

# Entrepreneurial Competencies and Entrepreneurial Performance

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**Abstract:** *The study examined entrepreneurial competencies and entrepreneurial performance. Every successful entrepreneur possesses a skill and capabilities which are deployed to the success of that entrepreneur. This paper reviewed the relationship between these two variables (entrepreneurial competencies & entrepreneurial performance). It goes further to bring to light its impact in its success. It was discovered that entrepreneurial competencies are necessary requirements for entrepreneurial survival/performance. The paper recommends that entrepreneurs should embrace teamwork in order to improve performance.*

**Key word:** *Entrepreneur, Entrepreneurial competency, Entrepreneurial success.*

## Introduction

Entrepreneurial competencies are underlying characteristics possessed by a person which result in new venture creation. This play/contribute a major role in the survival of entrepreneurs. It has been observed by researchers that competency approaches have to be considered more than other approaches (Brophy & Kelly, 2012) in order to identify behaviours which are related to the superior firm performance. The entrepreneurial competency approach can be used to describe the phenomenon why some entrepreneurs fail while others succeed in similar situations (Amadi, 2012). Competencies play an important role in successful entrepreneurship. The competency approach has become an increasingly popular means of studying entrepreneurial characteristics (Baum, Locke, and Smith, 2011 and Man, Thomas, Lan and Chan 2012).

Entrepreneurial competencies include those clusters or related knowledge, attitudes and skills which an entrepreneur must acquire through management training and development to enable him/her produce outstanding performance, maximize profit, while managing a business venture or an enterprise (Nwachukwu, 2015). Quite often, less attention is paid to these critical success variables, rather attention is focused mainly on financial resources; Ojong (2015) thus attributing entrepreneurship failures to inadequacy in financial resources. This calls for a shift in paradigm by considering entrepreneurial competencies as a factor of entrepreneurship performance and vice versa, lack of it as a large contributor to business failure.

The concept of entrepreneurship performance is a motivating concept to business because the major objective of businesses is to make profits (Mutindi, Namusonge & Obwigi, 2013) Iravo et al., (2013) stated that one of the important questions in business has been why some organizations succeed and why others fail. Entrepreneurship

performance is influenced by both intrinsic (individual) and extrinsic (environmental) factors (Ravindra, 2011). Performance is how a firm does when measurements are conducted (Maragia, 2018), the measures being in form of profitability and sales growth. Performance is the ultimate criterion for judging/evaluating whether firms are competitive or not as it is with other firms. This potential as addressed by factors both internal and external to the firm. The process of achieving competitiveness is strongly influenced by the role of the key player who is the entrepreneur, and it is at this point competence approach can be used to capture the entrepreneurial process.

Assessment tools and indicators for Entrepreneurship Education (2014), defines entrepreneurial competencies to cover both cognitive and non-cognitive skills required in the different phases of an entrepreneurial venture. A number of constructs are used to capture these skills: creativity, planning, financial literacy, marshalling of resources, managing ambiguity and teamwork. Bird (1995), competencies are exhibited by individuals or entrepreneurs, who begin, transform and add value to organizations through their organizing of resources and opportunities. She goes further to suggest that the competencies necessary to launch and plan a new venture may be conceived as “baseline”,. Bird (2015) , defined entrepreneurial competencies as, primary characteristics such as basic and specific knowledge, motives, traits, self-image roles and skills which are required for business startup, survival and/or growth. Further she suggested competencies can be seen as behavioural and observable. Thus it can be learnable and possible to change through intervention such as selection and teaching of entrepreneurship (Man et al., 2002).

Existing literature shows several approaches in measuring entrepreneurship performance. One group of researchers advocate the use of traditional financial measures of success as profitability, sales turnover, and return in investment. Perren (2010) state that performance is reflected in some level of growth, as indicated in firm’s sales and income (Maragia, 2018). On the the other hand, there are some who focus on non financial measures of success, which includes job satisfaction, flexibility, balance between work and family responsibility and career progress (Kuratko et al., 2017). Success is more than money and the pursuit of financial goal involves some aspects of intrinsic reward for entrepreneurs themselves Beavar (2012). Wiklund complement each other and provide description of actual entrepreneurship performance.

## **Review of Related Literature**

### **Conceptual Framework**

Entrepreneur is a human bulldozer, who can convert a standing block into a stepping stone (Owenlbiuge and Iyama (2011). Entrepreneurs have been identified as individuals with the ability to find out sustainable business opportunities, and invest their resources to start viable business ventures (Rwika, 2003 in Nara 2014). The concept of entrepreneurship was credited to the ideology of an Irish economist Richard Cantillon, who used the word for individuals with “willing to carry out forms of arbitrage involving the financial risk of a new venture” to describe the basic tenets of an entrepreneur (Miniti & Levesque, 2008). The concept of entrepreneurship entails the ability to seek out investment opportunities (Igbo, 2004; Gana, 2008) , develop new venture or new approach to an old business/idea, effective manipulation for human intelligence and creativity to great wealth.

Entrepreneurship is a process through which individuals identify opportunities allocate resources, and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. Entrepreneurs see problems as opportunities and then take action to identify the solutions to those problem and the customers who will pay to have those solved (Akinyemi, 2014). Entrepreneurial success is simply a function of the ability of an entrepreneur to see opportunities in the market place, initiate change and create value through solutions Adebayo (2009) defines entrepreneurship as the process of increasing the supply of entrepreneurs or adding to the stock existing small, medium and big enterprises available to a country by creating and promoting many capable entrepreneurs, who can successfully run innovative enterprise venture them to growth and sustain them, with a view to achieving broad socio-economic developmental goals. One of the these goals is sustaining development.

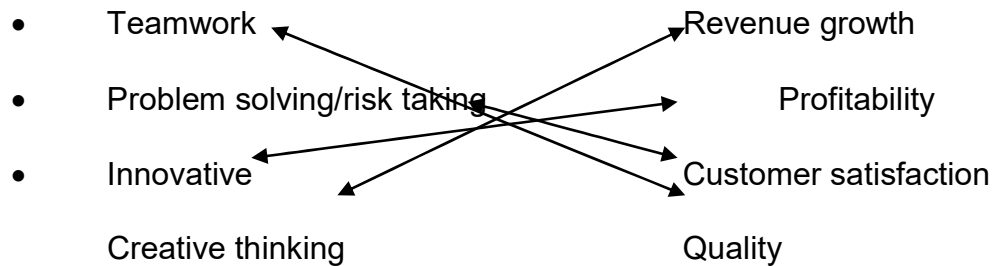
Akanwa and Akpanabia (2012), entrepreneurship is the willingness and ability of an individual to seek out investment opportunities, establish and run an enterprise successfully. Esemonu (2017) defined entrepreneurship as an effective manipulation of human intelligence, as demonstrated in a creative and innovative performance.

Entrepreneurial development has been found to be capable of making positive impacts on the economy of a nation and the quality of life of the people. (Adejumo, 2013). It has been noted that only business that have been able to adopt and actually practice the principles of creativity and innovation are positively impacting the economy and value to the life of the people. The only thing that is constant in this world is change. So if one wants to meet his or her steps with the rest of the world then in this scenario is to adapt to new phenomenon, new methodology and new technology.

In higher institutions students are being trained to acquire knowledge and develop requisite skills for managing businesses but the problem most of them have is lack of necessary facilities and infrastructure that will make the centres function efficiently and effectively, Nwosu (2009) observes that the trainees in most institutions are never introduced to successful small enterprises, therefore lack of opportunities to become familiar with entrepreneurial and managerial tasks during the period of training will not allow them to fully appreciate the benefits of entrepreneurial education while in school or after school they added.

### Qualities of an Entrepreneur

- **Future Oriented:** He has foresight, has ability to bear risk and tackle business challenges,
  - **Self Confidence:** He is someone who believes in self, independence and individuality. He is optimistic, flexible and has leadership qualities.
  - **People Oriented:** Ability to get along with others.
  - **Task Oriented:** He has inner craving for achievement
  - **Originality:** He is innovative, creative, resourceful, versatile and knowledgeable.
- Entrepreneurial competencies (Variable)      Entrepreneurial      performance  
(variables)



**Source:** Researchers Desk

### **Risk taking**

Risk is the “degree of uncertainty and potential loss associated with outcomes which may follow from a given behaviour or set of behaviours” (Forlam & Mullins, 2000). For entrepreneurs, risk can be defined as loss due to business disadvantages (Duxbury & Summas, 2004). Risk taking is the ability of entrepreneurs to set their own objectives where there is moderate risk of failure and take calculated risks, gain satisfaction from completing a job well, not be afraid of public opinion, skepticism and take responsibility for their own actions. It is the wiliness to take risks and go the extra mile to achieve better things. Risk taking behaviour is a crucial factor that differentiates entrepreneurs from others because it can create losses and inconsistencies in the performance but it is the behavioural diversion of an EO along which opportunities is pursued (Schepe’s, Voordeckas, Steijvas & Caveren, 2014).

### **Strategies/Creative Thinking**

It is agreed that strategic thinking is a more creative, visionary and reflective process that provides a broader and better knowledge of the organization and its business and allows a general improvement of management especially for the long-term and this avoid what has been pointed out (Marcelo, 2017). Strategic thinking is that creative ability in an individual that enables him/her to predict strategically into the future with the future to understand business opportunities and avoiding padding dangers in the business environment. This provides overall direction to the enterprise and involves specifying the organizations objective, developing long-term policies and plans designed to achieve these objectives and then allocating resources to implemment the plans (Adebiyi, Olajide & Lehide, 2016).

Strategic thinking is seen as the generation and application of distrintive business ideas and opportunities intended to create competitive advantage for a firm or business (Emerole, Okafor & Emerole, 2019). There is an interaction between strategic management, strategic planning and strategic thinking. Strategic management involves the related concepts of strategic planning and strategic thinking. Strategic planning is analytical in nature and referred to formalized procedures to produce the data, and analysis used as inputs for strategic thinking, which synthesizes the data, resulting in the strategy (Adebiyi, Kehide & Olajide, 2016). Critical thinkers are less likely to be imaginative and opportunistic in nature. Organizations that lack leaders with strategic thinking skills are prone to multiple inadequacies because often times, the leaders are trained and rely upon a linear thinking mindset which doesn’t work in situations characterized by ambiguity and complexity (Pisapia 2009).

## **Innovativeness**

Innovation is defined as a “new idea, device, or method” (Maryville, 1992). Moreso, innovation can also be viewed as the application of better solutions that meet new requirements, unarticulated needs, or existing market needs (Frankelins, 2009).

According to Engelberger (1982), innovations require only three things: (1) a recognized need, (2) competent people with relevant technology, and (3) financial support. Innovation is an increasingly important element of globalization and competitiveness (Gorodnichenko, et al., 2010). As globalization and interactional competition intensifies, technology becomes more central to firms’ performance within the domestic and international market. The innovativeness of firms may be affected by both internal and external factors. External factors are basically associated with firm’s interaction with its external environment such as other firms, suppliers or buyers (Jorna and Waalkens, 2006). Internal factors include for instance, a firms inherited capacities, such as skills, accumulated experience and prior related knowledge of its workforce (Webster, 2004). It has been asserted that innovation plays an essential role in the survival of firms in the business environment. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation.

The global transformation has made entrepreneurs on the search for strategies that will give them a sustainable competitive advantage.

## **Teamwork**

Thompson (2000) defines team as a group of people who are interdependent with respect to information resources and skills who seek to combine their efforts and skills who seek to combine their efforts to achieve a common goal. The function stressed that team have five keys defining characteristics. First, team exists to achieve a shared goal. Second, team members are interdependent regarding some common goal. This means that team members must rely on others for information, expertise, resources and so on. Third, teams are bounded and remain relatively stable over time. Forth, team members have the authority to manage their own work and internal processes. Finally, teams operate in a large social system context.

Alie, Carey & Beam (2004) see team work as a means of improving manpower utilization and potentially raising performance of individual. According to James (2009), teamwork is the collaborative effort of a group to achieve a common goal or to complete a task in the most effective and efficient way. This concept is seen within the greater framework of a team which is a group of interdependent individuals who work together towards a common goal.

## **Characteristics of Effective Team**

- The team must have competent team members
- The team must have a collaborative climate
- The team must receive external support and encouragement.

## **Importance of Teamwork**

- It brings new ideas
- Teamwork helps solve problem

- Teamwork builds morale
- It is supportive

### Factors Affecting Entrepreneurial Performance

- Goal Clarity:** Willmot (2007) asserts that people must have in mind a clear picture of any end or goal that they are to achieve. If this picture does not exist, they cannot tell if they are making progress or when they have completed the task or assignment, let alone if it has been completed properly.
- Environment:** Rynes (2000), in his studies on performance, found out that performance might not occur if the environmental conditions are so unsuitable as to present insurmountable barriers to performance.
- Technology:** According to Samuel (2010), technology is a primary tool that can be used to boost employee's performance, he writes that improvement in technology accompanied by training of the employees can significantly increase their levels of performance because it reduces the stress that comes with doing the job manually.
- Knowledge Structure:** According to Fred (2003), figuring out what to do in a particular situation requires knowledge of the structure of that situation. People must understand the elements that make up the situation how those elements are connected to one another and the relationship that exist between and among these elements. This knowledge of structure of the situation allows people to say how the actions they take will lead to the result they seek.

### Measurement of Entrepreneurial Performance

- Speed and Efficiency:** How much does the entrepreneur accomplish in an average day, month, or quarter? When there are impediments to address that could enable higher productivity
- Investigate Underperformance Issue:** It's important to thoroughly understand why an entrepreneur might be underperforming. Avoid making assumptions by gathering data and information as well as addressing the person directly.
- Encourage Continual Communication:** Clear and effective communication is essential for improving entrepreneurs performance. Receiving negative feedback can be challenging and uncomfortable both for entrepreneur and workers but it's important to foster an environment of transparency and direct communication.
- Utilize Data and Platform:** In the digital era, measuring of entrepreneur performance can be very data driven assessing of task accomplished and time management. The impact of work does not have to be subjective. In fact by using human resource analytics, employees can see analysis of their performance and entrepreneurs can identify areas for improvement.

### Conclusion

Entrepreneurial competencies are necessary requirements for entrepreneurial survival/performance entrepreneurs create value by shifting the resources of the society from lower to higher yields. Entrepreneurs practices should be aimed at a sound business practices but should bring a high integrity of their business with that of the society and its needs. Entrepreneurs should look beyond the bottom line of monetary benefits and should have a sense of responsibility. It was observed from the review of related literature that a competent entrepreneur is a high performer.

## Recommendations

The following recommendations are posed based on the findings from reviewed related literature:

1. That dynamism should be seen as the way to adapt to new and ever-changing environment.
2. That Entrepreneurs should embrace teamwork in other to improve performance
3. That entrepreneurs should encourage risk not only in their business but also in activities requiring decisions.
4. That policy makers, educational institution and government should encourage innovations.

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