ENTREPRENEURIAL COMPETENCIES: A REQUIRED SKILL FOR BUSINESS PERFORMANCE

Pepple, Grace Jamie
Department of Business Management, Faculty of Management Sciences
University of Calabar, Calabar, Nigeria

Enuoh, Rebecca Oliver
Department of Business Management, Faculty of Management Sciences
University of Calabar, Calabar, Nigeria

ABSTRACT: The competitive nature of our business environment requires innovativeness and creativity to achieve performance. Being innovative and creative is important but being competent is very vital for any business growth. These can be achieved through training, learning new skills, attitudes, personal relationships, being initiative, information seeking and the rest to achieve entrepreneurial objectives. The paper therefore examines the competencies required for entrepreneurial performance, as influenced by personal traits and leadership skills. The paper adopted a theoretical approach and reviewed the relevant literature as a basis for the examination of entrepreneurial competencies and performance. Finding shows that engaging in entrepreneurial core competencies, personal traits and learners skills are positively related to business success. Engaging in managerial role, entrepreneurs require organizing and relationship competencies which are positively related to business success. The study recommended that government should be devoted to allocating resources for training and education. Entrepreneurs should desire entrepreneurship training and be more proactive. The study concluded that though entrepreneurial competencies are learnable through entrepreneurial training programmes and education they also serve as yardstick for formulating appropriate strategies and which when implemented enhance the attainment of business goals.

KEYWORDS: entrepreneurial competencies, skill, business, performance

Background to the study

In a competitive business environment, the entrepreneurs are expected to have the requisite competencies such as attitudinal, intellectual, behavioral and managerial to be able to create business value in today’s economy. Entrepreneurs are agents of economic change. A competent entrepreneur must have specific knowledge of the business, play social roles and remain skillful, creative, passionate, motivative, optimistic, persuasive, flexible, resourceful, assume risk, excellent planner, problem solver and the rest. Entrepreneurial competence can be learnable and possible to change through intervention such as selection and teaching of entrepreneurship (Man et al., 2008). The nature of entrepreneurial competencies is important for improving entrepreneurship.

Previous studies have attempted to categorize entrepreneurial characteristics and competencies. Huck and McEwen (1991) found that most vital competency areas for Jamaican entrepreneurs are planning, budgeting and marketing. Whereas, Chandler and
Jansen (1992) emphasized that the capability to identify and forecast, taking advantage of opportunities to see firms creation through to end are very important. By viewing the real behavior of an entrepreneur, the characteristics of entrepreneurial competencies can be investigated from process perspectives. Man et al. (2008) defined the entire capability of the entrepreneur to execute the job role fruitfully as the entrepreneurial competency and their work. The authors identified six major competency areas as: opportunity, organizing, strategic, relationship, commitment and conceptual competencies. We exploit this categorization of entrepreneurial competencies for current study because of its comprehensiveness.

The entrepreneurial personal traits and learners skill, if carefully followed can produce outstanding performance and maximize profit in the business. According to Man et al. (2008) relationship competencies speak about interactions, e.g., co-operation with environment, using relations, persuasive ability, communication and interpersonal skill. As described by Bird (1995) the relationship building is considered as entrepreneurial bonding, which comprises relationship making and reforming. Having strong competency in committing, determining and taking positive actions towards their responsibilities and tasks are important characteristics of successful entrepreneurs and which according to Chandler & Jansen (1992), constitute the entrepreneurial role that drive the firm to success. This equivalent to the entrepreneurial role of driving to see end results of the firms (Chandler & Jansen, 1992).

The environment is becoming ever more complex, entrepreneurs becoming more creative and innovative but without being competent the growth of any business will be truncated. Therefore, in order to diminish the negative consequence of the challenging business environment it is important that the entrepreneurs act proactively within the environment. Entrepreneurial competencies are becoming more important but some entrepreneurs are not creative, not risk takers, not passionate about what they do, not proactive and not available or willing to learn new skills either because of lack of knowledge, or lack of information. This can only be achieved when the owners of the business themselves try as much as they can to be innovative, risk takers, passionate, dutiful, and ready to learn new skills that will make them competent.

Entrepreneurs are challenged to step up their competencies in order to succeed in entrepreneurial actions (Brinckmann, 2008). A few studies have been conducted to identify the relationship between managerial or entrepreneurial competencies and performance of the firm (e.g. Chandler & Jansen, 1992; Chandler & Hanks, 1994; Man et al., 2008). Rarely has any empirical study examined the link between entrepreneurial competencies as it involves the intersection of personal traits and learners’ skills. This is the research gap this paper seeks to fill by examining the competencies required for entrepreneurial performance: the intersection of personal traits and learners skills.

The main purpose of this study was to examine the competencies required for entrepreneurial performance: the intersection of personal traits and learners skills. Specifically, the study was carried out to:

1. Evaluate the relationship between owners’ innovation skills and entrepreneurial performance;
2. Investigate how business passion contribute to the performance of entrepreneurs;
3. Determine the contribution of risk-taking on the performance of entrepreneurial ventures
4. Establish the relationship between personal trait, creativity and learners skills.

THEORETICAL FRAMEWORK

After a careful consideration of the various theories related to entrepreneurship and organization, the resource dependency theory was selected; hence it is the most suitable for the study. According to Pfeffer & Salancik (1978), Resource dependence theory is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy.

The theory was propounded by Mayer (1999). This theory introduces accessibility to resources. The theory points out that organization usually tend to reduce the uncertainty of external influence by ensuring that resources are available for their survival and development. This theory shows that the strength of any business depends in the information it has at its disposal. Resource dependency theory is vital here because entrepreneurs need information, training, educations and various skills to remain competent and add value to their businesses and this can only be achieved from the information gathered.

Empirical review

Onwuchekwa, Ejike & Mgbemena (2017) carried out a study on “The role of entrepreneurial competencies in promoting entrepreneurship in Nigeria: A study of practicing entrepreneurs in Anambra State, Nigeria”. The major findings are that entrepreneurial failures in Nigeria should not be seen only in the area of inadequate access to financial resources, as the entrepreneur also needs to acquire competencies in the areas of time management, communication, marketing, decision making and financial management. In the light of the findings, it was recommended that the government should encourage the entrepreneurs to develop the identified competencies for effective performance in their business among other recommendations.

Inyang & Enuoh (2006) carried out a study on “Entrepreneurial Competencies: The Missing Links to Successful Entrepreneurship in Nigeria”. The study identified that the missing links to successful entrepreneurship as entrepreneurial competencies, defined as the cluster of related knowledge, attitudes, and skills which an entrepreneur must acquire or possess to enable him produce outstanding performance and maximize profit in the business. These entrepreneurial competencies were the critical success factors to entrepreneurship, and they deserve serious consideration in entrepreneurial discourse and not to be neglected.

Botha, Vuuren & Kunene (2015) carried out a study on “An integrated entrepreneurial performance model focusing on the importance and proficiency of competencies for start-up and established SMEs”. It was found that start-up, as well as established SMEs, consider
enterprising competencies as important. The established group considered themselves very proficient in both the functional and entrepreneurial competencies while the divergent was true for the start-up group. This finding implies that start-up SMEs need to focus on the importance of functional competencies if they want to increase their chances of becoming established businesses.

Abdullah, Perasna, Noorshella, & Raihani (2016) carried out a study on “Entrepreneurial Competencies and Performance of Informal Micro-Enterprises in Malaysia. Findings of the path analysis using variance-based structural equation modeling (SEM-PLS) revealed that informal micro-entrepreneurs’ risk-taking propensity and self-efficacy have a significant positive effect on micro-enterprise performance. Development programmes and policies should, therefore, focus on increasing low-income informal micro-entrepreneurs’ self-efficacy and ability to take risks in order to take advantage of all the income generating opportunities available to them, which would ultimately lead to the improvement of the socio-economic condition of low income households in Malaysia.

Endi, Surachman, Armanu, & Djumilah (2013) carried out a study on Entrepreneurial Characteristics and Competency as Determinants of Business Performance in SMEs in Indonesia. The purpose of this research is to empirically test the influence of entrepreneurial characteristics and competencies on business performance in small and medium enterprises (SMEs). The results of this study indicate that the entrepreneurial characteristics have a significant influence on business performance. Entrepreneurial competencies as mediating in the relationship between entrepreneurial characteristics and business performance. It means the more powerful entrepreneurial characteristics will lead to an increase in the competence of the SMEs owner, which will ultimately have an effect on business performance.

Zizile, T., & Tendai, C. (2018) carried out a study on “The importance of entrepreneurial competencies on the performance of women entrepreneurs in South Africa”. The study investigated the importance of entrepreneurial competencies on the performance of women entrepreneurs in South Africa. The objectives of this study were to identify key entrepreneurial competencies that influence the performance of women entrepreneurs, to establish a relationship between entrepreneurial competencies and the performance of women entrepreneurs and to suggest strategies that can be implemented to improve entrepreneurial competencies of women entrepreneurs. The finding of this research showed that entrepreneurial competencies are crucial for the survival and performance of SMEs.

Ogunmilade, O. J. (2017) carried out a study on “Entrepreneurial competencies required by technicians for success in small scale automobile maintenance enterprises in Lagos State. It was found that 24 personality competencies, 22 managerial competencies and 15 marketing competencies are required by technicians for success in small scale automobile maintenance industry in Lagos State. It was recommended that all the entrepreneurial competencies identified should be packaged and used to prepare automobile technicians in Lagos State.

Sundah, Langi, Maramis, & Tawalujan (2018) carried out a study on “Developing entrepreneurial competencies for successful business model canvas in Indonesia. The empirical results show that entrepreneurial competencies which consist of managerial
competencies, technical competencies, marketing competencies, financial competencies, human relations competencies, and the specific working attitude of entrepreneur has a positive and significantly effect on business model canvas. Additionally, the empirical cases and discussion with 2 groups of entrepreneurs support the quantitative result and it found that human relations competencies have greater influence in achieving successful business model canvas.

The roles of SME entrepreneurs
In SMEs, the critical resources are likely to be held by the individual entrepreneurs that are reflected in their skills, knowledge, abilities, experience and education. Being the key decision makers, the entrepreneurs have high influence on the formulation of business strategy and are responsible to set the roadmap for their firms to move towards the set goals. The lack of separation between ownership and control in small firms suggests that the business owners themselves are responsible for the direction and the development of their firms. Various studies have confirmed that the person who forms a venture is ultimately responsible for its success or failure.

Entrepreneurial role
Engaging in entrepreneurial role involves performing activities such as developing challenging but achievable vision, formulating strategies, perceiving unmet consumer needs, scanning the environment, spotting high quality opportunities and producing superior products or services. These roles require entrepreneur’s alertness, innovativeness and creativity, strong commitment and conceptual ability to seek, identify, assess and seize opportunities and transmute them into profitable outcome.

Managerial role
As the owner-managers who have the overall control of the firms, entrepreneurs especially in SMEs are required to take up managerial role. Managerial tasks reflect activities such as planning, organizing, directing and controlling various resources in organization. These functions are said to be goal-directed, interrelated and interdependent. Planning, for example, involves devising a systematic process for attaining the goals of the organization and organizing involves arranging the necessary resources to carry out the plan (Chandler & Hanks, 1994). These resources include people, technology, facilities and equipment, materials and supplies information and money. Directing generally involves guiding, leading and overseeing of employees to achieve organizational goals, while controlling involves verifying that actual performance matches the plan.

Functional Role
As business owners, SME entrepreneurs are also engaged in functional role. Assuming this role requires possession of technical knowledge and procedures relevant to specific field and also the ability to utilize tools (Chandler & Jansen, 1992). The importance of having technical capabilities in conducting business has been highlighted in many studies (Baum, 1995; Winterton, 2002) suggesting that possessing specific skills in job-related activities is a vital requirement for entrepreneurs. Practically in SMEs, training employees internally would incur less cost compared to sending staff for external training courses.
Entrepreneur’s competencies

Competencies are underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth (Bird, 1995). Similarly, Baum et al., 2001 define competencies as individual characteristics such as knowledge, skills and/or abilities required to perform a specific job. By incorporating the findings of mainly Man (2001) and a qualitative research of Ahmad & Seet (2009) together with a few other similar researches, an analysis is developed to identify the competencies that can be linked to the role played by SME entrepreneurs.

Strategic Competency

Strategic competency involves strategic thinking which reflects the ability of the organization’s leader to develop future vision and take strategic action which requires them to think beyond day-to-day operations (Stonehouse & Pemberton, 2002). Having this vision allows entrepreneurs to focus their actions and decisions more strategically and when achieved will give their firms significant advantages over the competitors. Also by having a set of clear goals and an overall picture of where and how the firm is going to compete, entrepreneurs are able to formulate appropriate strategies and implement them to achieve the preset goals. These strategies serve as a bridge that links firms’ resources and their capabilities to gain competitive advantage.

Conceptual Competency

Conceptual competency is related to the ability to think out of the box which is often reflected in the ability to stimulate new thinking patterns and develop new ideas and concepts which may sometimes require deviation from the normal procedure of doing things (Michalko, 2000). This ability allows entrepreneurs to do things differently take on new perspectives create value in new ways as well as focus on finding new ideas and act on them (Thompson et al., 1997). The ability to think analytically and to cope with uncertainty depends heavily on conceptual abilities (Bird, 1995). According to Man & Lau (2008), conceptual competency reflects the conceptual abilities of entrepreneurs such as analyzing, problem solving, decision-making, innovating and risk taking.

Opportunity Competency

One aspect of entrepreneurial role is the ability to recognize and taking advantage of opportunities. This competency is also associated with the ability of entrepreneurs to seek, develop and assess high quality opportunities that are available in the market (Man & Lau, 2001). The recognition of high quality opportunities prompts entrepreneurs to create organizations and embrace considerable risks to turn these opportunities into positive outcome. It was revealed that an important competency requirement for growing companies is the readiness to seize relevant opportunities (Snell & Lau, 1994). Entrepreneurs are also required to engage in a continuous search for products and services that could add value for the buyers or end users because the decision to exploit the opportunities depends on the entrepreneurs’ knowledge of customer demand (Choi & Shepherd, 2004).

Organizing and leading competency

Being the owner of a business, entrepreneurs are required to take up a variety of tasks and handle different functional areas which demand the ability to plan and organize various resources in the organization (Chandler & Hanks, 1994). McClelland (1987) suggests that
monitoring is essential in keeping the firm operating efficiently, suggesting that business owners should be able to monitor closely their business activities so that activities are appropriately carried out. In addition, the management of human resources in SME is reported as distinctive activities which require entrepreneurs to equip themselves with organizing skills especially leading, delegating, couching and training (Martin & Staines, 1994).

**Relationship competency**
In business, entrepreneurs are required to deal with a lot of people including suppliers, customers, employees, government authorities, competitors and other stakeholders. Being in contact with a diverse set of individuals is important for entrepreneurs because it gives them access to information and other resources (Jenssen & Greve, 2002). In doing so, entrepreneurs need to have good relationship competency to enable them to advance in their business. This is in line with resource dependency theory (Barringer & Harrison, 2000) which suggests that entrepreneurs use their social relations to get the resources they need to launch a business (Hansen, 2001; Jenssen, 2001).

**Technical competency**
Technical competency includes the ability to use and adopt technical skills including the techniques and tools handling which are relevant to the business (Martin & Staines, 1994). This involves possessing knowledge of instruments and the functioning of tools, machines or research procedure as well as mastery of tasks or content of work. It has been proposed that engaging in functional role, entrepreneurs require technical competency to ensure that business-related tasks could be accomplished satisfactorily (Chandler & Hanks, 1994). (Baum et al, 2001) has endorsed this by suggesting that that technical skill is an important requirement for entrepreneurs to create successful ventures.

**Personal competency**
Personal competency refers to important personal qualities and abilities that help in building up personal strength and enhance an individual effectiveness in performing certain challenging tasks such as managing one own business (Man & Lau, 2000). This may include determination and self-belief (Thompson, D. J. & Stout, D. G., 1997), emotional intelligence and self-awareness (Goleman, D. 1998), self-control and stress tolerance (Markman & Baron, 2003), self-motivation (Martin & Staines, 1994) as well as self-management (Winterton, 2002).

**Entrepreneurial competences and skills**
Due to the need to develop personal traits and competences necessary for an entrepreneur (e.g. creativity, recognizing business activities, innovativeness, ability to find solutions and make deals) it is the task of educational institutions and also institutions carrying out entrepreneurship policy to direct study programmes to developing students’ skills according to the needs of specific target groups carrying out corresponding studies to support the mapping of these needs.

**Entrepreneurship training/education and learner skills**
The increasing recognition of the role of training and education in providing entrepreneurs with the necessary business skills and acumen to plan and grow their business ideas is
inevitable. This is because human capital theory justifies that the investment in knowledge, skills, and abilities enhances the productive capacity, competencies to engage in a more enterprising, innovative and flexible manner in a changing workplace environment (Njoroge & Gathungu, 2013). Entrepreneurial training and education reinforce knowledge, skills, and attitude and these influences innovativeness and entrepreneurial behaviour pattern. For instance, the entrepreneurial training and education by government in Nigeria is a measure for potential small business improves performance which aimed at creating jobs and boosting the economy.

Entrepreneurship training and education enhances competencies of entrepreneurs such as creativities, innovativeness, agility required for start-up of business (Byun Sung, Park & Choi, 2018). This has made government to show interest in entrepreneurship training/education to enhance strategic thinking and provide the required skills to succeed in a complex business environment. Del-Mel, McKenzie & Wooduruff (2014) in their study pointed out that entrepreneurship training programmes are designed to promote self-employment through business creation. This implies that the impact of these programmes on start-up activity is modest. Entrepreneurship education and training has a vital role to play in the development of entrepreneurial attitudes, skills, and abilities. Some of the importance of entrepreneurship training and education are:

i. Entrepreneurship training programme impact business performance such as income, sales, profits and inventory (Cho & Honorati, 2014)

ii. Entrepreneurship programmes are more effective with regard to boosting business knowledge and good business practices (Del-Mel, McKenzie & Wooduruff, 2014)

iii. It enhances the confidence and sense of empowerment among entrepreneur

iv. Entrepreneurial skills are developed through education and training, thus the establishment of entrepreneurial education is seen as a possible measure to promote entrepreneurship (Ori & Theuri, 2016).

v. Entrepreneurial education is the purposeful intervention to impact entrepreneurial qualities and skills to enable the learner to survive in business.

vi. It aims at equipping learners with skills, knowledge and disposition that can help them develop innovative business plan.

vii. Learning experience acquired through enterprise training offers knowledge and skills for effective performance of activities and this makes startups needs of a business to be easy

Hence, a study by Bawuah, Buame & Hinson (2006) reveal that individuals who attend entrepreneurship courses have higher tendency to start their own business and survive rather than others who do not attend entrepreneurship courses.

**METHODOLOGY AND FINDINGS**

The approaches for this study include theoretical approach and literature review used for the study includes: desk research, internet, data from secondary sources and other qualitative methods.

In the course of the study, the following findings were made:

1. Engaging in entrepreneurial role, entrepreneurs require strategic, opportunity, commitment, conceptual competencies and these competencies are positively related
to business success. Entrepreneurs also take up tasks and activities that mirror managerial role.

2. Engaging in managerial role, entrepreneurs require organizing and relationship competencies and these competencies are positively related to business success.

3. Engaging in functional role, entrepreneurs require technical competency and this competency is positively related to business success.

4. Engaging in entrepreneurial, managerial and functional roles requires personal competency to support entrepreneurs in accomplishing various tasks and these personal competency is positively related to business success.

CONCLUSION AND RECOMMENDATIONS

Entrepreneurs are believed to hold vital positions in the organization they have created and are agents of economic change. Exploring the environment enables the entrepreneurs to recognize and spot high quality opportunities that will benefit their business. In translating these opportunities into positive outcome, entrepreneurs are required to carefully manage their internal and external resources. Although some of the resources are readily available in the environment, it still depends on the ability of the entrepreneurs themselves to get access to those resources and mobilize them. Clearly, entrepreneurs should engage in complex tasks and be more skillful, creative, innovative, and be ready to learn more and skills.

The complexity of tasks undertaken by entrepreneurs dictates that they need to be proactive that would ensure their survival and success in the industry. Their business visions and personal goals are also believed to affect the way they run their organization. It is important for entrepreneurs to equip themselves with relevant competencies that will eventually enhance their business performance.

With the significant contribution of entrepreneurs to national development, the following recommendations are adduced:

1. The government should be devoted to allocating resources for training and education to ensure that strategic competency is acquired by entrepreneurs to enhance smart decision-making, foster planning and help solve problems through developed skills, knowledge and abilities for the actualization of enterprise goals.

2. Trainers of entrepreneurs should conceptual competency as a tool for innovative practice to create new products and coordinate all interest towards effective performance and growth of the business.

3. Entrepreneurs should desire entrepreneurship training programs as measure for boosting business knowledge; good business practices, and enhances confidence and sense of empowerment among entrepreneur.

4. Adequate personal traits and learners skills of entrepreneurs should be improved upon through effective entrepreneurial education where learners are equipped with skills, knowledge and disposition to meet startup needs in an effective and innovative way for business growth.
REFERENCES


