2011; Thapa, 2007). This premise juxtaposes education and medium enterprises business success. Thus, warranting an empirical probing on entrepreneur's level of education and performance of medium enterprises particularly in the automobile industry.

Objectives of the Study
The main objective of the study is to ascertain the influence of entrepreneur's level of education on the performance of medium enterprises in automobile industry in Anambra State, Nigeria. Specifically, the study intends to:
1. Ascertain the influence of apprenticeship training on the performance of medium enterprises in automobile industry in Anambra State, Nigeria.
2. Evaluate the influence of tertiary education of entrepreneur's on the performance of medium enterprises in automobile industry in Anambra State, Nigeria.
3. Determine the influence of professional certification of entrepreneur's on the performance of medium enterprises in automobile industry in Anambra State, Nigeria.
4. Examine the influence of mentoring of entrepreneur's on the performance of medium enterprises in automobile industry in Anambra State, Nigeria.

METHODOLOGY
Area of Study
The study will be executed in Nnewi and Onitsha all in Anambra State. These are two major economic hubs of the state. Nnewi plays a leading role as a centre for the manufacturing of cars, assembly and distribution of motorbikes and spare-parts in Nigeria and as such other economic activities take place in the area. It is the second largest economic hub of Anambra State after Onitsha and one of the largest in West Africa. The inhabitants are predominantly traders who are into various kinds of economic activities and manufacturers of auto and auto spare parts (Olise & Nkamnebe, 2018).

Onitsha plays a leading role as a centre for the importation, manufacturing, distribution, sales/services of all sorts of goods and services in Nigeria and as such other economic activities take place in the area. It is the largest economic hub of Anambra State and second largest in West Africa after Aba. The inhabitants are predominantly traders who are into various kinds of economic activities like importation, manufacturing, distribution, sales/services of various kinds of goods and services (Olise & Nkamnebe, 2018).

Population of the Study and Sample Size
The population of the study consists of medium enterprises in Anambra State. There are no records on the population of medium enterprises in Anambra State. However, the researcher used judgmental sampling to purposively select one hundred and fifty (150) Medium Enterprises each from the two economic hubs of the state (Nnewi and Onitsha) across major economic subsector, making a total 300 medium enterprises. This was to enable the researcher reduce bias in sample selection from the population of the study.

Questionnaire Design, testing, and distribution
The first section of the questionnaire contained general information about the sample unit. It included six

background questions. The second section was designed to collect information about the entrepreneur's level of education and performance of medium enterprises in automobile industry in Anambra State. All items related to entrepreneurs' level of education and performance of medium enterprises in automobile industry in Anambra State were derived from literature and initial pilot survey of five medium enterprises owners; hence, pools of 300 medium enterprises were finally generated. The responses to scale items measuring entrepreneurs' level of education and performance of medium enterprises in automobile industry in Anambra State were measured using a structured questionnaire. Two trained research assistants were used for the administration of the questionnaire. They assisted the respondents to complete the questionnaire through an interactive process; thus making sure the questionnaire was completed on the spot. Since purposive sampling technique was adopted, 300 copies of the questionnaire was produced and distributed. Out of the 300 questionnaires that were produced and distributed only 298 were dully completed and returned

Analysis
The simple percentage, mean, standard deviation, t-test statistics, and regression analysis were used to conduct the various analysis of this study. Descriptive statistics like frequencies, percentages, mean and standard deviation were used to elicit information on the demographic profile of the respondents and also to process objectives of the study. The regression analysis was used to evaluate the entrepreneurs' level of education and performance of medium enterprises in automobile industry in Anambra State.

The Empirical Model
In this study we propose multiple econometric model to assess the influence of the achieved characteristics of the entrepreneur on the performance of the medium enterprises in Anambra State. Also, our model includes the integration of factors conceptualized from the achieved characteristics of the entrepreneur explored in the literature.
Thus, the Model is:
$$SMEP_i = \alpha + \beta X_i + e_i \dots \dots \dots 1$$

Where MEP represent medium enterprises performance and it is proxied by asset base of the SMEs owners; X_i are the observable variables representing achieved characteristics of the entrepreneur, α and β are parameters to be estimated, and e_i is a random error term with a mean of zero. Expanding the RHS of equation 1 in line with our theoretical postulation in its functional form, we have:
$$MEP_i = f(\beta_1 APP + \beta_2 TER + \beta_3 PROF + \beta_4 MENT) \dots \dots 2$$

Mathematically, the model is specified as:
$$MEP_i = \alpha + \beta_1 APP + \beta_2 TER + \beta_4 MENT \dots \dots 3$$

To account for random effect and to defuse omitted explanatory variables that have impact on the regress and, equation 3 is refigured to include the random error term. Thus the econometric model is:
$$MEP_i = \alpha + \beta_1 APP + \beta_2 TER + \beta_3 PROF + \beta_4 MENT\ e \dots \dots 4$$

The included variables APP, TER, PROF, MENT represent apprenticeship training, tertiary education, professional certification and mentoring. $\beta_1 - \beta_4$ are the slope coefficients of the regressors, α represents the vertical intercept and ε the stochastic residual term, which is normally distributed with a mean value of zero.

DATA PRESENTATION AND ANALYSIS
Demographic Profile of the Respondents

Table1: Distribution of Respondents According to Gender

Variable	Frequency	Percent (%)	Cumulative (%)
Male	292	98.0	98.0
Female	6	2.0	100
Total	298	100	

Source: Field Survey, 2019

Table 1 shows that two hundred and ninety-two of the respondents representing 98.0% respondents are males while two of the respondents representing 2.0% of the respondents are females.

Table2: Distribution of Respondents According to Age

Variable	Frequency	Percent (%)	Cumulative (%)
18-32	4	1.4	1.4
31-40	46	15.4	16.8
41-50	102	34.2	51.0
51-60	88	29.5	80.5
61-70	58	19.5	100.0
Total	298	100.0	

Source: Field Survey, 2019

As shown in table 2, four respondents, representing 1.4% of the respondents are between the ages of 18-32. Forty-six respondents, representing 15.4% of the respondents, are between the ages of 31-40. One hundred and two respondents, representing 34.2% of the respondents, are between the ages of 41-50. Eighty-eight respondents, account for 29.5% of the respondents, between the ages of 51-60, while fifty-eight respondents account for 19.5% of the respondents, are between the ages of 61-70.

Table3: Distribution of Respondents According to Educational Qualification

Variable	Frequency	Percent (%)	Cumulative (%)
Primary	11	3.7	3.7
Secondary	239	80.2	83.9
Tertiary	48	16.1	100.0
Total	298	100.0	

Source: Field Survey, 2019

From table 3, all the respondents had formal education. Eleven respondents representing 3.7% of the respondents had primary education. Two hundred and thirty-nine respondents representing 80.2% had secondary education while forty-eight respondents representing 16.1% had tertiary education.

Table4: Distribution of Respondents According to Years of Business Experience

Variable	Frequency	Percent (%)	Cumulative (%)
1-5	81	27.1	27.1
6-10	135	45.3	72.4
11-15	78	26.2	98.6
15-30	4	1.4	100.0
Total	298	100.0	

Source: Field Survey, 2019

With respect to business experience, table 4 reveals that Eighty-one respondents representing 27.1% of the respondents had 1-5years business experience. One hundred and thirty-five respondents representing 45.3% of the respondents had 6-10years business experience. Seventy-eight respondents representing 26.2% of the respondents had 11-15years business experience, while four respondents representing 1.4% of the respondents had 15-30years business experience.

Table5: Distribution of Respondents According to Marital Status

Variable	Frequency	Percent (%)	Cumulative (%)
Married	246	82.6	82.6
Single	47	15.8	98.6
Widow/Widower	5	1.6	100.0
Total	298	100.0	

Source: Field Survey, 2019

From table 5, Two hundred and forty-six respondents representing 82.6% of the respondents are married. Forty-seven respondents representing 15.8% of the respondents are single, while five respondents representing 1.6% of the respondents are widow/widower.

Table6: Distribution According to Respondents Position

Variable	Frequency	Percent (%)	Cumulative (%)
Owner/CEO	167	56.0	56.0
Manager	131	44.0	100.0
Total	298	100.0	

Source: Field Survey, 2019

With respect to respondents' position, one hundred and sixty-seven respondents representing 56.0% of the respondents are Owner/CEO, while One hundred and thirty-one respondents representing 44% of the respondents are managers.

Regression Analysis Result

Table7: Regression Result on influence of entrepreneur's level of education on the performance of medium enterprises in automobile industry in Anambra State, Nigeria

Model	B	Std. error	T	Sig.
Constant(C)	0.331	0.071	4.662	0.001
Apprenticeship training	0.761	0.119	6.394	0.000
Tertiary education	0.390	0.143	3.412	0.002
Professional certification	0.311	0.181	1.718	11.004
Mentoring	0.711	0.136	5.228	0.000
R	0.840			
R^2	0.798			
Adj. R^2	0.778			
F-statistic	131.300			0.000

Source: Field Survey 2019

Dependent Variable: Years of Business Experience

To ascertain the influence of entrepreneur's level of education on the performance of medium enterprises in automobile industry, the weighted mean of the four independent variables were regressed on the dependent variable to enable us determine the nature of relationship between the dependent and independent variables, effect of the four independent variables on the dependent variable, the overall fitness of the model using the F-statistics and probability value and the level of significance of the independent variables in influencing the dependent variables using the t-test and probability value. The table above shows the regression result. It also shows the precision of the model which was analyzed using economic a priori criteria and statistical criteria.

Discussion of Findings

Discussion based on economic a priori criteria

As showed in the table 4.11, it is observed that the regression line has a positive intercept as presented by the constant (c) = 0.331. This means that if all the variables are held constant or fixed (zero), the performance of medium enterprises in automobile industry increases by 33.1%. The result also conforms to the a priori expectation. This states that the intercept could be positive or negative, so it conforms to the theoretical expectation. Apprenticeship training is significant and has a positive relationship with performance of medium enterprises in automobile industry. This implies that the apprenticeship training and performance of medium enterprises in automobile industry increase in the same direction. That is to say that apprenticeship training has a direct and positive relationship with performance of medium enterprises in automobile industry. In other words, 1% increase in apprenticeship training will bring about 76.1% growths in the performance of medium enterprises in automobile industry.

Tertiary education is significant and has a direct and positive relationship with performance of medium enterprises in automobile industry. In other words, 1% increase in Tertiary education will bring about 39.0% growths in the performance of medium enterprises in automobile industry. Professional certification is not significant but it has a direct and positive relationship with performance of medium enterprises in automobile industry. As the Professional certification grows, it increases the performance of medium enterprises in automobile industry. In other words, 1% increase in professional certification will bring about 31.1% increases in the performance of medium enterprises in automobile industry.

Mentoring is significant and also has direct and positive relationship with performance of medium enterprises in automobile industry. Therefore, 1% increase in mentoring will bring about 71.1% increases in the performance of medium enterprises in automobile industry.

Discussion based on statistical criteria

In order to evaluate the influence of entrepreneur's level of education on the performance of medium enterprises in automobile industry, the analysis was also done based on statistical criteria by applying the coefficient of determination (R^2) and the F–test. In general, the joint effect of the explanatory variables-independent variables-in the model account for 0.798 or 79.8% of the variations in the performance of medium enterprises in automobile industry. This implies that 79.8% of the variations in the performance of medium enterprises in automobile industry are being accounted for or explained by the variations in apprenticeship training, tertiary education and professional certification and mentoring. While other independent variables not captured in the model explain just 20.2% of the variations in performance of medium enterprises in automobile industry.

With the exception of professional certification which was not significant, all the coefficients (apprenticeship training, tertiary education and mentoring) have significantly influenced the performance of medium enterprises in automobile industry.

CONCLUSION AND RECOMMENDATIONS

Apprenticeship training has a direct and positive relationship with performance of medium enterprises in automobile industry. From the hypothesis tested, it was revealed that apprenticeship training has significant influence on the performance of medium enterprises in automobile industry in Anambra State, Nigeria. Tertiary education of entrepreneurs has influenced the performance of medium enterprises in automobile industry in Anambra State, Nigeria. Professional certification of entrepreneurs has no significant influence on the performance of medium enterprises in automobile industry in Anambra State, Nigeria but it has a positive relationship. Mentoring of entrepreneurs has significant and positive influence on the performance of medium enterprises in automobile industry in Anambra State, Nigeria.

Based on the findings of this study, the following recommendations are made: With respect to apprenticeship training, the study recommends that there is a need for the development of supervised apprenticeship training programme by the agency regulating small and medium enterprises since it has been found to significantly influence the performance of medium enterprises in automobile industry. The entrepreneurs need to improve on their tertiary education and professional certification. This will give them comparative advantages in automobile industry and also influence their investment decision. The entrepreneurs should also strive to be properly mentored especially during their apprenticeship training. This will help enhance their business initiative in the competitive automobile industry.

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