

Entrepreneurial Training and MSME Performance: A Narrative Review of Competitiveness, Innovation, and Sustainability

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Abstract. Micro, small, and medium enterprises (MSMEs) depend heavily on the knowledge and decisions of owner-managers, yet evidence on entrepreneurial training reports uneven effects across programs and settings. This narrative review examined how entrepreneurial training influences MSME performance through competitiveness, innovation, and enterprise sustainability. Searches covered Google Scholar, Crossref Metadata Search, and the World Bank Open Knowledge Repository for English-language sources published from 2010 to 2026; seminal earlier works were retained for theory and construct definition. Search terms combined entrepreneurial or business training, MSME or microenterprise, performance, competitiveness, innovation, survival, sustainability, mentoring, and digital training. After duplicate removal and relevance screening, 41 full texts were assessed and 23 peer-reviewed works were retained for thematic synthesis. Priority was given to randomized and quasi-experimental studies, evidence reviews, and studies with transparent samples and outcome measures. Training more consistently improves business practices, financial and marketing capabilities, and entrepreneurial competencies than profits or sales. Stronger performance effects occur when content matches enterprise needs, emphasizes personal initiative or specialized marketing and finance skills, and is reinforced through mentoring, peer support, or follow-up. Innovation appears mainly through improved processes, market practices, and digital tools, while sustainability is reflected in survival, continuity, and adaptive capacity rather than environmental performance. Conflicting findings arise from short follow-up periods, underpowered samples, self-reported outcomes, participant selection, and differences in gender, sector, baseline capability, and delivery mode. Human Capital Theory explains skill accumulation, while the Resource-Based View explains how applied competencies become strategic firm resources. Entrepreneurial training is therefore a context-sensitive capability-building intervention, not a stand-alone universal solution.

Keywords: Competitiveness; Entrepreneurial Training; Innovation; MSME Performance; Sustainability

Introduction

Micro, small, and medium enterprises (MSMEs) are central to employment and local value creation, but their performance is often constrained by limited managerial systems, market information, technology, and finance. In the Philippines, microenterprises dominate the registered enterprise base, making owner-manager capability a practical policy concern (Department of Trade and Industry [DTI], 2022; World Bank, 2019). Entrepreneurial training is intended to address this constraint by improving financial management, marketing, operations, opportunity recognition, and decision-making. However, rigorous evaluations show that adopting better practices does not always translate quickly or uniformly into higher profits, sales, or survival (McKenzie & Woodruff, 2014; McKenzie, 2021).

This review treats entrepreneurial training as a structured learning intervention for current or prospective enterprise owners, including classroom business instruction, personal-initiative or soft-skills training, digital modules, mentoring, and individualized consulting. MSME performance refers to observable

or reported improvements in business practices, sales, profits, productivity, employment, or survival. Competitiveness is the enterprise's capacity to create and defend value through superior capabilities and market positioning; innovation is the adoption of new or improved products, processes, marketing methods, or ways of organizing work; and sustainability refers here to enterprise continuity, resilience, and the capacity to maintain performance over time. Environmental sustainability is outside the scope because it was not a consistent outcome in the reviewed training evaluations.

The literature leaves four connected problems. First, outcome measures vary widely, making positive findings difficult to compare. Second, average effects conceal differences by program content, baseline capability, gender, sector, and delivery mode. Third, many evaluations use short follow-up periods or samples too small to detect modest financial effects. Fourth, Philippine evidence is mainly descriptive or correlational and rarely tests causal, long-term effects of training (Capiña, 2021; Galvez et al., 2026). These limitations require a synthesis that distinguishes capability development from final enterprise outcomes and explains the conditions under which training is more or less effective.

Review Question and Objectives

The review asks: How and under what conditions does entrepreneurial training contribute to MSME competitiveness, innovation, and enterprise sustainability?

1. Synthesize evidence on the effects of entrepreneurial training on MSME capabilities and performance;
2. Compare how program content, delivery, and participant context shape competitiveness, innovation, and sustainability outcomes;
3. Interpret convergent and conflicting findings through Human Capital Theory and the Resource-Based View; and
4. Identify implications for researchers, policymakers, and training providers, particularly in developing-economy and Philippine settings.

Methodology

Research Design

A structured narrative review was used to integrate heterogeneous quantitative experiments, correlational studies, evidence syntheses, and contextual research. The guiding question was: How and under what conditions does entrepreneurial training contribute to MSME competitiveness, innovation, and enterprise sustainability? The design was interpretive rather than meta-analytic because the studies used different interventions, samples, follow-up periods, and outcome measures.

Research Locale

Searches were conducted from March to May 2026 in Google Scholar, Crossref Metadata Search, and the World Bank Open Knowledge Repository. The principal publication window was 2010-2026. Seminal pre-2010 works were retained only to establish Human Capital Theory, the RBV, and entrepreneurial-competency concepts.

Research Participants

Eligible sources were English-language peer-reviewed journal articles that examined training, mentoring, or capability-building for business owners or MSMEs and reported outcomes related to practices, competencies, profits, sales, productivity, innovation, employment, survival, or resilience. Evidence reviews and seminal theoretical works were also eligible. Studies focused only on entrepreneurial intention among students, employee training in large firms, or outcomes unrelated to enterprise capability or performance were excluded. Non-verifiable citations, duplicate reports, and sources whose claims could not be matched to the original publication were removed. The search yielded approximately 170 potentially relevant records. After deduplication and title-and-abstract screening, 41 full texts were assessed and 23 peer-reviewed works were retained. Government and multilateral reports were used only for Philippine context, not as primary evidence of training effects.

Research Instrument

Search strings combined variants of "entrepreneurial training," "business training," "management training," "MSME," "SME," "microenterprise," "performance," "competitiveness," "innovation," "survival," "sustainability," "mentoring," "personal initiative," and "digital training." Backward citation checking of major reviews and forward searching of frequently cited trials were also used.

Data Gathering Procedure

For each source, the review recorded location, participants, intervention, design, follow-up, outcomes, principal finding, and limitation. Findings were compared through iterative coding and grouped into four themes: (1) managerial capability and enterprise performance, (2) competitiveness through entrepreneurial competencies, (3) innovation and adaptive practices, and (4) sustainability, heterogeneity, and implementation conditions. The synthesis first identified convergence, then examined contradictory results through design, content, context, and time horizon.

Results and Discussions

The evidence supports a qualified conclusion: entrepreneurial training generally improves intermediate capabilities and business practices, while final performance effects are positive on average but smaller, slower, and more context-dependent. Table 1 summarizes representative studies that shaped the thematic synthesis.

Table 1. Summary of Representative Studies Included in the Review

Study / setting	Design / sample	Intervention	Main outcome	Critical synthesis
1. Mano et al. (2012), Ghana	Field experiment; clustered MSEs	Basic management	Practices and survival improved; profit evidence weaker	Capability gains may precede financial effects
2. de Mel et al. (2014), Sri Lanka	Randomized evaluation; women owners/prospective owners	Business training, with/without grant	Practices and entry changed; no average profit gain for existing firms	Owner status and complements matter
3. Valdivia (2015), Peru	Randomized evaluation; women microentrepreneurs	Business training plus technical assistance	Stronger short-term gains with added assistance; some fade-out	Follow-up support affects persistence
4. Field et al. (2016), India	Randomized counseling offer; women clients	Training alone or with a friend	Business activity increased mainly with peer attendance	Social constraints and peers shape impact
5. Campos et al. (2017), Togo	Randomized trial; microenterprise owners	Personal initiative vs. traditional business training	Personal initiative produced larger profit effects	Behavioral content can outperform generic instruction
6. Anderson et al. (2018), South Africa	Randomized trial; small firms	Marketing vs. finance skills	Both changed practices; performance pathways differed	Match content to enterprise needs
7. Brooks et al. (2018), Kenya	Randomized trial; inexperienced women owners	Mentoring vs. classroom training	Mentoring raised profits initially; gains faded as ties dissolved	Relationship continuity matters
8. Lafortune et al. (2018), Chile	Randomized trial; microentrepreneurs	Role models or individual consulting	Income increased; role models were more cost-effective for novices	Personalization and demonstration aid conversion
9. Higuchi et al. (2019), Tanzania	Experiment with medium-run follow-up	Management training	Persistent, selective practice adoption; some performance gains	Time horizon affects observed outcomes
10. Capiña Marinduque, Philippines (2021)	Descriptive-correlational study; assisted manufacturing MSEs	Management-practice assessment; no tested training intervention	Operational practices were positively associated with reported enterprise performance	Local evidence identifies training needs but does not establish causality

11.	McKenzie & Puerto (2021), Kenya	Market-level randomized trial; women owners	Business training	Higher sales, profits, and well-being after three years; limited displacement	Long-run and market-level effects matter
12.	Ubfal et al. (2022), Jamaica	Randomized trial; entrepreneurs	Soft-skills/personal initiative	Effects differed by gender and outcome	Average effects can conceal heterogeneity
13.	Dammert & Nansamba (2023), Liberia	Experimental evaluation; small firms	Skills training	Business outcomes improved selectively across participants/outcomes	Context and participant profile condition gains
14.	Estefan et al. (2024), Guatemala	Randomized evaluation; micro-retailers	Digital business training	Scalable delivery changed selected practices, with limited average performance effects	Reach does not ensure application
15.	Galvez et al. (2026), Iloilo, Philippines	Correlational survey; 50 SME owners/managers	Skills and competency assessment; proposed training program	Competencies were generally high and varied with education, age, and business experience	Useful for local training design; no intervention effect was tested

Research Question 1: Synthesize evidence on the effects of entrepreneurial training on MSME capabilities and performance.

Theme 1: Managerial Capability and Enterprise Performance

The most consistent effect of training is the adoption of practices in record-keeping, financial control, marketing, planning, and operations. Basic management training in Ghana and Tanzania improved management practices, although profit and sales effects were weaker or emerged over longer periods (Mano et al., 2012; Higuchi et al., 2019). Across developing-country evaluations, training often changes what entrepreneurs do before it changes financial outcomes (McKenzie & Woodruff, 2014). This sequencing supports Human Capital Theory: new knowledge raises productive potential, but application and market conversion take time.

The meta-analytic reassessment by McKenzie (2021) estimates average gains in profits and sales of roughly 5-10 percent. Such effects can be economically worthwhile while remaining statistically undetectable in small experiments. This explains an apparent conflict in the literature: a nonsignificant individual trial does not necessarily mean that training has no effect, and a positive self-assessment does not establish financial impact. Stronger causal interpretations therefore come from adequately powered designs, objective outcomes, and longer follow-up.

Program content also matters. In South Africa, marketing and finance training produced different pathways to performance, implying that entrepreneurs benefit from content matched to their business orientation and constraints (Anderson et al., 2018). Digital delivery can lower cost and expand reach, but the Guatemala experiment indicates that accessibility alone does not guarantee large performance gains (Estefan et al., 2024). Training should thus be judged by capability application and business outcomes, not attendance or completion alone.

Research Question 2: Compare how program content, delivery, and participant context shape competitiveness, innovation, and sustainability outcomes.

Theme 2: Competitiveness through Entrepreneurial Competencies

Competitiveness is strengthened when training develops capabilities that help firms recognize opportunities, understand customers, allocate resources, and respond faster than rivals. Entrepreneurial competency is positively associated with enterprise performance in Malaysia and Pakistan, but these cross-sectional relationships do not by themselves prove that a course caused the outcome (Ahmad et al., 2010; Al Mamun et al., 2019; Soomro et al., 2025). The RBV interprets these competencies as strategic resources only when they are applied and embedded in enterprise routines.

Evidence from personalized and relational interventions strengthens this interpretation. Mentoring raised profits among inexperienced Kenyan microentrepreneurs, although the gains weakened when mentor

relationships dissolved (Brooks et al., 2018). In Chile, role models and individualized consulting increased income, with role-model visits offering a more cost-effective option for less-experienced firms (Lafortune et al., 2018). These results suggest that competitiveness is not built through content alone; feedback, accountability, demonstration, and networks help convert knowledge into action.

Philippine studies identify high but uneven managerial, financial, technical, and opportunity-recognition competencies and recommend targeted capacity building (Capiña, 2021; Galvez et al., 2026). Their local relevance is valuable, but their descriptive and correlational designs cannot determine training impact. The evidence gap is therefore not whether Filipino MSMEs report skill needs, but whether specific training models cause sustained changes in objective performance.

Research Question 3: Interpret convergent and conflicting findings through Human Capital Theory and the Resource-Based View.

Theme 3: Innovation and Adaptive Practices

Innovation in the reviewed literature is most visible as improved processes, marketing experimentation, opportunity pursuit, and adoption of digital or managerial practices. Personal-initiative training in Togo outperformed conventional business instruction and generated substantial profit gains by emphasizing proactive goal pursuit, persistence, and problem-solving (Campos et al., 2017). The result indicates that innovation can arise from behavior-oriented capability, not only from technical product-development modules.

Other studies show that innovation outcomes are conditional. Financial instruction may improve control, whereas marketing training more directly supports customer acquisition and market experimentation (Anderson et al., 2018). Digital modules can transmit standardized knowledge efficiently, but low engagement, limited personalization, or complementary constraints may reduce application (Estefan et al., 2024). Innovation-oriented training should therefore combine relevant tools with experiments, coaching, and feedback tied to a real enterprise problem.

Research Question 4: Identify implications for researchers, policymakers, and training providers, particularly in developing-economy and Philippine settings.

Theme 4: Sustainability, Heterogeneity, and Implementation Conditions

Sustainability is supported when training contributes to continued operation, adaptation, and repeatable management practices. Several studies report effects on survival, start-up, or longer-run market activity rather than immediate profit alone (de Mel et al., 2014; Mano et al., 2012; McKenzie & Puerto, 2021). The Kenya market-level experiment is particularly important because trained firms recorded higher sales and profits after three years without clear evidence that their gains merely displaced nearby competitors (McKenzie & Puerto, 2021). This broadens sustainability from short-term income to durable enterprise activity and market development.

The evidence is nevertheless heterogeneous. Conventional training for women entrepreneurs in Sri Lanka improved practices but did not raise average profits among existing owners, while effects on prospective entrants differed (de Mel et al., 2014). In India, business counseling affected business activity when women attended with a friend, demonstrating the importance of peer and social constraints (Field et al., 2016). In Peru, adding individualized assistance produced stronger short-term outcomes than classroom content alone, but some effects weakened over time (Valdivia, 2015). Soft-skills training in Jamaica also produced gender-differentiated effects rather than universal gains (Ubfal et al., 2022).

These conflicts do not invalidate training; they identify its boundary conditions. Gendered time burdens, mobility and household norms, baseline business maturity, sector, access to finance, and the continuity of mentoring influence whether new capability becomes performance. Experimental evidence from Liberia likewise shows that skills programs can improve enterprise outcomes but that effects vary across participants and outcomes (Dammert & Nansamba, 2023). A one-size-fits-all course is therefore inconsistent with the evidence.

Integrated Theoretical Interpretation

The combined evidence suggests a capability-conversion pathway. Training first develops human capital through knowledge, skills, confidence, and managerial routines. Those gains contribute to competitiveness, innovation, and sustainability only when the entrepreneur can deploy them as firm resources. Mentoring, peer support, finance, technology, market access, and sufficient time strengthen this conversion; structural constraints weaken it. Human Capital Theory explains capability acquisition, while the RBV explains

why applied, embedded, and context-specific competencies produce more durable advantage than generic course completion.

Ethical Considerations

The review used publicly available published sources and did not involve human participants, personal data, or direct data collection; therefore, formal ethics approval and informed consent were not required. Ethical research practices were observed through accurate attribution, verification against original or publisher records, objective representation of findings, and removal of unsupported or misattributed claims.

Conclusion

Entrepreneurial training contributes most reliably to MSME performance by improving managerial practices and entrepreneurial competencies. Its effects on competitiveness emerge through better customer, financial, opportunity, and strategic decisions; innovation occurs through process, marketing, behavioral, and digital adaptation; and sustainability appears in survival, continuity, resilience, and longer-run market activity. Profit and sales effects are positive on average but generally modest and uneven. The strongest results occur when training is needs-based, behaviorally engaging, reinforced through mentoring or peers, and evaluated over sufficient time. Human Capital Theory explains why learning and practice adoption are early outcomes, whereas the RBV explains why only capabilities that are applied and embedded become sources of sustained advantage. The review therefore rejects both extremes: entrepreneurial training is neither ineffective nor automatically transformative. It is a context-sensitive capability-building intervention whose results depend on program design, participant constraints, complementary support, and measurement quality.

Recommendations

For Researchers, use adequately powered longitudinal and mixed-methods designs with baseline, immediate, and 12- to 36-month follow-ups. Measure objective sales, profit, employment, innovation adoption, and survival alongside self-reported capability and behavior. Report effects by gender, sector, enterprise maturity, baseline capability, and delivery mode, and document attrition and implementation fidelity. For Policymakers, commission sector-specific and gender-responsive training based on diagnosed enterprise constraints rather than standardized seminar menus. Combine training with appropriate mentoring, market linkage, digital access, and finance, while testing whether each complement adds value. Fund long-term monitoring and use business records or administrative data to assess additionality, survival, and possible market spillovers. For Training Providers and Practitioners, use practice-based modules built around participants' real cash flow, customers, operations, and innovation challenges. Segment participants by experience and need; offer personal-initiative, marketing, finance, and digital tracks rather than identical content for all. Provide scheduled coaching, peer accountability, and post-training checkpoints so knowledge is converted into routines and measurable action.

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