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Managerial Skills and Adaptive Capability of SMES in Rivers State

Collins Chika Nnadi [1] and B. Chima Onuoha[2]
[1]Doctoral Student, Department of Management, University of Port Harcourt
[2]Professor of Management, Department of Management, University of Port Harcourt

Abstract: *The aim of this study is to ascertain the empirical relationship between managerial skills and adaptive capability of SMEs in Rivers State. A cross-sectional survey was used in this study as a form of quasi-experimental design. Almost two thousand five hundred sixty (2560) small and medium scale firms are registered, according to Nigerian Directory (2020). The sample size calculation formula developed by Krejcie and Morgan table was used to determine a sample size of 335. 335 questionnaires were consequently sent to CEOs of SMEs. The systematic sampling methodology was used in this inquiry. This approach was chosen because it minimizes the possibility of researcher bias in the selection of the sample cases and offers an accurate representation of the entire population. Spearman Rank Order Correlation Coefficient was used to analyze and test the formulated hypotheses. From the results generated via all the hypotheses, it showed that there exist a significant and positive correlation between the variables under study since their correlations from the SPSS table were *0.869, *0.901, *0.808, *0.913. In conclusion, the ability of SMEs in Rivers State to adjust depends on managerial talents in the domains of technical and conceptual skills. We therefore recommend that entrepreneurs in Rivers State who want to build their businesses need to develop technical and conceptual skills for strategic planning in areas like decision-making, resource allocation, and innovation.*

Keywords: *Technical Skills, Conceptual Skills, Technology Adaptive Capabilities, Market Focused Adaptive Capabilities.*

Introduction

Every country's economic development depends on small-scale businesses (SSBs), because as they expand, so does their own economy. Small scale firms play a role as employment providers in a way that promotes equitable income distribution in this age of industrialization, when the development index of nations is mostly judged on their accomplishment in terms of providing welfare to their populous (Kuratko, 2005). Little firms are thus referred to as "powerful minors" by Ayanda and Laraba (2011) because they functionalize market economies and eliminate or reduce imperfection elements that hinder adaptation to change. According to Baptista, Escária,

and Madruga (2008), SSBs are viewed as the best scale of business for emerging nations like Nigeria.

According to Ademola (2005), technical problem-solving skills, high productivity skills, leadership skills, creativity skills, marketing and selling skills, negotiating skills, time management skills, self-motivation, accounting, and a variety of interpersonal skills are all necessary for entrepreneurs to manage small businesses successfully. Entrepreneurship skills are essential for both individuals and business owners since they lower the prevalence of unemployment issues and failure of businesses (Akpan, 2007). All levels of government in Nigeria have at various times developed policies meant to promote the growth and sustenance of small scale enterprises since they help the country's economy expand.

Entrepreneurs will therefore be able to research and understand their businesses so they can please their clients and accomplish their goals with the help of entrepreneurial skills and small company management. It will offer the best channels for verbal or written communication skills to support small business management. An entrepreneur's ability to manage their time will help them find meaning and purpose in their lives. An opportunity to explain and convince in a positive working environment will be provided by entrepreneurial skill, which will open up space for interpersonal relationships and the interchange of questions and answers. This is the business's capacity to recognize and seize opportunities in new markets (Hooley, Lynch & Jobber, 1992; Chakravarthy, 1982). Chakravarthy (1982) makes a distinction between adaptability and adaptation. Whereas adaptive capability focuses more on effective search and balancing exploration and exploitation tactics, the latter describes an ideal end state of existence for a corporation (Staber & Sydow, 2002). This study wishes to bridge the gap between managerial skills and adaptive capabilities of SMEs in Rivers State.

Statement of the Problem

The Nigerian business environment did not turn out to be a favourable one, contrary to the expectations of all the entities responsible for the development and implementation of management programmes. Chuta (2012) noted that the Nigerian business environment is unsuitable for their growth since SMEs are likened to fish out of water. Observably, the main cause of small firms failing is inadequate management. The use of a large portion, if not all, of the profit by the owners for celebrations, investing in charitable and spiritual endeavour, and unsuitable rules governing the granting of credit may all be common causes of the degeneration of SSBs because they have an impact not only on the business's profitability but also on the owners' capital.

Aim and Objectives of the Study

The aim of this study is to empirically ascertain the relationship between managerial skills and adaptive capability of SMEs in Rivers State. Though, the specific objectives are to;

i. Know the relationship between Technical skills and adaptive capabilities of SMEs in Rivers State.
ii. Ascertain the relationship between Conceptual skills and adaptive capabilities of SMEs in Rivers State.

Research Questions

This study seeks to provide answers to the following research questions;

i. To what extent is the relationship between Technical skills and adaptive capabilities of SMEs in Rivers State?
ii. To what extent is the relationship between Conceptual skills and adaptive capabilities of SMEs in Rivers State?

Research Hypotheses

H_{01}: There is no significant relationship between Technical skills and Technology adaptive capabilities of SMEs in Rivers State

H_{02}: There is no significant relationship between Technical skills and Market focused adaptive capabilities of SMEs in Rivers State

H_{03}: There is no significant relationship between Conceptual skills and Technology adaptive capabilities of SMEs in Rivers State

H_{04}: There is no significant relationship between Conceptual skills and Market focused adaptive capabilities of SMEs in Rivers State

Review of Related Literature

The theory underpinning this study is the growth theory. The entrepreneurs are a significant variable in the Lucas model's analysis of the expansion of the business. According to Lucas (1978), people fluctuate in their endowments of managerial aptitude or business savvy, and Lucas contends that these variations are important catalysts for business growth. He goes on to say that businesses with stronger managerial skills function more profitably, have lower average cost curves, and are more likely to see an increase in output. Conversely, those with weaker managerial aptitude endowments become employees. SMEs are created and fail over time when people with managerial aptitude switch between working for others and starting their own businesses. According to Yusuf and Soyemi (2012), who backed up the Lucas growth model, the development of technical and vocational skills is essential to economic development for two key reasons. First, for business productivity and profitability as well as for national productivity and wealth creation, technical and vocational skills are required. The necessity of technical and vocational skill development for individual prosperity is the second important factor. Particularly for those looking to make a living in the informal sector of the economy, skills allow an individual to boost productivity and income.

Conceptual Framework

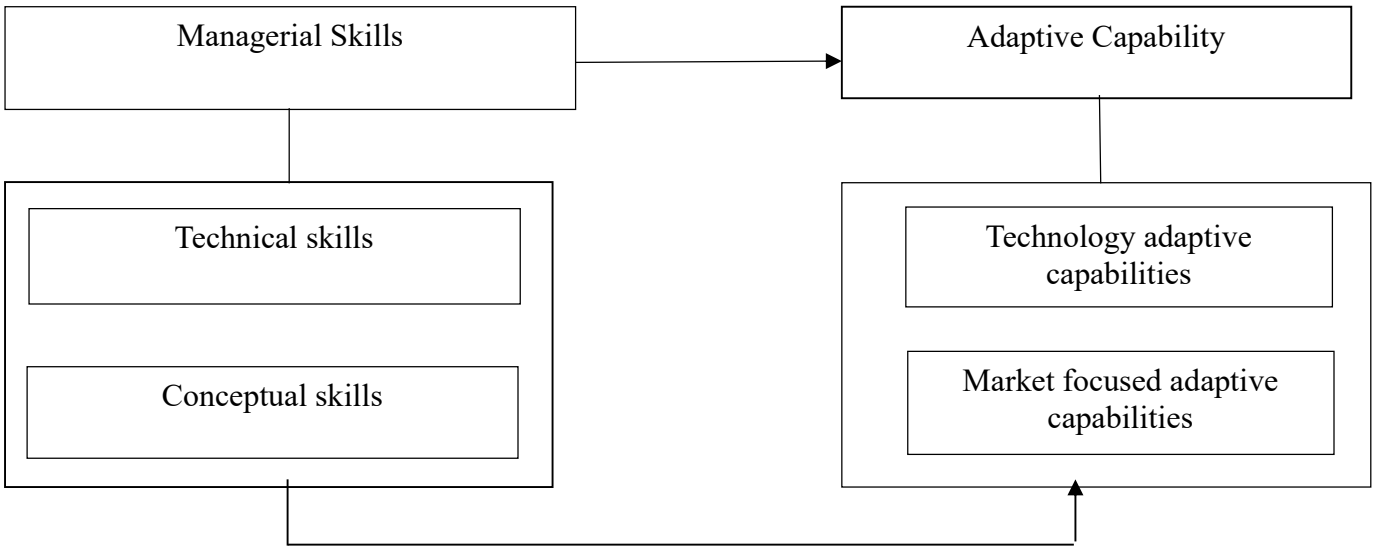

Fig. 1.1 Operational Framework of Managerial skills and Adaptive Capability

Source: Adapted from Ikupolati, Adeyeye, Oni, Olatunle and Obafunmi, (2017); Onyokoko and Needorn (2021).

Concept of Managerial Skills

There is evidence that an entrepreneur's managerial abilities are crucial to the success or failure of the SSBs (Osamwonyi & Tafamel, 2010). Four aspects of managerial skill were highlighted by Papulova (2007). This is a technical skill, not a technological skill like engineer's skills. Instead, it symbolizes the managerial competence to plan utilizing tools like break-even analysis or the capacity to organize and plan work within an organization. An effective manager will be able to inspire employees, resolve workplace issues, and work with individuals thanks to their interpersonal skills. Conceptual skills are the abilities to relate the organization to its environment in an acceptable manner and to view it as a manageable, compact entity. Information gathering and dissemination skills are referred to as communication skills. This perspective on management skill focused on managing LSBs because even though knowledge of formulas for break-even analysis, economic order quantity, and many others may be helpful, their application is impractical due to a lack of sufficient data (Fiberesima & Rani, 2012; Monisola, 2013), and even if they did obtain the data, they are unable to process and interpret it (Egwuonwu, Mohammed, & Momoh, 2011). According to Shehu, Aminu, Kamariah, Mat, and Nasiru (2013), it is not necessary for SSB owners in Nigeria to be skilled, as long as they can make some realistic assessments of their market and capacity.

Technical Skills: A technical skill is the actualization of a person's potential in a variety of socioeconomic activities with the goal of increasing value contribution. According to Ikupolati, Adeyeye, Oni, Olatunle, and Obafunmi (2017), technical skills include mastery of the procedures, tools, and machinery used in particular professions like engineering, manufacturing, or finance. They emphasize once more that it involves specialised knowledge, analytical prowess, and the skillful application of tools and approaches to issues in that particular area.

Conceptual Skills: Conceptual abilities include the capacity to view an enterprise as a whole, to assess and diagnose a problem, and to differentiate between causes and effects (Mullins, 2002). Bird (2005) asserts that having conceptual capabilities helps a firm deal with unpredictability. An entrepreneur with enough conceptual abilities can contribute in a useful and efficient way to the development of a productive work environment (Afshari, 2010). Conceptual skills are one of the competencies that researchers from the past have found to be crucial for an entrepreneur's success and long-term competitiveness of a SME (Li & Liu, 2014). Although conceptual abilities are crucial for the development and sustainability of an industry, technical skills have traditionally received more attention in research (Ntale, Anampiu & Gathaiya, 2015).

Concept of Adaptive Capabilities

The phrase "adaptive capability" (AC) refers to an organization's capacity to identify and seize emerging-market opportunities (Wang & Ahmed, 2007). According to Staber and Sydow (2002), adaptive capability goes beyond simply comprehending and reengineering market need and making the most of the company's current resources. The latent adaptive capacity of any individual, team, or social ecological system is a latent trait that emerges in response to a challenge or opportunity (Engle 2011). When a person, organization, or socio-ecological system has a high capacity for adaptation, they are more likely to be able to maintain a desired state or reach an agreement on a favourable transition when the present state is undesirable or unsustainable (Folke 2006). In a tumultuous environment, firms will create a strategy to address this problem. In order to improve their competitive position and better fit the organization and its environment for themselves, businesses operating in high-competition environments need to rely on more adaptive approaches (Rindova and Kotha, 2001; Ganesh, Madanmohan, Jose & Seshadri, 2004).

The ability of a system to modify its characteristics or behaviour while maintaining current variability allows it to expand its range of coping mechanisms to cover both present-day and foreseeable environmental conditions. Practically speaking, adaptive capacity is the capability to develop and put into action effective adaptation strategies or respond to shifting pressures and risks in order to reduce the likelihood and/or the magnitude of negative effects from climate-related disasters.

Technology Adaptive Capabilities: Technology has been related to technological adaptability, which has been defined as the effectiveness, capability, and abilities utilized for organizational learning from the aspect of technological deployment (Hambrick, 1983; Tuominen et. al. 2004). Scale savings have replaced scale savings when firms place more emphasis on customer or market

focus (Tuominen et al. 2004). To expand their product line, businesses must go from a single core to a multi-core technological strategy. Technology adaptability will be used to evaluate a company's capacity to acquire technical expertise, keep track of technological environmental changes, access new technology, produce technically supplemented components, and shield businesses from risking technological change (Wong et al., 1998; Tuominen et al., 2004).

Market Focused Adaptive Capabilities: According to Grinstein (2008), a major adjusting factor in a meta-analysis is the firm's market orientation. Selecting the corporate domain for the organization—product portfolio, market, or target market—is one of the most crucial decisions it must make (Miles and Snow, 1978). Depending on the degree of market concentration, companies may focus on a market continuum (narrow-broad) centered on the market environment and market prospects (Miles & Ski 1978). Market-focused adaptive capability places an emphasis on a company's capacity to track market changes and rivalry, as well as creative commercialization strategies, significant part allocation for marketing activities, and an emphasis on after-sales support (Oktemgil & Greenley, 1997).

Empirical Review

In order to overcome the economic recession in Nigeria, Wordu, Igrubia, and Okotubu (2018) investigate the acquisition of vocational skills for the growth of entrepreneurship and technical advances in industrial technology (TVET) education. A sample of 225 respondents (200 students and 25 lecturers) were chosen through a systematic selection technique from the population of 1,904 students in tertiary institutions in Rivers State that provide TVET programmes. The t-test statistical tool was employed to test the null hypothesis while statistical mean was used to examine the data that were obtained. The findings indicated that mastering practical skills and knowledge in any vocational and technical subject of study is necessary for skill acquisition in industrial technology education.

Entrepreneurs' managerial abilities are examined by Ikupolati, Adeyeye, Oni, Olatunle, and Obafunmi (2017) as factors influencing the growth of small and medium enterprises (SMEs) in Nigeria. The study uses a simple random sample of 204 business owners in SMEs that are registered with the Corporate Affairs Commission in Abuja, Kaduna, Kano, Ibadan, Lagos, and Aba. Using the linear regression technique, the information gathered from the administration of a questionnaire was examined. The empirical results demonstrate that, through the improvement of managerial abilities, the conceptual and technical skills of entrepreneurs support the expansion of SMEs in Nigeria.

In order to be independent and create jobs in Nigeria, Umunadi (2014) analyses the entrepreneurial, technical, and vocational skills necessary. The study uses a method of theoretical investigation. The main conclusions of the study point to poor infrastructure, technological problems, teaching pupils theoretically, and political intervention as obstacles to the promotion of the skills needed for independence and employment creation.

Amadi, Ukoh and Alagah (2018) accessed government entrepreneurship development programmes and small & medium scale enterprise success in Rivers State with emphasis on Youth Enterprise with Innovation in Nigeria (YOUWIN), National Directorate of employment (NDE), and its effect on small and medium scale enterprise success. The study retrieved 92 administered questionnaires to selected 103 operators of small and medium enterprises from the population size of 114 using Krejcie and Morgan (1970) sample size determination table for the 38 small and medium enterprises. Findings from the study reveal that government entrepreneurship development programmes enhances success of small and medium scale enterprise but not without technological aid.

Methodology

A cross-sectional survey was used in this study as a form of quasi-experimental design. Almost two thousand five hundred sixty (2560) small and medium scale firms are registered, according to Nigerian Directory (2020). The sample size calculation formula developed by Krejcie and Morgan (1970) was used to determine a sample size of 335. Hence, 335 questionnaires were consequently sent to CEOs of SMEs. The systematic sampling methodology was used in this inquiry. This approach was chosen because it minimizes the possibility of researcher bias in the selection of the sample cases and offers an accurate representation of the entire population. Technical and conceptual skills were looked at in relation to managerial skills (the independent variable). Further evaluations of the dependent variable (adaptive capability) were conducted in terms of technological adaptability and market-focused adaptability. A 4-point Likert scale was used to assess each item on the questionnaires. The study's correlation was carried out using the SPSS programme.

Statistical Analyses using Spearman Ranking Correlation

Technical Skills and adaptive capability

The relationship between technical skills and adaptive capability of small and medium scale enterprises in Rivers State examined the degree to which the efficacy of technical skills enhances technology adaptive capabilities and market focused adaptive capabilities in SMEs. The result for this test is presented in table 4.1. Below:

Technical skills and adaptive capability measures

			technical skills	technology adaptive capabilities	market focused adaptive capabilities
Spearman's rho	technical skills	Correlation Coefficient	1.000	.869**	.901**
		Sig. (2-tailed)	.	.000	.000
		N	318	318	318
	technology adaptive capabilities	Correlation Coefficient	.869**	1.000	.859**
		Sig. (2-tailed)	.000	.	.000
		N	318	318	318
	market focused adaptive capabilities	Correlation Coefficient	.901**	.859**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	318	318	318

Approval on the connection between technical skills and measures of adaptive capabilities such technology adaptive capabilities and market focused adaptive are experiential to be significant at a Pv < 0.05 in the two hypotheses. The result shows that technical skills has a strong significant relationship and positively correlates with technology adaptive capabilities at a Rho = 0.869 and a Pv = 0.000 and technical skills further contributes strong and positive correlation towards market focused adaptive at a Rho = 0.901 and a Pv = 0.000. The result presents technical skills as having a significant and positive impact on the two measures of adaptive capabilities and as such contributing significantly towards the small and medium scale enterprises ability to maintain and keeps its business flowing. Therefore, we reject null hypotheses one and two relating to technical skills and technology adaptive capabilities and market focused adaptive, because the Pv (0.000) <0.05 level of significance.

Conceptual skills and adaptive capability

The relationship between conceptual skills and adaptive capability of small and medium scale enterprises in Rivers State examined the degree to which the ability of technical skills enhances technology adaptive capabilities and market focused adaptive capabilities in SMEs. The result for this test is presented in table 4.2. Below:

Conceptual skills and adaptive capability measures

			conceptual skills	technology adaptive capabilities	market focused adaptive capabilities
Spearman's rho	conceptual skills	Correlation Coefficient	1.000	.808**	.913**
		Sig. (2-tailed)	.	.000	.000
		N	318	318	318
	technology adaptive capabilities	Correlation Coefficient	.808**	1.000	.859**
		Sig. (2-tailed)	.000	.	.000
		N	318	318	318
	market focused adaptive capabilities	Correlation Coefficient	.913**	.859**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	318	318	318

Approval on the connection between conceptual skills and measures of adaptive capabilities such technology adaptive capabilities and market focused adaptive are experiential to be significant at a Pv < 0.05 in the two hypotheses. The result shows that conceptual skills has a strong significant relationship and positively correlates with technology adaptive capabilities at a Rho = 0.808 and a Pv = 0.000 and conceptual skills further contributes strong and positive correlation towards market focused adaptive at a Rho = 0.913 and a Pv = 0.000. The result presents conceptual skills as having a significant and positive impact on the two measures of adaptive capabilities and as such contributing significantly towards the small and medium scale enterprises ability to maintain and keeps its business flowing. Therefore, we reject null hypotheses one and two relating to conceptual skills and technology adaptive capabilities and market focused adaptive, because the Pv (0.000) <0.05 level of significance.

Discussion of Findings

From the results generated via all the hypotheses, it showed that there exist a significant and positive correlation between the variables under study since their correlations from the SPSS table were *0.869, *0.901, *0.808, *0.913. From the result, it was apparent that all the dimensions of managerial skills had positive correlation with adaptive capabilities of SMEs in Rivers State. The first and second hypothesis indicated that technical skills has a positive linear notable correlation with adaptive capabilities based on the P-value less than 0.05 (P-value = 0.000 <0.05) which implies that both variables have direct positive relationship which moves in the same positive direction. The third and fourth hypothesis showed that conceptual skills has a positive linear notable correlation with adaptive capabilities based on the P-value less than 0.05 (P-value = 0.000 <0.05) which implies that both variables have direct positive relationship which moves in the same positive direction. Similarly, the positive correlation is attuned with the findings of previous studies like Wordu, Igrubia, and Okotubu (2018); Ikupolati, Adeyeye, Oni, Olatunle, and Obafunmi (2017); Amadi, Ukoh and Alagah (2018).

Conclusion and Recommendations

In conclusion, the ability of SMEs in Rivers State to adjust depends on managerial talents in the domains of technical and conceptual skills. The following recommendations are given in light of the study and conclusion:

i. Entrepreneurs in Rivers State who want to build their businesses need to develop conceptual skills for strategic planning in areas like decision-making, resource allocation, and innovation.

ii. Technological proficiency is crucial for business expansion. Entrepreneurs must possess the necessary skills to successfully manage a firm, particularly those in engineering and technical-related industries.

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