

Applicability of Theoretical and Practical Entrepreneurial Training and Development Programs for Start-ups

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Abstract: The main aim of the study is to find the gap between expectations and perceptions of entrepreneurial students regarding the service quality of the Entrepreneurial Development Program (EDP) they are enrolled at the idea-GYM, Central University of Technology in the Free State Province, South Africa. Expectations of a customer or a student refer to the beliefs about a service delivered by a company or institution as a standard or reference point against which the performance of the service received afterwards is judged. Knowing what the customer or student expects is a very important departure point in overall service delivery process. Customer perceived value is all about the quality service received and the satisfaction levels around the received service. Satisfaction is generally the broader concept, while service quality is focused specifically on the service delivery dimensions. A stratified random sampling technique was used to collect the data from the EDP students on the program of 2021 and 2022. Students completed the questionnaire on expectations before they started with the EDP program and then after the last session of the program, they completed the perception questionnaire. The results indicated that there were differences between the expectations and perceptions of the students related specifically to empathy and tangible dimensions of service quality. There were some significant differences between the expectations and perceptions of the students towards the service quality of the EDP which in most cases the perceptions were higher than what they expected beforehand from the program. Research limitations: The data was only collected from the current students attending the EDP program in 2021 and 2022. Moreover, the study focused only on the EDP program and the content within the program. The research methodology of this study is based on a pre-evaluation (expectations of the EDP program) and a post-evaluation (perceptions of the EDP program) after they were done with the content of the program.

Keywords: Excellent Service delivery, Expectation standards, Explicit service promises, Fostering Entrepreneurship

1. Introduction

Many students studying at a university are constantly looking for ways to start a new business or innovate their already existing businesses. This innovative thinking of students lets them always explore great new business ideas. Some of the students want to be the next Elon Musk or Jeff Bezos. The EDP program is the perfect study program for a student who wants to be an entrepreneur.

In South Africa, with an unemployment rate of 32,7% in Q4:2022, and an unemployment rate of 61% in the age group 16 to 25 years old, there needs to be some new solutions to starting businesses and creating job opportunities. According to the Quarterly Labour Force Survey (QLFS) for the fourth quarter of 2022, there were about 28 thousand more people who were unemployed than in Q3:2022 (Smit, 2023).

Addressing the world's youth unemployment challenge (including those in South Africa) requires a multipronged, long-term effort involving multiple stakeholders, such as governments, employers, educational institutions and civil society organizations – as well as families, communities and peer groups.

There are five basic strategies that could be pursued globally (Rush, 2015):

1. Boosting job creation and labour demand
2. Better preparing young people for the job market
3. Illuminating pathways to productive work
4. Improving financial well-being, both current and long-term
5. Fostering entrepreneurship

2. Literature review

2.1 Entrepreneurial training

The Entrepreneurial Development Program (EDP) was established at the Innovation Services Unit, Idea Generator / i-GYM (referred as *idea*-GYM in this article), CUT (<https://www.cut.ac.za/idea-generator>) in 2020 as a hybrid program presented online as well as in person. The aim is to help students with an entrepreneurial mindset to turn their dreams into a real business entity. The program is developed with different units related to all major

aspects of business and then the different units: environmental analysis, marketing, management, finance, etc., are in sequence to build up to a fully-fledged business plan for the entrepreneur.

Part of the practical aspects of the program is also that the participating student must apply what was learned in every session to their own business to ensure they have a business plan at the end of the sessions. Students will learn the basics of establishing and running a business, get to know the global environment and the industry marketplace, the necessary equipment and technologies that businesses will be using in the future, and develop a strong management and project management mindset. Entrepreneurial-oriented students can start living out their existing passion for creativity, innovation and business challenges and work on building it into a successful business plan. The EDP is for entrepreneurs to start up their own business or move their existing businesses forward to another level of doing business. And the best part? The entrepreneurs start working on their own business plan and do not make use of consultants for planning and writing a business plan, which means the entrepreneur is hands-on in the whole planning process of the business.

The EDP is a service that Central University of Technology (CUT) is delivering via the *i(idea)*-GYM (gymnasium) / Idea Generator Innovation Services Unit established in 2017 at CUT to entrepreneurial students as well as to other entrepreneurs in communities in and around the market environment of CUT. This study focuses on the expectations of entrepreneurs before they start with the program and their perceptions afterwards when they are done. The whole idea is to determine some gaps in the service delivery aspects of the EDP according to expectations and their perceptions.

2.2 Expectations vs. perceptions

Expectations of a customer or a student are beliefs about a service delivered by a company or institution as a standard or reference point against which the performance of the service received is judged. Knowing what the customer or student expects is a very important departure point in a service delivery process (Yap, et al., 2007).

Among the aspects of expectations that need to be explored and understood for successful marketing are the following: (Pabley, 2023)

- The type of expectation standards the entrepreneur is holding.
- What factors most influence the formation of these expectations?
- What role these factors play in changing expectations?
- How can service delivery meet or exceed the expectations?

In this article more detail will be provided on the expectations of student versus their perceptions after the service delivery to ensure that what is promised will be delivered.

Services are heterogeneous which means performance may vary depending on the person delivering the service. A customer will recognize and be willing to accept a variation in the service delivery process between the desired service and the adequate service, which will be determined by some personal and other aspects as discussed in the theoretical part. This level of expectation is called the Zone of Tolerance (Figure 1) (Zeithaml, et al., 2012).

In the case of the EDP program, the level of expectations can vary widely depending on the reference point the student holds. For example, a student from the Faculty of Management Sciences can have some higher expectations from the EDP program because the student is already more familiar with management, marketing and financial aspects of doing business, than an engineering student that does not have any reference to business-related aspects.

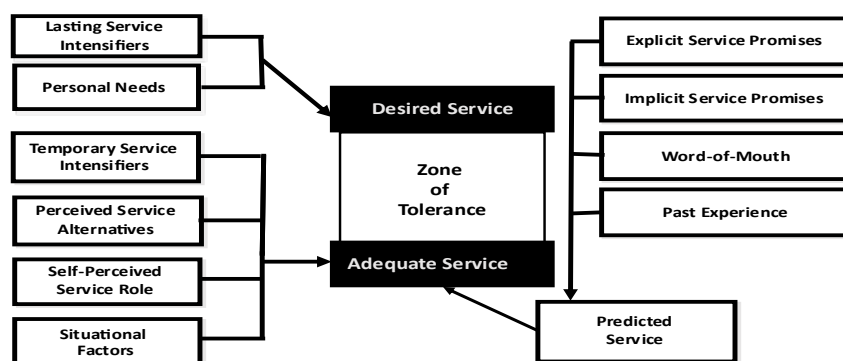


Figure 1: Factors that influence adequate service delivery

Source: (Wilson, et al., 2016)

2.3 What is Customer Perceived Value?

Customer perceived value is the difference between the prospective customer’s evaluation of all the **benefits** and all the **costs** of a **product / service** offering and the **perceived alternatives** (Zeithaml et al., 1997). Customer perceived value is all about the quality service received and the satisfaction levels around the received service. Satisfaction is generally the broader concept, while service quality is focused specifically on the service delivery dimensions.

Figure 2 gives an indication of the service quality delivery and satisfaction. The service quality dimension consists of a few aspects, namely reliability, responsiveness, assurance, empathy and tangibles, while customer satisfaction is the customer’s evaluation of the delivered service in terms of whether it has met the customer’s needs and expectations.

Customer satisfaction is the feeling that a product has met or exceeded the customer’s expectations. The question is now: How do consumers judge satisfaction? (Wilson, et al., 2016).

- Expectations: the anticipation or predictions of future service delivery by the chosen institution.
- The way in which the product or services they purchase will fulfill their wants and needs.
- For example, when an entrepreneur wants to attend a new training course like the EDP, the entrepreneur expects to gather some more knowledge around business principles to start or run a business more successfully.
- Satisfaction is thus a judgment of a pleasurable level of consumption related fulfillment.
- Consumers can experience higher or lower satisfaction levels, depending on if the product or service gives greater or lesser pleasure than anticipated.

As shown in Figure 2, multiple factors determine customer satisfaction. For this research study, the only aspects we are going to look at in more detail are the five dimensions of SERVQUAL. The SERVQUAL dimensions are the following: (Mauti, et al., 2013).

- Reliability - Service provider, in this case the *idea*-GYM, has the ability to provide service in the same way, it was advertised and promised. Reliability is a major factor in the program so that the entrepreneurs can have trust in the quality.
- Responsiveness - Provision of service at the exact time of need of the entrepreneurs and the availability of skilled staff to help the customers with answering questions applicable to their own business / business ideas swiftly.
- Assurance - Familiarity of staff with the service (being knowledgeable entrepreneurs with practical experience) so that they are in a position to deliver trust to the enrolled entrepreneurs.
- Empathy - Understanding of the needs of an entrepreneur and individualizing the knowledge to apply it to the entrepreneur’s own business ideas while taking an interest and showing personal care.
- Tangibles - All the physical items that can be observed by human senses. In the case of this study, it is the presenters of the course, the PowerPoint presentation slides and the physical environment of the venue of the class.

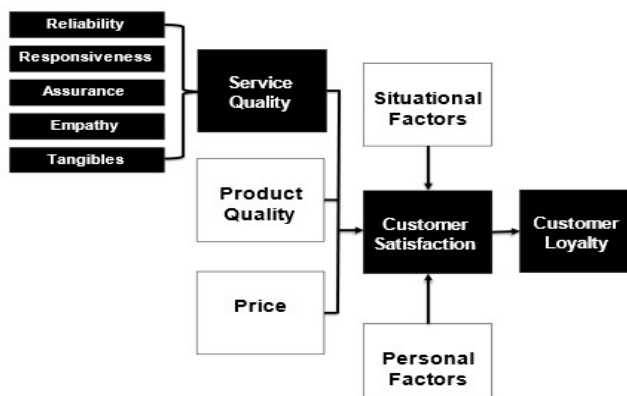


Figure 2: The link between service quality and satisfaction Source: (Wilson, et al, 2016)

Some of the factors mentioned in the data presented in Figure 2 are not applicable to EDP. For example, students do not pay to enroll in the program. Factors that are part of SERVQUAL but can be highlighted that could possibly have an influence are the quality of the classes and the material they received. Some other factors, like situational factors, can have an influence, but the factors that are controllable by *idea*-GYM, like the venue, the lecturers, the material they receive and the availability of skilled people to help them, are fixed for all sessions (Zeithaml, et al., 2012). There can be some personal aspects that can influence each individual entrepreneur differently, but for this research study, they are not taken into consideration.

Excellence in entrepreneurial service like EDP, is the hallmark of success in service delivery in any industry, also in the teaching and learning environment that require reliable service. But what exactly is excellent service? It is the ability to deliver what you promise. First you must determine what you can promise. Building on many years of research on entrepreneurial service quality, the EDP construct a model that, by balancing an entrepreneur's perceptions of the value of receiving entrepreneurial business skills with the entrepreneur's need for that specific service, provides brilliant theoretical insight into entrepreneurial expectations and service delivery. For example, the EDP promise to save the entrepreneur valuable time and money when using the insight and matrix to do the necessary calculations to determine the feasibility of a business idea. The real perception of this action is realized when the entrepreneur used the matrix and concluded that this idea will not work because of various reasons. Procurement of the correct raw material is not available which will influence the product quality and then the market do not want to buy the product because of inferior quality (Lonita, 2023).

3. Methodology

Self-administered structured questionnaires were used to get the data from the EDP students on the CUT campus attending the sessions. Before the first session started, the EDP students had to complete the first questionnaire on their expectations of the program. The questionnaires include the following information: Section 1 comprises of some demographics of the student, while Section 2 is designed to measure the expectations of students around the impact of the program on some important business principles. The demographic part of the questionnaire was just to monitor if the student completed both questionnaires.

The second questionnaire around the perceptions of students was done just after the last session of the program. The same questions were asked regarding the impact of certain important business principles, but they had to give their perceptions around them. A three- and a four-point Likert scale were used for the different questions to describe the expected and the perceived impact of the program.

For this study, 52 questionnaires were distributed among the different students enrolled in the EDP, of which 46 were usable because they completed both the expectation and perception questionnaires. Six of the 52 questionnaires received were rejected because they were either incomplete or the expectation or perception questionnaire was not completed, leaving 88% of them usable. Cronbach's alpha statistical technique was used to measure the reliability of the overall data and reliability of each dimension of the expectation and perception. Paired sample t-test was used to find out the gap between the expectations and perceptions of the students enrolled in the entrepreneurship development program on offer at CUT Innovation Services.

4. Data analysis and results

According to the service delivery theory, the two main aspects to measure are what the customer expects (within each individual framework) before receiving the service and then their perceptions after receiving the service. For the purpose of this research study, two different questionnaires were used: a pre-questionnaire to get the expectations of the entrepreneurs related to some different business principles that are important to start and run a successful business and a post-questionnaire to get their perceptions on the same business principles. Figures 3a and 3B give the overall expectations and perceptions of different business principles, which are important to start and run a business.

Entrepreneurs have higher expectations of the following two aspects (see figure 3a):

- Entrepreneurial thinking – to let entrepreneurs think differently about doing business (55%).
- Feasibility and viability of their idea – to understand if their idea can really become a successful business (45%).

The entrepreneurs have a higher medium expectation of the following:

- Financial management (55%)

- Operations, Logistics and Purchasing management (54%)
- Project management (54%)

The high and medium expectations of management and marketing were equally distributed among the expectations of entrepreneurs, both lying at 45%.

Entrepreneurs with low expectations of the different aspects mentioned have lower than 20% and, in some cases, like management, marketing, operations and project management, even lower than 10%.

When comparing the expectations with their perceptions (Figure 3b) after the service delivery process, some interesting findings come out. The following are the perceptions of the respondents:

- Entrepreneurial thinking came out high at 82%, meaning that the program helps participants think more entrepreneurially after they are done with the EDP.
- Although the expectation for the financial outcome was not that high (27%), the perception came out at 91%. Meaning that the financial part of the EDP highly exceeded their expectations. Some other aspects that also exceeded their expectations were management, marketing and operations.
- Feasibility and viability are the aspects that came out lower at 37%, versus the expected 45%.
- The project management expectation and the perception of it came out on par, meaning that the entrepreneurs are satisfied with the outcome.

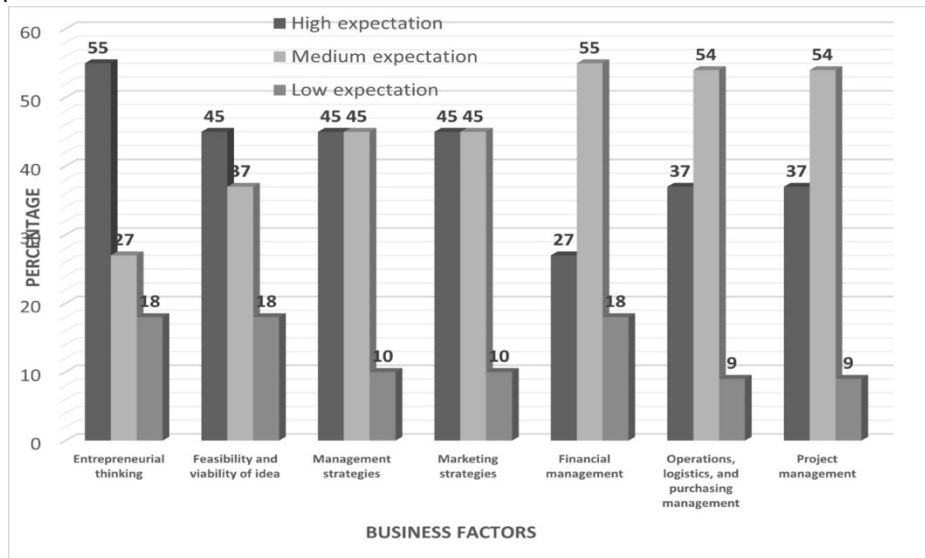


Figure 3a: Expectations of EDP students on different business factors

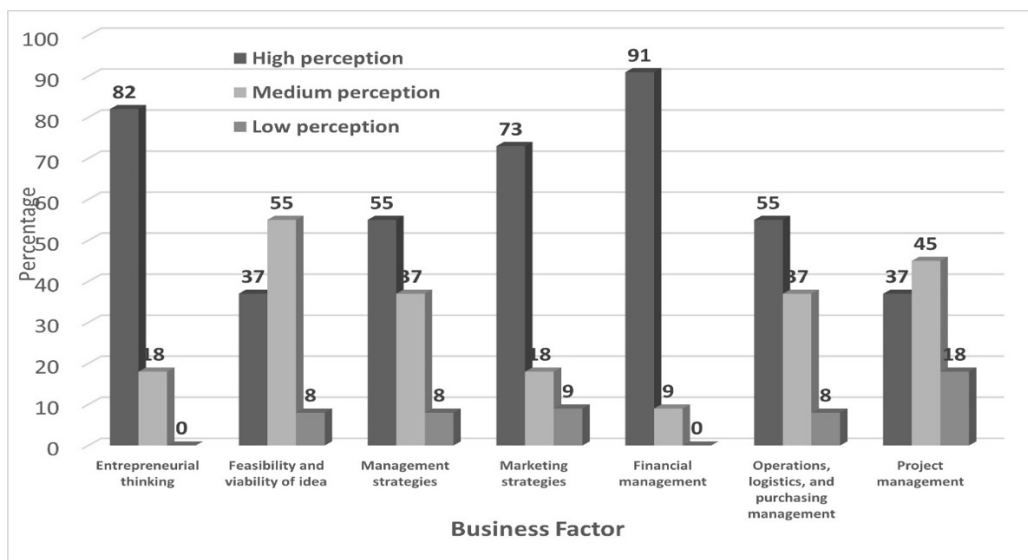


Figure 3b: Perceptions of EDP students on different business factors

Figures 3c and 3d show the more specific impact (high positive impact, positive impact, slight impact and no impact) of the training on the different aspects of starting and running a successful business. The following are comparisons between the impact of the EDP on expectations and perceptions of different business principles:

- According to the entrepreneurial respondents, the impact of entrepreneurial thinking is expected to have both a high positive impact and a positive impact (46%). Only 8% indicated that there would be a slight impact. Their perceptions after the sessions were that 82% responded with a high positive impact and 18% responded with a positive impact.

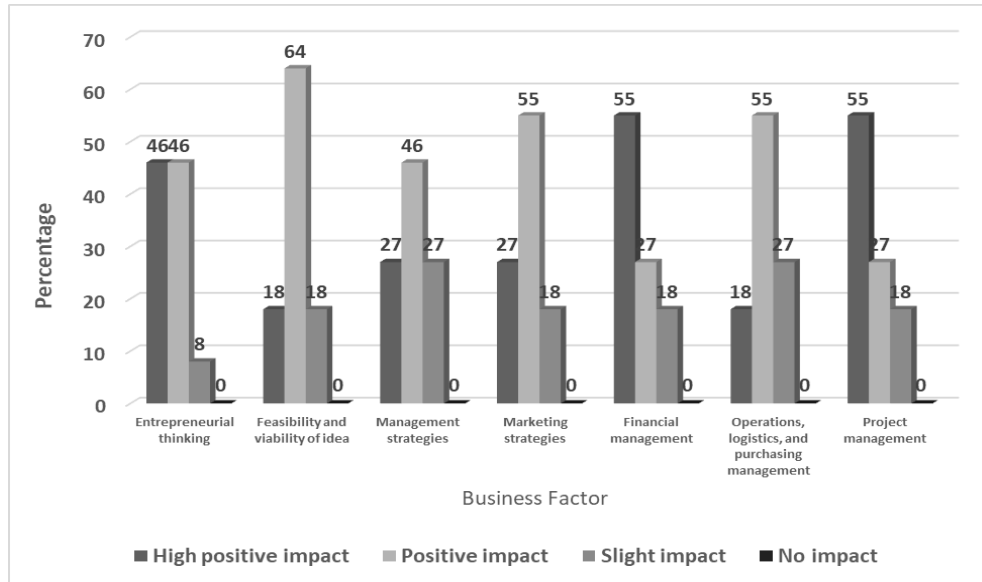


Figure 3c: Expectations of EDP students on the impact of training on the different business factors

- High positive impact on financial management and Project management were both at 55%. The perceptions afterwards for the two aspects were 73% for a high positive impact on financial management but closely on par (54%) for Project management.
- The expected high positive impact on Management, Marketing and Operations was lower than the positive impact. Comparing it with the perceptions, all the impacts on the mentioned three aspects have a high positive impact of more than 60%.
- Feasibility and viability were positive at 64%, but the perceptions afterwards were not so good at just over 50%.

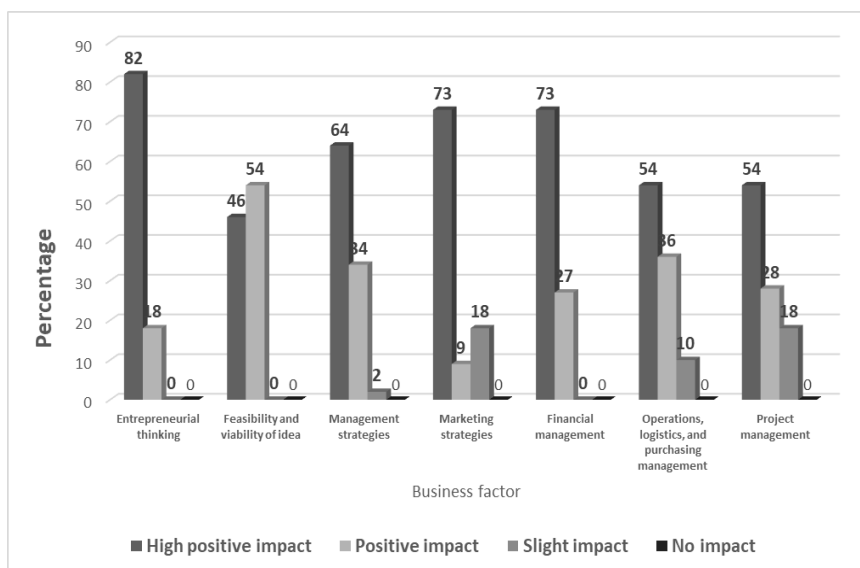


Figure 3d: Perceptions of EDP students on the impact of training on the different business factors

Table 1: Standard deviation of each variable

Variable	Expectations			Perceptions		
	Mean	SD	(α)	Mean	SD	(α)
Tangibility	3.80	.91	.745	3.54	.86	.738
Reliability	3.73	.94	.839	3.31	.95	.842
Responsiveness	3.50	.85	.841	3.41	.91	.790
Assurance	3.41	.86	.723	3.39	.94	.811
Empathy	3.29	.91	.802	3.27	.83	.758

The mean standard deviation of each variable and the results of correlation among variables are listed in Table 1. Mean value (3.80) of “Tangibility” dimension of expectation was highest while mean value (3.29) of Empathy dimension was the lowest. The statistics of Cronbach’s alpha (α) indicated that the estimated α of tangibility, reliability, responsiveness, assurance and empathy in expectation were .745, .839, .841, .723, .802 and in perception were .738, .842, .790, .811 and .758 respectively. The value of (α) was above the threshold value (Ravindran, et al., 2012). Mean value (3.54) of “Tangibility” dimension of perceptions was highest, while mean value (3.27) of Empathy dimension was the lowest.

5. Conclusion, Limitations and Recommendations

This study indicated a difference between the expectations and perceptions of the entrepreneurial students regarding the service quality of the EDP delivered to them by the *idea*-GYM at the CUT campus in Bloemfontein, Free State province. This study indicated some differences between the expectations and perceptions of the entrepreneurial students regarding the service quality of the EDP.

Results of this study showed that overall expectations were, in most cases, lower than the perceived service delivery around the different business aspects they received from the program. Results of this study showed that entrepreneurial students normally do not expect high-level, practical, applicable business and related aspects to help them in their business decisions. In a minor way, the presenters of the EDP need to take corrective action to remove the gap between expectations and perceptions of entrepreneurial students regarding the EDP service.

This research results are conducted only on the 46 entrepreneurial students enrolled in the EDP. This research captures only the students of the 2021 & 2022 programs at the CUT main campus in Bloemfontein. It could be conducted on all the entrepreneurial students also enrolled on the other campus (Welkom), so that the results would be more generalisable. This construct can also be used with other groups of entrepreneurs enrolling for the EDP. Since there are few studies in the literature review, it leaves more room for further research in this domain. The following are some of the main recommendations, according to the data analysis:

- More attention needs to be given in the Feasibility and Viability of a business or business idea. For any entrepreneur, it is important to do some pre-screening on the idea before investing more time, effort and money to draw up a full business plan.
- The tangible dimension of the SERVQUAL is very important because it consists of all the physical items that can be observed by entrepreneurs, which include the presenters of the course, the PowerPoint power point presentation slides, the practical examples in the program and the physical environment of the venue of the class.
- Empathy is the understanding of the needs of the individual entrepreneur on the EDP to ensure that the entrepreneurs on a specific program are more or less on the same level in their business development. A solution is to develop a matrix with some weights for different aspects of the matrix, then put each individual entrepreneur applying for the program through the same criteria in the matrix. Then, select the entrepreneurs with more or less the same percentage at the end of the criteria calculations. This will ensure that the program will consist of entrepreneurs of more or less the same calibre.
- Motivation to complete the program was already include in the 2022 program by including potential funding opportunities for the participant’s business. EDP participants who completed assignments and attended the workshops were invited to present to a panel of adjudicators at a hybrid event (online and in person) to showcase their businesses and the top four best businesses or business ideas received prize money to further their businesses.

In conclusion, the EDP is a very good entrepreneurial program because the perceptions of students, compared with their expectations, are mostly positive. The few gaps that exist, as mentioned in some of the few recommendations, will be addressed in the 2023 and 2024 programs. Feasibility and viability workshops need a different approach. Feasibility and viability perceptions afterward completion of the program was lower than initial expectations. The reason for this could be that businesses and business ideas varied among the group of participants and more sector-based feasibility and viability workshops should be offered to the participants.

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