

The Impact of Entrepreneurship Education on the Establishment and Survival of Small, Micro and Medium Enterprises (SMMEs)

Tendai Chimucheka

Department of Business Management, University of Fort Hare, Alice Campus, P. Bag X1314, Alice, 5700. South Africa
Cell: +27-73-504-1856, E-mail: tchimucheka@ufh.ac.za; tENCHIMS@gmail.com

KEYWORDS Entrepreneurship Education. Survival. Establishment. Impact. SMME

ABSTRACT The study investigated the impact of entrepreneurship education on the establishment and survival of small, micro and medium enterprises (SMMEs) in the Buffalo City Metropolitan Municipality, South Africa. Both primary and secondary data sources were used in the study. A quantitative research design was followed in conducting this research. Simple random sampling technique was used to select respondents. Survey method, by way of a self-administered questionnaire was used to collect primary data. The findings of this research showed that entrepreneurship education is very important for the establishment and survival of SMMEs.

INTRODUCTION

Globally, the SMME sector is regarded as the driving force in economic growth and job creation. It is as a result of this that the small, micro and medium enterprises and entrepreneurship have in recent years become a key focus of research (Herrington et al. 2009: 13). These businesses play a major role in creating employment opportunities and wealth in economies.

SMMEs form the backbone of South Africa's economy, not just in terms of their contribution to the Gross Domestic Product (GDP), but also in terms of employment creation. As a result of these implications, the government of South Africa realises the importance of developing entrepreneurship and consequently, SMMEs (O'Neill and Viljoen 2001: 38). The argument of the South African government is that SMMEs offer an important vehicle to address the challenges of job creation, economic growth and equitable distribution of wealth. Unfortunately, the official estimated rate of unemployment in South Africa is 25.2% (Statistics South Africa 2010). Finmark Trust (2006) purports that one of the best ways to address unemployment is to improve the employment creation potential of small businesses and to promote the development of the SMME sector.

Von Broembsen et al. (2005: 20) point out that despite the importance of SMMEs, 75% of SMMEs in South Africa fail within the first two years of operation. Fatoki and Garwe (2010: 731) mention lack of education and training as one of the main reasons for the lack of entre-

preneurial creation and the high failure rate of new ventures. Herrington and Wood (2003: 1) maintain that it is the lack of education and training that has reduced management capacity in new firms in South Africa. Lack of financial support is the second most reported contributor to low new firm creation and failure, after lack of education and training (Fatoki and Garwe 2010: 731).

EntreNews (2004: 1) confirms that the main challenge facing different countries including South Africa, is how to motivate individuals to become entrepreneurs and how to equip them with the right skills to turn opportunities into successful ventures. Governments of many countries have introduced a range of policies to encourage educational institutions and private sector training providers to develop entrepreneurial education and training programmes. Such programmes do not only aim to develop entrepreneurial behaviours but also attempt to raise awareness of enterprise and entrepreneurship as a potential way of life and a future career (EntreNews 2004: 1).

The existing literature on entrepreneurship education reveals (among other research directions) the determinants of entrepreneurship, in order to focus entrepreneurship education and training programmes on what is considered important (Dodescu and Badulescu 2010: 471).

Problem Statement

Although SMMEs play an important role in the economy, an unacceptable and disappointingly high number of these ventures fail during

the first few years of operation in South Africa (Nieman and Nieuwenhuizen 2009: 35), especially due to challenges faced by SMMEs. According to Fatoki and Garwe (2010: 731), lack of education is one of the primary reasons for the low level of entrepreneurial activities and the high failure rate of SMMEs.

Considering the importance of SMMEs to the national economy and the high failure rate of SMMEs, it is critical to look at how challenges facing entrepreneurs and SMMEs in order to overcome mentioned challenges. Nieman and Nieuwenhuizen (2009: 35) state that the largest percentage of SMMEs fails during the first two years of their existence.

Unemployment and poverty are some of the challenges in the Eastern Cape Province and South Africa at large. SMMEs could play a major role in reducing these problems. In order to achieve such goals, SMMEs should be supported and they also should be able to access the resources necessary for their survival and growth. Owners and managers of SMMEs also need to be equipped with the right skills and knowledge to be able to start businesses that survive. The research at hand seeks to investigate the impact of entrepreneurship education on the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality of South Africa.

Von Graevenitz et al. (2010: 90) note that entrepreneurship education is ranked high on policy agendas of several countries, but little research is available to assess its impact. While entrepreneurship education has been introduced and promoted in several countries and at many institutions of tertiary education, at this stage little is known about the impact of this entrepreneurship education (Von Graevenitz et al. 2010: 103). Von Graevenitz et al. (2010: 91), reiterate on the fact that the impact emanating from entrepreneurship education is still poorly understood. Von Graevenitz et al. (2010: 92) further state that while some literature has generated interesting insights, the research on entrepreneurship education still has huge gaps. This study intends to assist in closing part of this gap.

Objective

The objective of the study was to investigate the role and impact of entrepreneurship educa-

tion on the establishment and survival of SMMEs.

Hypothesis

H₀: Entrepreneurship education does not play any role in the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality.

H₁: Entrepreneurship education plays a role in the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality.

Significance of the Study

Isaacs et al. (2007: 613) are of the opinion that better entrepreneurship education can contribute significantly to job creation and eventually to poverty alleviation. This research intends to help in solving socio-economic challenges like unemployment and poverty that South Africans face. Morh et al. (2009: 25) report that a lively debate has taken place on the question of whether entrepreneurial talent comes naturally or whether it can be obtained through education. The findings of this study contribute to the literature on this debate. This research is important for the development of the SMME sector in South Africa, particularly in the Eastern Cape Province. The findings can be used by the government, policy makers and government agencies to identify priority areas and to improve current entrepreneurship education pro-programmes. Research results are also useful to educational and training institutions. Assessing the impact of entrepreneurship education is also important to SMME owners and managers.

Literature Review

Entrepreneurship Defined

Entrepreneurship is the process of initiating, creating and expanding the enterprise, also of building an entrepreneurial team, which involves gathering other resources to exploit an opportunity in the market place profitably (Van Aardt et al. 2008: 5). It is entrepreneurship that can bring other production factors into motion. Entrepreneurship has long been considered a significant factor for socio-economic growth and development because it creates job opportunities, offers

customer goods and services, and generally increases national prosperity and competitiveness (Karimi et al. 2010: 35).

Theories of Entrepreneurship

There are different views on entrepreneurship and on what an entrepreneur is. Economists are of the view that entrepreneurs combine different resources in specific combinations to produce commodities at a profit (Du Toit et al. 2009: 41). The focus of economists is on what entrepreneurs do, and have reached a conclusion that entrepreneurs are motivated primarily by the profit motive. Behaviourists describe entrepreneurs according to their characteristics, for example their desire to achieve, their inclination towards risk taking as well as their creativity.

Marxists view entrepreneurs as exploiters. Du Toit et al. (2009: 41) mention that corporate managers perceive entrepreneurs as small operators who lack the potential to manage large ventures. Proponents of a market economy see entrepreneurs as the economic force responsible for economic growth (Du Toit et al. 2009: 41). Entrepreneurs and other SMME operators need to be equipped with entrepreneurship knowledge and skills. This can be done through entrepreneurship education.

Entrepreneurship Education

The objective of Entrepreneurship education as presented by the European Union (2002) include raising peoples' awareness of self employment as a career opportunity, promoting the development of personal qualities that are relevant to entrepreneurship such as creativity, risk taking, and responsibility, and providing the technical and business skills that are needed in order to start a venture (Isaacs et al. 2007: 616).

According to Isaacs et al. (2007: 614), entrepreneurship education is defined as the purposeful intervention by an instructor in the life of a learner, to impart entrepreneurial qualities and skills to enable the learner to survive in the business world. Alberti et al. (2004: 5) define entrepreneurship education as the structured and formal transmission of entrepreneurial competencies, which in other words, refers to the skills, concepts and mental awareness used by individuals during the process of starting and de-

veloping their growth oriented ventures. Alberti et al. (2004: 16) suggest that some output measures for entrepreneurship education that can be examined, include changes in entrepreneurial values, changes in people's orientation towards entrepreneurial careers as well as changes in personal assessment of entrepreneurial knowledge and skills.

Isaacs et al. (2007: 614) admit that a general agreement exists among researchers in the field of entrepreneurship that more emphasis should be placed on entrepreneurship education as opposed to business education. Business education has a more limited coverage than entrepreneurship education, which includes other topics like innovation and risk taking (Isaacs et al. 2007: 614). The Consortium of Entrepreneurship Education (2004: 6) point out that entrepreneurship education is a lifelong learning process and consists of different stages. The stages include basics, competency awareness, creative applications, start up and growth. The following section discusses the relationship between variables.

Relationship between Variables

Nieman and Nieuwenhuizen (2009: 12) argue that successful entrepreneurship is linked to education. Tertiary education provides valuable additional entrepreneurial capacity, especially for successful entrepreneurs (Driver et al. 2001: 57). Higher levels of education are significantly associated with higher levels of entrepreneurial activity (Nieman and Nieuwenhuizen 2009: 31).

Charney and Libecup (2000) put forward that there is a positive association between education and the successful establishment of SMMEs can be found. Timmons and Spinelli (2007) are of the view that entrepreneurship can be learnt. Graevenitz et al. (2010: 91) mentions Peterman and Kennedy (2003) and Fayolle et al. (2006) as some of the researchers who found a positive impact of entrepreneurship education programmes on the start up as well as the survival of SMMEs.

Fatoki and Odeyemi (2010: 2768) suggest that for SMMEs to get the required funding from trade creditors, they must ensure that they have the highest education possible as well as related experience which can improve their managerial competency.

Isaacs et al. (2007: 613) suggest that better entrepreneurship education could make a significant contribution to job creation and ultimately poverty alleviation. They also purport that a shortage of entrepreneurs can be a major factor limiting economic development in South Africa. The key to success of establishing a culture of entrepreneurship in any nation is education, which depends on all the stakeholders, including the government, educators and learners themselves (Isaacs et al. 2007: 614). Isaacs et al. (2007: 617) points out that it is commonly believed that entrepreneurship education is an absolute imperative that would make a positive contribution to improving the entrepreneurial orientation of people.

Nieman (2001: 2) states that entrepreneurship education should be directed to prepare individuals who can be change agents in the next decade. Segal et al. (2005) shows that the promotion of entrepreneurship in higher education institutions is more likely to increase entrepreneurial self-efficacy and self-employment.

RESEARCH METHODOLOGY

Both primary and secondary data were used to conduct this research. The research was conducted by the researcher moving from one business to another, distributing self administered questionnaires. Self administered questionnaires were used because they have a relatively high response rate. For validity and reliability, the questionnaire was pre-tested before it was used to collect data. Data was collected from SMMEs in the Buffalo City Municipality, specifically East London in South Africa. The researcher used simple random sampling, a probability sampling technique in which each element has a known and equal chance of selection to select respondents from the sampling frame which was constructed using the lists of SMMEs obtained from the Buffalo City Municipality, Centre for Enterprise Development-UFH, Construction Industry Development Board and the Eastern Cape Development Corporation (ECDC). A sample size of 201 elements was calculated using the Raosoft sample size calculator from a population of 420 elements. Sample size was calculated using 95% confidence level, 5% margin of error and a 50% response rate. The re-

sponse rate was 80% meaning 162 respondents completed and returned the questionnaires.

Simple random sampling help to eliminate bias in selecting sample elements. According to Cooper and Schindler (2006), simple random sampling is the purest form of probability sampling.

Validity refers to whether an instrument actually measures what it is supposed to measure given the context in which it is applied. The researcher used the following steps to ensure the validity of the study as pointed out by Cooper and Schindler (2003): Using a statistician and a panel of experts to evaluate the research instrument for conceptual clarity, pre-testing the research instrument in a pilot study, using self-administered questionnaires which generally have a high response rate and comprehensively reviewing the literature for theoretical constructs and empirical conclusions. Babbie and Monton (2002) point out that reliability is concerned with consistency of measures. The Cronbach's alpha was used as the measure of reliability.

The collected data was analysed by the Statistics Department at the University of Fort Hare. The statistical package which was used is SPSS. The Chi-Square test for independence was used to test for association, cross tabulation was also used to determine the distribution of respondents. Chi-square is used most frequently to test the statistical significance of results reported in tables (Barreira 2004: 64). According to Barreira (2004), chi-square allows for decisions about whether there is a relationship between two or more variables; if the null hypothesis is rejected, one can conclude that there is a statistically significant relationship between the variables.

Ethics were crucial for the successful accomplishment of this research work. The researcher performed his duties observing his obligations as a researcher. Cant et al. (2005: 11) stated the general ethical obligations which the researcher abides to. This include not deceiving participants, avoiding misidentification of the researcher, communicating the purpose of the research to the respondents and seeking consent of the respondents. This helped to reduce research errors that could have risen because other people who were supposed to be part of the research would have refused to participate. Offending questions were not asked in the questionnaire.

RESULTS AND DISCUSSION

Gender of Respondents

Out of 201 questionnaires that were distributed, 162 questionnaires were completed and returned for data analysis. Male entrepreneurs constituted 66% of the respondents while their female counterparts were 34%. The results thus indicate that men are more involved in entrepreneurial activities as compared to their female counterparts. This can also be confirmed by the female Total Entrepreneurial Activity (TEA) index which showed that on average, participation rates of men tend to be 50% higher than those of women (Minniti 2004). The findings are also in line with the Department of Trade and Industry (2005) report which stated that female entrepreneurs represent 33% of existing businesses and are most affected by SMME failure. This may be related to the challenges that are faced specifically by women entrepreneurs in South Africa.

Position in Business

This study targeted only managers and owners of SMMEs. This was because these individuals are in a position to give a true picture of the trends of their business performance. Forty-eight (48%) of the respondents were owners of SMMEs, about 17.3% were managers and 34.6 were serving as both the owner and manager of the business. This affirms studies carried out by Mutezo (2005: 81) on SMMEs in the Gauteng Province of South Africa where more than 80% of businesses were being managed by their owners. It can be concluded that a significant number of SMMEs in the Buffalo City Metropolitan Municipality are directly managed by their owners.

Age of Respondents

It is very important to be aware of the age distribution of the respondents. This will enable the researcher to know whether respondents are old or young (Zindiye 2008: 150). Table 1 shows the age categories of the respondents.

The results depicted in Table 1 show that the majority which is 131 (80%) of owners and managers of SMMEs in the Buffalo City Metropolitan Municipality are above 30 years of age

and this can be related to the general age of business ownership in South Africa.

Table 1: Age of respondents in years

<i>Age category</i>	<i>Frequency</i>	<i>Percentage</i>
Below 25 years	11	6.79
25-30 years	20	12.35
31-40 years	70	43.21
Above 40 years	61	37.65
Total	162	100.00

The findings of the study done in America by Muijanack et al. (2003: 6) determined that the optimum age for entrepreneurs was 25-35. However, in this case, only 20 (12.3%) of the respondents in that category are actively involved in entrepreneurial activities. It can be concluded that the majority of South African youths are not actively involved in entrepreneurial activities. This is further supported by Von Broembsen et al. (2005: 36) who stated that the South African youth do not believe they have skills to start a business, and only 35% of young men believe they have the skills to start businesses. This is said to compare very poorly with the statistics indicating that 70% of young men in Brazil and 60% of young men in India believe they have the required skills to run businesses (Von Broembsen et al. 2005: 36).

Years in Business

Forty-six (46) which constitute 26.6% of the SMMEs have been operating for less than 3 years. Forty percent 64 (39.9%) have been in business for 4 to 8 years and the remainder have been in business for more than 8 years. This shows that 115 (71.5%) of the businesses that participated in this research have survived for more than three years and are now established firms. These results differ with the findings of Fatoki and Garwe (2010: 731) and Von Broembsen et al. (2005: 21) who agreed that the majority of SMMEs fail within three years of operation.

Number of Employees

The respondents who were operators of the micro businesses were 19.8%, while 47.5% operated small enterprises. The remaining 53 32.7% were either owners or managers of medium enterprises. The respondents were fairly

distributed among all the three categories as specified by the National Small Business Act of 1996 (of South Africa) which was amended in 2003.

Industry or Sector of the Business

Since this study focused on SMMEs in different industries, it was important to determine how different industries were represented. 38.9% of the respondents were in the wholesale and retail sector, 11.7% who were in the construction industry and 30.3% were in the service sector. SMMEs in the manufacturing sector constituted only 19.1%. This shows that the majority of SMME owners and managers who participated in this study are in the trading sector.

Highest Educational Qualification

To effectively determine the impact of entrepreneurship education on business performance, it was crucial to seek the highest educational qualifications of the respondents. This was also important in determining whether they understood the importance of education in running a business.

Table 2 shows that the respondents had different levels of educational qualifications ranging from non-formal to a masters degree and above. It is clear from the table that 131 (80.9%) of the respondents have post-secondary qualifications. These results are consistent with the findings of Shafeek (2006: 101) on SMMEs in the Eastern Cape Province, where more than 70% of the respondents had a post secondary qualification.

Table 2: Highest educational qualifications

<i>Level of education</i>	<i>Frequency</i>	<i>Percentage</i>
Masters degree and above	13	8.0
Bachelors degree	45	27.8
Diploma	41	25.3
Certificate	32	19.8
High school	12	7.4
Primary school	17	10.5
Non-formal	2	1.2
Total	162	100

Received Entrepreneurship Education

The aim of this study is to investigate the impact of entrepreneurship education on per-

formance of SMMEs. The majority (93.2%) of the respondents received entrepreneurship education. Only 11 of the 162 respondents confirmed that they never received entrepreneurship education, although some had higher educational qualifications. It can be concluded that the majority of the SMME owners and managers in the Buffalo City Metropolitan Municipality received entrepreneurship education at some time in their lives, and it is important to know who offered entrepreneurship education to them.

Institution that Offered Entrepreneurship Education

Entrepreneurship education was offered to SMME operators in the Buffalo City Metropolitan Municipality by universities, colleges and government agencies. Universities account for 74 (49%) of all the respondents who received entrepreneurship education, followed by colleges accounting for 39 (25.8%) of all the respondents who received entrepreneurship education. Government agencies account for 38 (25.2%) of those who received entrepreneurship education.

The Period in Which Entrepreneurship Education Was Received

Table 3 shows that SMME owners started receiving entrepreneurship education after 1990, and the number had been increasing ever since. The majority, 93 (61.59%) of respondents indicated that they only started receiving entrepreneurship education after the year 2000. These findings are supported by Nieman (2001: 5) and Kroon (2001: 172) who confirmed that the presentation of entrepreneurship as part of business management started at the beginning of 1990s in South Africa, although it had started in the 1970s in the United States of America. The results are also in line with the findings of Co and Mitchell (2005: 10) which proved that entrepreneurship education is still in its early stages of development even though some tertiary institutions have been involved since the 1990.

The Need for Entrepreneurship Education for the Successful Establishment of SMMEs

Respondents were asked whether entrepreneurship education was necessary for the suc-

Table 3: Years in which SMMEs started receiving entrepreneurship education

<i>Period</i>	<i>Frequency</i>	<i>Percentage</i>
Before 1990	0	0.00
1990-1995	27	17.88
1996-2000	31	20.53
After 2000	93	61.59
Total	151	100.00

cessful establishment of new ventures in the SMME sector. Table 4 depicts the summarised results.

Table 4: Entrepreneurship education necessary for the successful establishment of SMMEs

	<i>Frequency</i>	<i>Percentage</i>
Yes	162	100
No	0	0
Total	162	100

Table 4 shows that all respondents agreed that entrepreneurship education is crucial for the successful establishment of SMMEs. It can be concluded that SMMEs operated by owners or managers with proper entrepreneurial skills, can survive for longer than those who did not receive entrepreneurship education. These findings are in line with the suggestions of Isaacs et al. (2007: 613) who suggested that the key to success of establishing SMMEs, is education. This also supports the notion by Nieman and Nieuwenhuizen (2009: 12) that successful entrepreneurship is linked to education. Driver et al. (2001: 22) also stressed the importance of education in the establishment of entrepreneurial ventures. The results are also supported by the findings of Maas and Herrington (2006: 12) that showed that an increase in entrepreneurial activity is highly dependent on effective entrepreneurship education.

The Need for Entrepreneurship Skills and Knowledge

It was observed that 93.8% of the respondents agreed that for individuals to successfully establish ventures that will survive, entrepreneurship education is crucial. These findings are in line with those of Martin and Staines (2008) who found that lack of managerial and entrepreneurial skills are the main reasons why new ventures fail.

Hypothesis Testing

H₀: *Entrepreneurship education does not play any role in the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality.*

Table 5 depicts cross tabulation of the responses to the question on the impact of entrepreneurship education on the establishment and survival of SMMEs.

Table 5: Impact of entrepreneurship education on the establishment and survival of SMMEs

		<i>Establishment and survival of SMMEs</i>		<i>Total</i>
		<i>Yes</i>	<i>No</i>	
<i>Received Entrepreneurship Education</i>	Yes	106	45	151
	No	7	4	11
Total		113	49	162

Table 5 shows that the majority of SMME owners and managers who participated in this study agreed that entrepreneurship education is important for the successful establishment and survival of business ventures. A significant percentage of respondents who never received entrepreneurship education, admitted that entrepreneurship education plays a critical role in the establishment and survival of small businesses.

Subsequently, a Chi-square test of association was performed by cross tabulating two variables, namely entrepreneurship education and the establishment and survival of SMMEs.

From the results in Table 6, a Chi-square value of 0.209 and 1 degree of freedom with a probability value of 0.007 was found. Since the p-value (probability) of 0.007 is less than 0.05, it therefore means that we reject the null hypothesis and conclude that entrepreneurship education plays a role in the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality.

Table 7 shows the direction and strength of the relationship between entrepreneurship education and the establishment and survival of SMMEs.

The Pearson product moment correlation which measures the strength and direction of the association between two variables and denoted by *r*, is 0.736, which means that there is a strong positive correlation between entrepreneur-

Table 6: Chi-square tests for Hypothesis

	<i>Value</i>	<i>Df</i>	<i>Asymp. Sig. (2-sided)</i>	<i>Exact Sig. (2-sided)</i>	<i>Exact Sig. (1-sided)</i>
Pearson Chi-Square	.209 ^a	1	.007		
Continuity Correction ^b	.014	1	.906		
Likelihood Ratio	.203	1	.652		
Fisher's Exact Test				.736	.438
Linear-by-Linear Association	.208	1	.648		
N of Valid Cases	162				

Table 7: Correlation between entrepreneurship education and the establishment and survival of SMMEs

		<i>Received entrepreneurship education</i>	<i>Establishment and survival of SMMEs</i>
<i>Received Entrepreneurship Education</i>	Pearson Correlation	1	.736
	Sig. (2-tailed)		.000
	N	162	162
<i>Establishment and Survival of SMMEs</i>	Pearson Correlation	.736	1
	Sig. (2-tailed)	.000	
	N	162	162

ship education and the improvement of entrepreneurship skills and knowledge of SMME owners and managers in the Buffalo City Metropolitan Municipality. This proves that the more entrepreneurship education is improved, the more the skills and knowledge of SMME owners and managers are also improved.

These findings are in line with the findings of Luthje and Franke (2002), Charney and Libecup (2000), Robinson and Sexton (1994), Nieman and Nieuwenhuizen (2009), and Driver et al. (2001) who found a positive relationship between entrepreneurship education and firm creation. Maas and Herrington (2006: 12) state that an increase in entrepreneurial activity is highly dependent on entrepreneurship education.

These results are also supported by Isaacs et al. (2007: 614) who concluded that the key to the establishment and survival of entrepreneurial ventures in South Africa, is the issue of education. A positive relationship is further supported by Martin and Staines (2008) who found that a lack of entrepreneurial skills can actually cause SMME failure. It is therefore true that the future of South African entrepreneurship capacity depends on how well people are being equipped with entrepreneurial skills to establish and run their own businesses (Von Broembsen et al. 2005: 36).

The other findings of the study include that entrepreneurship education plays a critical role in the establishment and survival of SMMEs in

South Africa and the majority of SMME owners and managers are above the age of thirty. This shows that very few younger people participate in entrepreneurial activities in the Buffalo City Metropolitan Municipality of South Africa.

It was also revealed that entrepreneurs can be made. Through entrepreneurship education, one can develop entrepreneurial talent. Skills and knowledge can be developed and improved in people. This totally contradicts the view that entrepreneurs are only born. Entrepreneurship education is very important to South Africans because it can ultimately help reduce the effects of socio-economic challenges.

The majority of SMMEs in the Buffalo City Metropolitan Municipality are managed by their owners, and their educational qualifications vary from some without any formal educational qualification, to others who hold degrees equivalent to Masters or above. The majority of respondents in the Eastern Cape Province received entrepreneurship education. This was offered to them either by both tertiary education institutions and government agencies. SMME operators in the Buffalo City Metropolitan Municipality started receiving entrepreneurship education after 1990.

Entrepreneurship education improves the entrepreneurial skills of SMME operators, it is thus crucial for the establishment and survival of SMMEs. Entrepreneurship education can therefore be a solution to ultimately reduce the effects

of socio-economic challenges faced by South Africans. The challenges include unemployment, low economic growth, poverty and high failure of SMMEs.

SEDA, Khula Enterprise Finance, the Eastern Cape Development Corporation (ECDC), the government and Institutions of higher learning are among institutions that support entrepreneurship education and the development of the SMME sector in the Buffalo City Municipality of South Africa.

This study found out that entrepreneurship education has a positive impact on the establishment and survival of SMMEs in the Buffalo City Metropolitan Municipality, and it improves entrepreneurship skills and knowledge of SMME owners and managers. The study supports the findings of Hisrich et al. (2008) and Karimi et al. (2010: 377) who concluded that entrepreneurship education improves the entrepreneurial skills of managers and owners of SMMEs. Van Vuuren and Nieman (1999), Ucbasaran et al. (2004) and Daroch and Clover (2005) in their models of entrepreneurial performance prove that entrepreneurship education, through the development of entrepreneurial skills and knowledge, have a positive impact on SMME survival and success. The findings of this study support various authors who found a positive link between entrepreneurship education and the establishment and survival of entrepreneurial ventures (Peterman and Kennedy 2003; Fayolle et al. 2006; Souitaris et al. 2007; Von Graevenitz et al. 2010).

CONCLUSION

This study concludes that entrepreneurship education can play a significant role in the establishment and survival of SMMEs in South Africa. The more people are equipped with entrepreneurial competences, the more business enterprises are established, and the more these enterprises survive or succeed. There is no more doubt that a positive relationship exist between the establishment of businesses and the extent to which potential entrepreneurs are equipped with entrepreneurial education. African countries should strive to equip people with entrepreneurial competencies through entrepreneurial education for this will also help in reducing levels of unemployment and poverty.

RECOMMENDATIONS

Based on the findings of this research, the following recommendations are suggested to the SMME owners and managers, the government, government agencies and institutions of higher learning.

Government Agencies

Government agencies need to effectively provide services to the people that they serve. They should implement strategies that can help to improve SMME establishment and survival in the Buffalo City Metropolitan Municipality. Government agencies should also target youths and empower them to become employment creators rather than ordinary job seekers. It is also suggested that government agencies work hand in hand with the banks to ease access to finance by SMMEs. Government agencies need to do more; instead of just focusing on the provision of resources. They should also equip entrepreneurs with the necessary skills.

Government

Considering the role played by SMMEs and entrepreneurs in the Buffalo City Metropolitan Municipality in reducing unemployment and poverty, the government should continuously assess the performance of SMMEs, and help provide resources, where necessary, this should be done in a more sustainable manner. The government should provide resources in a manner that will not limit the entrepreneurial spirit and create a spirit of dependence. It is recommended that the government explore other strategies to compliment entrepreneurship education that will help create independent entrepreneurs instead of educated beggars.

SMME Owners and Managers

It has to be noted that SMME operators are responsible for the success of their ventures. SMME operators need to take advantage of entrepreneurship education programmes that are offered by institutions of higher learning and government agencies if they really want to improve the performance and survival chances of their businesses. SMME owners and managers also need to consider empowering their staff with

entrepreneurial skills and knowledge. This will give them higher chances of success.

Institutions of Higher Learning

Institutions of higher learning need to play a critical role in providing entrepreneurship education, for they have the expertise and resources to do so. Awareness campaigns need to be carried out at universities and colleges to motivate students to enrol for entrepreneurship courses. Entrepreneurship courses need to be offered across all disciplines, this means that it should not be limited only to commerce students. There is also a need to market entrepreneurship as another career alternative for students. This will motivate students to start their own businesses and employ other people rather than just becoming job seekers. It is also important that entrepreneurship education by universities and colleges should not be only limited to registered students, it should be extended to the people around university and college communities, through community engagement projects. Institutions of higher learning should teach people in their communities to create economic opportunities for themselves rather than being dependent on employers or the government.

Banks

Banks should help ease the problem of access to finance of SMMEs. They should monitor and assess the potential of SMME operators, rather than only considering collateral security and a deposit that most SMME owners and managers lack. They should also help in improving the knowledge base and skills of SMME owners and managers that will have applied for finance. It is recommended that banks provide financial resources to SMME operators who show potential for success, those with evidence that they have attained a certain level of education, or who have attended an entrepreneurship education course or at least underwent training.

REFERENCES

- Alberti F, Sciascia S, Poli A 2004. Entrepreneurship Education: Notes on an Ongoing Debate. *Proceedings of the 14th Annual International Entrepreneurship Conference*, University of Napoli, Federico II, Italy, 4-7 July.
- Babbie E, Mouton J 2002. *The Practice of Social Research*. Cape Town: Oxford University Press.
- Barreira JCD 2004. *The Influence of Business Knowledge and Work Experience as Antecedents to Entrepreneurial Success*. Thesis. University of Pretoria, Pretoria.
- Cant M, Gerber-Nel C, Nel D, Kotze T 2005. *Marketing Research*. Pretoria: Van Schaik.
- Charney A, Libecup DB. 2000. *The Impact of Entrepreneurship Education: An Evaluation of the Berger Entrepreneurship Program at the University of Arizona, 1985-1999*. Kansas City, M1. The Kauffman Centre for Entrepreneurial Leadership.
- Clover TA, Darroch MAG 2005. Owner's perceptions of factors that constrain the survival and growth of small, medium and micro agribusinesses in KwaZulu Natal, South Africa. *Agrekon*, 44(2): 238-263.
- Co MJ, Mitchell B 2005. *Entrepreneurship Education in South Africa: A Nationwide Survey*. Int Ent 2005. School of Management, University of Surrey.
- Consortium of Entrepreneurship Education 2004. Online. From <http://www.entre-ed.org/_entre/lifelong.htm> (Retrieved on 24 October 2011).
- Construction Industry Development Board 2010. Online. From <www.cidb.org.za> (Retrieved on 27 October 2011).
- Cooper DR, Schindler PS 2006. *Business Research Methods*. New York: McGraw-Hill.
- Department of Trade and Industry (dti). 2005. South African Women Entrepreneurs- A Burgeoning Force in Our Economy. From <<http://www.thedti.gov.za/sawen/SAWENreport2.pdf>> (Retrieved on 14 September 2011).
- Driver A, Wood E, Segal N, Herrington M 2001. *Global Entrepreneurship Monitor*. South African Executive Edition.
- Du Toit GS, Erasmus BJ, Strydom JW 2009. *Introduction to Business Management*. 7th Edition. Southern Africa: Oxford.
- Eastern Cape Development Corporation 2011. Online. From <http://www.ecdc.co.za/about_the-eastern_cape_development_corporation> (Retrieved on 6 December 2011).
- Entrenews 2004. *The Newsletter of EFMD's Entrepreneurship, Innovation and Small Business Network*. Issue 2. UK: University of Lincoln and Wood Holmes Group.
- European Union 2002. *Final Report of the Expert Group "Best Procedure" Project on Education and Training for Entrepreneurship*. Brussels: European Commission Directorate-General for Enterprise.
- Fatoki O, Garwe D 2010. Obstacles to the growth of new SMEs in South Africa: A principal Component analysis approach. *African Journal of Business Management*, 4(5): 729-738.
- Fatoki O, Odeyemi A 2010. Which new small and medium enterprises in South Africa have access to bank credit. *International Journal of Business and Management*, 5(10): 128-136.
- Fayolle A, Gailly B, Lassas-Clerc N 2006. Assessing the impact of entrepreneurship education programmes: A new methodology. *Journal of European Industrial Training*, 30: 701-720.
- Finmark Trust 2006. Fin Scope Small Business Survey Report. Online. From <<http://www.finmarktrust.org.za>> (Retrieved on 3 April 2010).

- Foxcroft M, Wood W, Kew K, Herrington M, Segal N 2002. Global Entrepreneurship Monitor South African Report. Online. From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on 10 May, 2009).
- Global Entrepreneurship Monitor 2004. Report on Women Entrepreneurship. On-line. From <<http://www.google.co.za/search?hl=en&q=GEM+women+report&btnG=Google+Search&meta=and&q=fandoq>> (Retrieved on 18 March 2009).
- Government Gazette of the Republic of South Africa 2003. National Small Business Amendment Act. On-line. From <<http://www.info.gov.za/gazette/acts/2003/a26-03/pdf>> (Retrieved on 11 August 2011).
- Herrington M, Wood E 2003. Global Entrepreneurship Monitor, South African Report (online) From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on May 10, 2010).
- Herrington M, Wood E 2003. Global Entrepreneurship Monitor, South African Report. (Online) From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on 10 May 2010).
- Herrington M, Kew J, Kew P 2009. Global Entrepreneurship Monitor, South African report. Online. From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on 15 October 2009).
- Hisrich RD, Peters MP, Dean AS 2008. *Entrepreneurship*, 7th Edition, New York: McGraw-Hill Irwin.
- Isaacs E, Visser K, Friedrich C, Brijal P 2007. Entrepreneurship education and training at the Further Education and Training (FET) level in South Africa. *South African Journal of Education*, 27: 613-629.
- Karimi S, Chizari M, Biemans HJA, Mulder M 2010. Entrepreneurship education in Iranian Higher Education: The current state and challenges. *European Journal of Scientific Research*, 48(1): 35-50.
- Khula Enterprise Finance 2010. Online: From <<http://www.khula.org.za/content838.html>> (Retrieved on 21 May 2010).
- Kroon J 2001. The role of entrepreneurship education in career expectations of students. *South African Journal of Higher Education*, 15(1): 47-53.
- Luthje C, Franke N 2002. *Fostering Entrepreneurship Through University Education and Training: Lessons from Massachusetts Institute of Technology*. 2nd Annual Conference on Innovative Research in management, Stockholm. Sweden.
- Maas G, Herrington M 2006. Global Entrepreneurship Monitor South African Executive Report (Online). From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on 10 May 2011).
- Minniti M, Arenius P, Langowitz N 2005. Global Entrepreneurship Monitor: 2004 Report on Women and Entrepreneurship. On-line. From <<http://www.google.co.za/search?hl=en&q=women+in+entrepreneurship+The+Entrepreneurial+Advantage+Of+Nations%3A&btnG=Search&meta=>> (Retrieved on 19 August 2010)
- Morh P, Fourie L, Associates 2009. *Economics for South African Students*. 4th Edition. Pretoria: Van Schaik Publishers.
- Muijanack J, Vroonhof P, Zoetmer JS 2003. Self-employment and Becoming an Entrepreneur as a Second Career for Dependent Employees. On-line. From <http://ec.europa.eu/enterprise/entrepreneurship/support_measures/second_career/doc/second_career_eim_final_report.pdf> (Retrieved on 17 July 2011).
- Mutezo AT 2005. *Obstacles in the Access to SMME Finance: An Empirical Perspective on Tshwane*. Unpublished Thesis. University of South Africa, South Africa.
- Nieman G 2001. Training entrepreneurs and small business enterprises in South Africa: A situational analysis. *Education and Training*, 43(8/9): 445-450.
- Nieman G, Neuwenhuizen C 2009. *Entrepreneurship: A South African Perspective*. Pretoria: Van Schaik.
- Nieman G, Pretorius M 2004. *Managing Growth. A Guide for Entrepreneurs*. Cape Town: Juta and Co. Ltd.
- Nieman GH, Hough J, Nieuwenhuizen C 2003. *Entrepreneurship: A South African Perspective*. Pretoria: Van Schaik Publishers.
- O'Neill RC, Viljoen L 2001. Support for female entrepreneurs in South Africa: Improvement or decline? *Journal of Family Ecology and Customer Sciences*, 29: 37-44.
- Peterman N, Kennedy J 2003. Enterprise education: Influencing students' perceptions of entrepreneurship. *Entrepreneurship Theory and Practice*, 28: 129-144.
- Robinson PB, Sexton EA 1994. The effect of education and experience on self employment success. *Journal of Business Venturing*, 9: 141-156.
- Segal G, Borgia D, Schoenfeld J 2005. The motivation to become an entrepreneur. *International Journal of Entrepreneurship Behaviour and Research*, 1(11): 42-57.
- Shafeek S 2006. *An Investigation into Problems Facing Small-to-Medium Sized Enterprises in Achieving Growth in the Eastern Cape: Enhancing The Strategy for Developing Small "Growth Potential" Firms in the Eastern Cape*. Dissertation, Unpublished. Rhodes University, Eastern Cape, South Africa.
- Small Enterprise Development Agency. 2010. Online. From <<http://www.seda.org.za/Pages/Seda-Welcome.aspx>> (Retrieved on 21 May 2010).
- Souitaris V, Zerbinati S, Al-Laham A 2007. Do entrepreneurship programmes raise entrepreneurial intention of science and engineering students? The effect of learning, inspiration and resources. *Journal of Business Venturing*, 22: 566-591.
- South Africa Information 2005. Online. From <http://www.southafrica.info/2010/2010SMME_1907.htm> (Retrieved on 14 May 2011).
- South Africa 1996. *Republic of South Africa. National Small Business Act, 102 of 1996*. Government Gazette. President's Office. Republic of South Africa.
- Statistics South Africa. 2009. Quarterly Labour Force Survey. (Online). From <http://www.statssa.gov.za/publication/find_publication.asp> (Retrieved on 18 November 2011).
- Statistics South Africa 2010. Quarterly Labour Force Survey: First Quarter (Online) Frm <<http://www.info.gov.za/speeches/2009/09072911151001.htm>> (Retrieved on 27 November 2011).
- Timmons JA, Spinelli S 2007. *New Venture Creation: Entrepreneurship for the 21st Century*. Boston: McGraw Hill.

- Ucbasaran D, Westhead P, Wright M 2004. *Human Capital Based Determinants of Opportunity Recognition*. Frontiers of Entrepreneurship Research: Babsin College.
- Van Aardt I, Van Aardt C, Bezuidenhout S, Mumba M 2008. *Entrepreneurship and New Venture Management*. 3rd Edition. Southern Africa: Oxford University Press.
- Van Vuuren J, Nieman G 1999. Entrepreneurship Education and Training: A Model for Curriculum/Syllabi Design. In: M Raffa (Ed.): *Proceedings of the 44th World Conference of the International Council for Small Business* (ICSB), 20-23 June, Naples.
- Von Broembsen M, Wood E, Herrington M 2005. Global Entrepreneurship Monitor, South African Report Online. From <<http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>> (Retrieved on 10 May, 2011).
- Von Graevenitz G, Harhoff D, Weber R 2010. The effects of entrepreneurship education. *Journal of Economic Behaviour and Organisation*, 76: 90-112.
- Zindiye S 2008. *An Empirical Investigation into the Factors Affecting the Performance of Small and Medium Enterprises in the Manufacturing Sector of Harare, Zimbabwe*. Dissertation, Unpublished. Alice: University of Fort Hare.