Entrepreneurial Competencies on the Performance of Small and Medium Scale Enterprises in Rivers State

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Abstract
This study investigated the effect of Entrepreneurial Competencies on the performance of small and medium scale enterprises in Rivers State. The study used Entrepreneurial Skills (ES), Entrepreneurial Characteristics EC) and Entrepreneurial Motives (EM) to proxy Entrepreneurial Competencies as the independent variables whereas increased sales, increased profit, customer's satisfaction and employment generation were used to proxy SMEs performance as the dependent variable. A total of four hundred and forty (440) copies of the questionnaires were administered to the selected SME in Rivers State, out of which four hundred and twenty-six (426) copies representing 96.8 percent of the questionnaire were properly completed and retrieved. The instruments used to gather information for this study includes questionnaires. Two different statistical methods were employed to analyze the data for the study; mean score analysis and the linear regression methods were used for the analysis. The result revealed that Entrepreneurial Skills (ES) have a negative and a significant effect on the performance of small and medium scale enterprises in Rivers State. Entrepreneurial Characteristics (EC) have a positive and an insignificant effect on the performance of small and medium scale enterprises in Rivers State. Entrepreneurial Motives (EM) have a positive and a significant effect on the performance of small and medium scale enterprises in Rivers State. The study therefore concludes that Entrepreneurial Skills reduces SMEs performance while Entrepreneurial Characteristics (EC) and Entrepreneurial Motives (EM) increases SMEs performance in Rivers State. The study recommends that there is need to provide more support and training for entrepreneurs in areas such as financial management, risk assessment, and teamwork. This could help to ensure that entrepreneurs are making decisions that are in the best interest of their businesses and avoiding the pitfalls of over-investment and excessive risk- taking.

Keywords: Entrepreneurial, Performance, Skill, Competency, Enterprises

INTRODUCTION

The contributions of Small and Medium Enterprises (SMEs) to economic growth and development of nations have been widely recognized and well documented by researchers and policy makers universally (Kalpande, *et al.*, 2010; Shastri, Tripathi, & Ali, 2011; Martey *et al.*, 2013). Sanni (2009) argued that small and medium scale enterprises are the best scale of businesses for developing economies. Nigeria, being among the developing countries had also change its focus in the last three decades as successive governments have shown much interest in enhancing the development and growth of SMEs.

According to Fatoki (2011), problems encountered by small businesses are numerous and can be described among others as being environmental, financial or managerial. In a study on why businesses fail, West and Wood (2022) found out that 90% of all business failure result from lack of entrepreneurial expertise. Charles and Babatunde (2020) also identified incompetence as the most fundamental factor causing poor performance of SMEs. The effective utilization of the substantial financial resources provided under the schemes might have been constrained by such factors as lack of entrepreneurial competencies.

Entrepreneurial Competencies can be defined as the combination of the owner-manager's identifiable characteristics, skills and motives that are vital in managing a business. Given the myriad of challenges faced by SMEs, the benefits of having a competent entrepreneur cannot be overemphasized (Ogechukwu, 2011).

In spite of the fact that entrepreneurial competencies were generally assumed to be positively related to small and medium scale enterprises performance, there are some evidences that this assumption does not always hold true. Previous studies aimed at establishing the direction of relationship between competencies and performance reported inconsistent results. While (Julius, 2011: Fatoki, 2014) reported positive relationship, (Ojo, 2017; Sanda, 2011) reported negative relationship. For example, Sanda (2011) found that despite high competence level exhibited by executives of small businesses, it appeared not to have positive impact on their performance. What conclusion can we therefore deduce from these inconsistencies? In line with the inconsistencies, Mitchelmore and Rowley (2010) in a literature review on entrepreneurial competencies suggested the need for further rigorous research on the relationship between entrepreneurial competencies and entrepreneurial performance and business success. Thus, this study focuses on clearly investigating the effect of entrepreneurial competencies on the performance of small and medium scale enterprises in Rivers State. The Objectives of this study were to;

i. determine the effect of entrepreneurial skills on the performance of SMES in Rivers State.
ii. examine the effect of entrepreneurial characteristics on the performance of SMEs in Rivers State
iii. investigate the effect of entrepreneurial motives on the performance of SMES in Rivers State and
iv. access the perception of entrepreneurs on the performance of small and medium scale enterprises in Rivers State

Methodology

Research Design

The study adopts a survey research design which is cross-sectional in nature. Primary data were collected from the population of the study using survey questionnaire.

Population of the Study
The population of the study consists of 3 million small and medium scale enterprises owners-managers operating their businesses within Rivers State as at 2022 and are registered with SMEDAN. The list was obtained from the Rivers State SMEDAN office.

Sampling Procedure and Sample Size
The sample size of the study is determined using Yamane formula, the total sample size used in this study is 440 persons who lived in the study area. To ensure randomness, the Bourley's 1964 population allocation formula is used to determine the individual sample size.

Data Collection Methods and Sources
Primary data was used for the study in order to guide the researcher in making meaningful findings and conclusions. The study obtained the data through administering of questionnaire to registered owner-managers operating SMEs in the state.

Method of Data Analysis
The data for this study was analyzed first by using descriptive statistics to determine the social; demographics of the level of entrepreneurs, mean score analysis to determine the level of effect entrepreneurial skills, entrepreneurial characteristics and entrepreneurial motives have on SMEs performance in Rivers state and multiple regression analysis was used to determine effect of entrepreneurial skills, entrepreneurial characteristics and entrepreneurial motives on SMEs performance in Rivers state

Model Specification
SP is regressed on ES, EC and EM. As such the combined effect of the three independent variables i.e. entrepreneurial skills, entrepreneurial motives and entrepreneurial characteristics on the dependent variable (SMEs performance) is determined on Multiple Regression as:

$$SP_i = \alpha_0 + \beta_1 ES_i + \beta_2 EC_i + \beta_3 EM_i + \varepsilon$$

Where
ES_i = Perceived Entrepreneurial Skills
EC_i = Perceived Entrepreneurial Characteristics
EM_i = Perceived Entrepreneurial Motives
SP_i = Perceived SMEs Performance
α_{0i} = Constant (value of the dependent variable when the independent variable is zero)
β = Regression Coefficient
ε = Error Term

RESULTS AND DISCUSSION
Information about the socioeconomic characteristics of Entrepreneurs in the study area are presented in Table 1

Table 1.   Socioeconomics Characteristics of the Respondents in The Study Area

Gender	Frequency	Percent
Male	206	45.9
Female	220	54.1
Total	**426**	**100.0**
Business Size	**Frequency**	**Percent**
Micro Enterprise	196	46.0

Small Enterprise	207	48.6
Medium Enterprise	23	5.4
Total	**426**	**100.0**
Age	**Frequency**	**Percent**
20-30 Years	18	4.2
31-40 Years	98	23.0
41-50 Years	94	22.1
51-60 Years	114	26.8
61 Years and Above	102	23.9
Total	**426**	**100.0**
Educational Qualification	**Frequency**	**Percent**
WAEC	30	7.1
OND/NCE	71	16.7
HND/First Degree	94	22.0
Masters	231	54.2
Total	**426**	**100.0**
Years in Business	**Frequency**	**Percent**
Less than 5 Years	85	20.0
5-10 Years	34	8.
11-15 Years	162	38.0
16 Years and Above	145	34.0
Total	**426**	**100.0**
Years in Business	**Frequency**	**Percent**
Less than 10	207	48.6
11-49	219	51.4
50-199	0	0.0
Above 200	0	0.0
Total	**426**	**100.0**

Source: Researcher's Computation, 2023

Table 1 shows gender distribution of the respondents. It shows that most of the respondents are males representing 51.2 percent followed by female representing 48.8 percent. Most of the respondents are micro enterprises representing 46.4 percent followed by Small Enterprises representing 31.3 percent while the least are Medium Enterprises representing 22.3 percent. Most of the respondents fall within the age bracket of 21-30 years representing 43.8 percent followed by 31-40 years representing 32.1 percent while the least fall within 51-60 years representing 8.6 percent. Educational qualification of the respondents shows that most of the respondents has HND/First Degree representing 43.2 percent followed OND/NCE holders representing 22.3 percent while the least has master's degree holders representing 13.1 percent. Length of time in business or years in business of the respondents shows that most of the respondents have spent 5-10 years in business representing 41.4 percent followed those who have spent less than 5 years in business representing 39.9 percent while the least in business are 16 years and above representing 5.3 percent.

Table 2: Mean responses of the effect of entrepreneurial skills on the performance of small and medium scale enterprises in Rivers State

A	The Following Entrepreneurial Skills enhanced my Business	SD	D	A	SA	N	Mean	STD	Decision
ES1	Knowledge of the local market and customer base.	81	33	162	150	426	2.89	1.09	Accept
ES2	Understanding of the regulatory environment.	40	123	151	112	426	2.79	0.94	Accept
ES3	Networking and relationship building skills.	30	137	172	87	426	2.74	0.86	Accept
ES4	Ability to identify and take advantage of opportunities.	26	110	180	110	426	2.88	0.86	Accept
ES5	Flexibility and adaptability.	14	57	218	137	426	3.12	0.76	Accept
ES6	Taking courses or training programs in business, finance, and other relevant topics.	35	48	223	120	426	3.00	0.85	Accept
ES7	Networking with other entrepreneurs.	12	36	162	216	426	3.37	0.76	Accept
ES8	Participating in workshops and seminars.	0	34	196	196	426	3.38	0.63	Accept
ES9	Attending trade shows and industry events.	52	58	177	139	426	2.95	0.97	Accept
ES10	Working with a mentor or coach.	16	124	198	88	426	2.84	0.79	Accept
ES11	Practicing and applying your skills in real-world situations.	11	88	194	133	426	3.05	0.79	Accept
ES12	Joining a business organization or association.	20	127	199	80	426	2.80	0.80	Accept
	Grand Mean						**2.98**	**0.33**	**Accept**

Source: Researcher's Computation, 2023

Table 2 reveals that most of the respondents agree on the fact that entrepreneurial skills enhance the performance of small and medium scale Businesses in Rivers State. Most of the SME owners agree that knowledge of the local market and customer base, Understanding of the regulatory environment, Networking and relationship-building skills, Ability to identify and take advantage of opportunities, Flexibility and adaptability, Taking courses or training programs in business, finance, and other relevant topics, Networking with other entrepreneurs, Participating in workshops and seminars, Attending trade shows and industry events, Working with a mentor or coach, Practicing and applying your skills in real-world situations and Joining a business organization or association enhance the performance of small and medium scale Businesses in Rivers State. This is so because their calculated mean values were greater than the criterion mean of 2.5.

Table 3: Mean responses of the effect of Entrepreneurial Characteristics on the performance of small and medium scale enterprises in Rivers State

B	The Following Entrepreneurial Characteristics enhanced my Business	SD	D	A	SA	N	Mean	STD	Decision
EC1	Passion and drive to succeed.	13	171	155	87	426	2.74	0.81	Accept
EC2	Problem-solving skills.	27	125	153	121	426	2.86	0.90	Accept
EC3	Openness to feedback and ability to learn from mistakes.	20	61	167	178	426	3.18	0.85	Accept
EC4	Ability to delegate and work with others.	16	101	133	176	426	3.10	0.89	Accept
EC5	Creativity and innovation.	101	104	136	85	426	2.48	1.06	Accept
EC6	Self-motivation and self-confidence	25	135	176	90	426	2.78	0.85	Accept
EC7	Perseverance and determination.	38	100	178	110	426	2.85	0.91	Accept
EC8	Self-awareness and emotional intelligence.	17	120	148	141	426	2.97	0.88	Accept
EC9	A positive attitude and sense of humour.	58	105	153	110	426	2.74	0.99	Accept
EC10	Risk-taking and resilience.	44	97	142	143	426	2.90	0.98	Accept
	Grand Mean						**2.86**	**0.24**	**Accept**

Source: Researcher's Computation, 2023

Table 3 reveals that most of the respondents agree on the fact that Entrepreneurial Characteristics enhance the performance of small and medium scale Businesses in Rivers State. This is because most of the SME owners agree that Passion and drive to succeed, Problem- solving skills, Openness to feedback and ability to learn from mistakes, Ability to delegate and work with others, Creativity and innovation, Self-motivation and self-confidence, Perseverance and determination, Self-awareness and emotional intelligence, a positive attitude and sense of humour and Risk-taking and resilience enhance the performance of small and medium scale Businesses in Rivers State. This is so because their calculated mean values are greater than the criterion mean of 2.5.

Table 4: Mean responses of the effect of Entrepreneurial Motives on the performance of small and medium scale enterprises in Rivers State

C	The Following Entrepreneurial Motives enhanced my Business	SD	D	A	SA	N	Mean	STD	Decision
EM1	My motive is to be one's own boss and have control over one's work.	63	80	164	119	426	2.8	1.01	Accept
EM2	My desire is to work with	17	110	198	101	426	2.9	0.80	Accept
EM3	My desire is to be recognized and respected for one's achievements.	14	103	175	134	426	3.01	0.83	Accept
EM4	My motive is to make a difference and create positive change in the world.	19	108	183	116	426	2.93	0.84	Accept
EM5	My desire is to be creative and innovative.	42	79	197	108	426	2.87	0.91	Accept
EM6	My motive is to make profit and achieve financial independence.	25	146	179	76	426	2.72	0.82	Accept
EM7	My desire is to hae a flexible work schedule and control my own time.	32	123	182	89	426	2.77	0.86	Accept
EM8	I always want to prove I can do nay task that comes my way.	17	92	203	114	426	2.97	0.80	Accept
EM9	I want to decide when, where and how for all my activities.	33	94	188	111	426	2.89	0.88	Accept
EM10	I want to outperform others.	60	92	144	130	426	2.81	1.02	Accept
EM11	I do not like receiving orders when doing a job.	26	141	163	96	426	2.77	0.87	Accept
EM12	I prefer being in command rather than a follower when working in a group.	46	110	207	63	426	2.67	0.86	Accept
	Grand Mean						2.84	0.25	Accept

Source: Researcher's Computation, 2023

Table 4 reveals that most of the respondents agree on the fact that Entrepreneurial Motives enhance the performance of small and medium scale Businesses in Rivers State. This is because most of the SME owners agree that My motive is to be one's own boss and have control over one's work, my desire is to work, the desire is to be recognized and respected for one's achievements, the motive is to make a difference and create positive change in the world, the desire is to be creative

and innovative, the motive is to make profit and achieve financial independence, the desire is to have a flexible work schedule and control my own time, the desire to decide when, where and how for all my activities, the desire to outperform others, the desire not to be receiving orders when doing a job and the desire be in command rather than a follower when working in a group enhance the performance of small and medium scale Businesses in Rivers State. This is so because their calculated means were greater than the criterion mean of 2.5.

Table 5: Regression Results of the Effects of Entrepreneurial Skill, Characteristics and Motives on the performance of SMES in Rivers State.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t-test	P-Value	Tolerance	VIF
(Constant)	2.176	.239		9.086	.000		
ES	-0.231	.779	-591	-2.937	.009	.945	1.058
EC	0.095	0.56	.082	1.694	.091	.958	1.044
EM	0.191	.054	.171	3.553	.000	.974	1.027

Model	R	R-Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.655	0.429	0.424	0.26928	1.856

Source: Author's Computation, 2023

Based on the linear regression result, the coefficient of Entrepreneurial Skills (ES) has a negative relationship with SMEs Performance (SP). This implies that an increase in Entrepreneurial Skills (ES), on the average, will decrease SMEs Performance (SP) in Rivers State within the period of study. The negative sign of the coefficient of Entrepreneurial Skills (ES) do not conform to the a priori and therefore not in line economic theory, that increases in Entrepreneurial Skills (ES) will increase SMEs Performance (SP). There are a few potential reasons why entrepreneurial skills (ES) could reduce the performance of small and medium-sized enterprises (SP). One possibility may be that entrepreneurs with strong skills may be more likely to over-invest in their businesses, leading to inefficiency and a lack of profitability. Alternatively, entrepreneurs with strong skills may be more likely to take on too much risk, leading to financial instability and potentially bankruptcy. Additionally, entrepreneurs with strong skills may have difficulty working with other members of their team, leading to conflict and decreased productivity.

From the linear regression result, the coefficient of Entrepreneurial Characteristics EC) has a positive relationship with SMEs Performance (SP). This implies that an increase in Entrepreneurial Characteristics EC), on the average, will increase SMEs Performance (SP) in Rivers State within the period of study. The positive sign of the coefficient of Entrepreneurial Characteristics (EC) conform to the a priori and therefore is in line economic theory, that increases in Entrepreneurial Characteristics (EC) will increase SMEs Performance (SP). There are a few potential reasons why entrepreneurial characteristics (EC) may have a positive but insignificant effect on the performance of SMEs. Firstly, it's possible that these characteristics may have a limited impact on performance, as other factors such as market conditions or government policies may play a more significant role. Secondly, it's possible that the sample size of the study was too small to detect a

significant effect. Finally, it's possible that the definition of "entrepreneurial characteristics" was too broad, so the effect of specific characteristics may have been obscured by the overall results. From the linear regression result, the coefficient of Entrepreneurial Motives (EM) has a positive relationship with SMEs Performance (SP). This implies that an increase in Entrepreneurial Motives (EM), on the average, will increase SMEs Performance (SP) in Rivers State within the period of study. The positive sign of the coefficient of Entrepreneurial Motives (EM) conform to the a priori and therefore is in line economic theory, that increases in Entrepreneurial Motives (EM) will increase SMEs Performance (SP). There are a few potential reasons why entrepreneurial motives may have a positive and significant effect on the performance of SMEs. Firstly, entrepreneurs who are motivated by a desire to create something new and innovative may be more likely to develop successful products or services. Secondly, those who are motivated by a desire to build a successful business may be more likely to take the necessary steps to make that happen, such as developing a strong business plan or seeking out the right investors. Finally, entrepreneurs who are motivated by a desire to make a difference or to have an impact on the world may be more likely to persevere through difficult times and to keep going even when they face challenges.

From Table 5. it shows that the R^2-value is 0.655. It shows that there is a strong and positive correlation among the four variables (ES, EC, EM and SP). The R-squared (R^2) value of 0.429 shows that about 43 percentage changes in SP, is explained by ES, EC and EM jointly. While (a greater part of about) 57 percent is captured by the error term. This shows that the model has a good fit. The Adjusted R-squared value of 0.424 shows that about 42.4 percentage changes in SP is explained by ES, EC and EM jointly; while about 57.6 percent is captured by the error term. It also shows that the model has a good fit. The fitted regression line result showed that there is no evidence of autocorrelation as indicated by DW statistic value of 1.856.

Table 6: Mean responses on the performance of small and medium scale enterprises in Rivers State

D	SMEs Performance	SD	D	A	SA	N	Mean	STD	Decision
SP1	We have achieved our sales objective within the past two years	48	67	182	129	426	2.92	0.96	Accept
SP2	Our company has witnessed an increase in the number employees within the past few years	31	129	200	66	426	2.71	0.82	Accept
SP3	The firm's sales revenue has improved due to repeated sales.	41	122	163	100	426	2.76	0.92	Accept
SP4	More people have gained employment positions due to huge business expansions.	27	104	216	79	426	2.81	0.81	Accept
SP5	Income internally generated from the business creates	32	90	192	112	426	2.9	0.88	Accept

	more opportunities for people to be employed.								
SP6	Customer's are satisfied with our products or services.	40	96	191	99	426	2.82	0.90	Accept
SP7	Our products or services meet our customer's needs.	61	85	226	54	426	2.64	0.88	Accept
SP8	Our products or services has high quality.	44	92	192	98	426	2.81	0.91	Accept
SP9	The number of customers I serve has increased over the last few years.	54	139	148	85	426	2.62	0.94	Accept
SP10	The return on investment in my business is good.	39	116	194	77	426	2.73	0.86	Accept
SP11	I have received compliments bout the quality of my goods.	73	95	159	99	426	2.67	1.02	Accept
SP12	My customers' complaints are address on time.	59	112	181	74	426	2.63	0.93	Accept
	Grand Mean						**2.75**	**0.28**	**Accept**

Source: Researcher's Computation, 2023

Table 6 reveals that most of respondents agree on the fact that small and medium scale Businesses in Rivers State have performed better for the past few years. This is because most of the SME owners agree that they have achieved our sales objective within the past two years, their company has witnessed an increase in the number employees within the past few years, the firm's sales revenue has improved due to repeated sales, more people have gained employment positions due to huge business expansions, income internally generated from the business creates more opportunities for people to be employed, customers are satisfied with our products or services, their products or services meet our customers' needs, the number of customers they serve has increased over the last few years, the return on investment in my business is good, and that their customers' complaints are address on time. This is so because their calculated mean is greater than the criterion mean of 2.5.

Conclusion

The study concluded that Entrepreneurial Skills (ES) reduces the performance of small and medium scale enterprises in Rivers State, entrepreneurial characteristics (EC) has no impact on the performance of small and medium scale enterprises in Rivers State while entrepreneurial motives (EM) increases the performance of small and medium scale enterprises in Rivers State.

Recommendations

There is need to provide more support and training for entrepreneurs in areas such as financial management, risk assessment, and teamwork. This could help to ensure that entrepreneurs are making decisions that are in the best interest of their businesses and avoiding the pitfalls of over-investment and excessive risk-taking. There is need to create programs that connect entrepreneurs with mentors and advisors who can provide guidance and support and there is need to focus on specific personality traits, such as openness to experience or conscientiousness, that have been

linked to entrepreneurial success. By narrowing the focus of the definition, it may be easier to identify the characteristics that have the greatest impact on SME performance.

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