Entrepreneurial Competence and Organizational Performance of SMEs in Rivers State, Nigeria

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Abstract: This study examined the relationship amongst entrepreneurial competence and performance of SMEs in Rivers State, Nigeria. The cross sectional survey was adopted. 1200 SMEs served as the population and a sample of 291 employees was derived. Systematic sampling technique was utilized and data were gathered using questionnaire. 291 questionnaires were given to 291 owner managers of SMEs in Rivers State. However, only 228 employees which represented 78.4% respondents, adequately completed their copies. Spearman rank correlation was utilized in the analysis so as to ascertain the relationship between the dimensions of entrepreneurial competence (opportunity competence, relationship competence, networking competence and risk taking competence) and performance of SMEs. Centered on the bivariate analysis, the outcome disclosed that all dimensions of entrepreneurial competence significantly relate with the performance of SMEs. Conclusively, when the competencies of owner managers entrepreneur increases, the performance of their organization will subsequently increase. Accordingly, the study recommended that entrepreneurs of SMEs should frequently update their skills through training as such will help prevent obsolesce of skills and thus enhance decision making for higher performance.

Key words: Entrepreneurial Competence, Networking Competence, Opportunity Competence, Organizational Performance, Relationship Competence, Risk Taking Competence

1.0 INTRODUCTION
The high versatility of the domain of business and the proliferation in the mortality rate of most business firms, has presently drawn the interest of numerous scholars to assess the possible ways to boost business performance. Performance is an ultimate factor that affect all entities sustainability. An establishment that is fit technologically and financially but without high performance, is bound to fizzle out. Organizational performance is a construct which measure firms position in the industry (Lo, Mohammed, Ramayah, & Wany, 2015). Performance of SMEs is paramount because it reduces unemployment compared to bigger firms (Storey, 1994).

The success of any economy, depend to a large extent on the achievement of its SMEs because they help in poverty reduction, boost employment, increase output and enhance innovation (Abiodun & Harry, 2014). However, considering the indisputable role of SMEs in...
enhancing the economic wellbeing, it is alleged that the competence of entrepreneur may impact their performance. Bird (1995) sees entrepreneurial competence as the main characteristics such as specific and basic knowledge, traits, skills and motives needed for startup, growth and survival of firms. The competence of entrepreneur could be learnable and enhanced through entrepreneurship training (Man, Lau, and Chan, 2012). Tehseen and Ramayeh (2015) identified various domains of entrepreneurial competence, these include, strategic competence, conceptual competence, opportunity competence, learning competences, ethical competences, personal competence and familism. Wickramaratne, Kiminami and Yagi (2014) identified its measures as opportunity competencies, strategic competences, commitment competences, organization competences and relationship competence.

Thus, the enhancement of the competency of entrepreneur will better equip the entrepreneur to tackle various challenges either from the immediate or external environment. Competences of an entrepreneur is a bedrock which enhances the success of firms (Wickramaratne, Kiminami & Yagi, 2014). Despite the numerous scholarly work on entrepreneurial competence, a dearth of empirical work exists on how these competences relate with performance of SMEs in River State, Nigeria. The SMEs has experienced tough times which has impede its performance, weaken their contribution to economic development and intensify hunger in the country. It is on this note that this work seeks to survey the rapport between the competence of entrepreneur and SMEs performance.

**Research Questions**

What is the relationship between;

1. Opportunity competence and organizational performance of SMEs in Rivers state, Nigeria?
2. Relationship competence and organizational performance of SMEs in Rivers state, Nigeria?
3. Networking competence and organizational performance of SMEs in Rivers state, Nigeria?
4. Risk-taking competence and organizational performance of SMEs in Rivers state, Nigeria?

**Research Hypotheses**

\(H_0\) \(H_1\) There is no significant relationship between opportunity competence and organizational performance of SMEs in Rivers State, Nigeria.

\(H_2\) There is no significant relationship between relationship competence and organizational performance of SMEs in Rivers State, Nigeria.

\(H_3\) There is no significant relationship between networking competence and organizational performance of SMEs in Rivers State, Nigeria.

\(H_4\) There is no significant relationship between risk-taking competence and organizational performance of SMEs in Rivers State, Nigeria.
2.0 LITERATURE REVIEW
Concept of Entrepreneurial Competence
For every business to continue in a modest environment, the entrepreneurs must be proficient significantly in different aspects such as intellectual, attitude, behavior and managerial competence. Due to the importance of studying entrepreneurial characteristics, the competence approach has become popular. According to Bird (1995) entrepreneurial competences has principal features such as basic and specific knowledge, traits, roles, motives and self-image needed for business startup, survival, growth and expansion. Entrepreneurial competence in its nature is an imperative concept for improving entrepreneurship. Most vigorous capability ranges for Jamaican businesspersons are planning, budgeting and marketing (Huck & McEwen, 1991). However, two essential competencies for entrepreneur role is capability to identify and forecast, and also taking total advantage of prospects and seeing firm creation through end results. By observing the real behavior of an entrepreneur, the features of businessperson capabilities can be examined from process perspectives. Entrepreneurial competence is the entire strength of entrepreneur to accomplish the job role excellently.

Opportunity Competence
A unique feature of entrepreneurial charisma is the aptitude to diagnose and take necessary advantage of available opportunities. This specific competency is similarly linked with aptitude of entrepreneurs to pursue, develop and measure high worth prospects in the marketplace. The recognition of high value opportunities stimulates entrepreneurs to build establishments and embrace substantial risks to turn the opportunity into positive result. A vital competency prerequisite for growing firms is the enthusiasm to seize pertinent opportunities (Snell & Lau, 1994). Entrepreneurs need to engage in a continuous search for products and distinct services that can add value for the buyers or end users because the decision to exploit the opportunities depends on the entrepreneur’s acquaintance of buyer demand (Choi & Shepherd, 2004). Furthermore, Chandler and Jansen (1992) inferred that the skill to spot, visualize and take benefit of opportunities is one of most indispensable entrepreneurial roles.

In the same vein, Shane and Venkataraman (2000) proposed that vital concepts of entrepreneurship are opportunity identification and exploitation. This is operationalized by determining several behaviours which involve identifying the products desired by the customers, perceiving unmet needs of the customers, looking for beneficial product and services for the customers, and availing the best opportunities. De koning (2003) associated the opportunity development with the entrepreneur’s ability to seek, explore, develop and assess better existing opportunities in markets. One of the chief features of entrepreneur is that they can see or recognize the opportunities where others cannot do so (Allison, Chell, & Hayes, 2000).

Relationship Competence
Relationship competencies is about interactions, for instance, collaboration with environment by means of persuasive aptitude, communication and interactive skill. Drawing from Bird (1995), building relationship depicts entrepreneurial attachment with people, which involves making and reforming relationship. Furthermore, the establishment of cordial rapport with the customers and potential customers will help enhance the fortune of the firm. Relationship competence is vital and indisputable in this era of stiff and unending completion among firms. In a way to efficaciously secure corporate dealings with clients, entrepreneurs are engrossed in relationship actions, referred to as entrepreneurial tie that reflects building and restructuring relationships with important interested party such as consumers and suppliers (Bird, 1995).
Networking Competence
People devote time to networking as to advance their business goals. This doesn’t imply that women are less social. Therefore, researchers have contended that a unique key issues influencing a small-scale manufacturing creation and performance is the interactive way in which entrepreneurial personal characteristics network with human capital and salient aspects in the environment to impact decisions regarding fresh venture creation, performance and growth (Cheskin, 2000). In firms, entrepreneurs need to deal with numerous people like government authorities, customers, suppliers and employees. Being in touching base with a diverse group of individuals is vital for entrepreneurs as it provides them accessibility to information and additional resources (Jenssen & Greve, 2002). Evidence suggests that SMEs engaged in networks especially in gaining advice and support from professionals and experts such as lawyers, consultants and accountants (Ramsden & Bennett, 2005).

Risk Taking competence
According to Calvin (2003) Risk taking encompasses the entrepreneurs perception that he a businessman and not a mere gambler. He takes reasonable risks with the likelihood of accomplishment. He looks for other alternatives to challenges and unconventional means based on risks versus returns. An inquiry by Paladan (2015) depicts that both gender have a moderate level of risk taking. Bagheri & Pihie (2011) posits that risk-taking is vital to business/enterprise success. Thus to explore and develop these opportunities, entrepreneurs act under the state of uncertainty which necessitate them to take risks. In fascinating these roles, entrepreneurs do ensure that they avoid blindfolded actions; they study from earlier mistakes made by them and other people (Smilor, 1997). Entrepreneurs assess and examine risks in an informally manner before taking business-related decisions.

Organizational performance of SMEs
Performance is what determine the lifespan of any establishment that ensures its Survival, continuity and growth. SME performance represent a very central fragment of any economy. The SME sector is a main device which inspires the increase of jobs and formation of wealth in the country. Performance of SMEs represent a noteworthy part that is linked to the consolidation and progress of the nation (Enila & Ektebang, 2014). Performance and progress of the SMEs in manufacturing, services and agriculture, has been perceived as the paramount drive and has immensely add up to Nigeria economy. Sustainable progress and the proliferation of SME performance, will open abundant doors for employment openings (Enila & Ektebang, 2014).

Empirical Review
Several scholars have over time tried to explore the various construct. Ibidunni, et al. (2018) did a work where they examined the how entrepreneurial orientation affect entrepreneurial competencies and performance. The primary data utilized copies of questionnaire. 1500 senior managerial cadre employees were identified, and 316 employees were sampled in their study. However, 232 copies which represented 73.4% of the questionnaire was utilized and hierarchical multiple regression was utilized. The outcomes shown a linear influence of competencies of entrepreneur on Agro-based SMEs performance. Sanchez (2011) surveyed how competencies of entrepreneur impact small firm performance. 700 business owners were identified. From the 700 people, 450 questionnaires were suitably filled and utilized. The structural equation model was employed and outcomes depicts that entrepreneurs competence influence firms performance. Umar and Ngah (2016) surveyed the link among competency of entrepreneur and SMEs success
in Malaysian. From their study, they remarked that entrepreneurial competence is the vital factor needed when the business domain is dynamic and hostile. They detected that competence of entrepreneur has a direct link with firm’s performance. Tamyez, Ali and Ishak (2017) investigated how competence of entrepreneur and its networks relate with entrepreneur success of contractors of small size in Malaysia. They detected that networking competence (inter- organizational network and social network) significantly relate with business success with Beta value of 0.231 and 0.223 respectively. Bendassolli, Borges – Andrade Gondim and Makhamed (2016) examined performance, self-regulation and entrepreneur’s competencies of Brazilian creative industry. 295 experts of the Brazilian creative industry were covered. Both multivariate multiple linear regression and factor analysis was utilized in analyses. The result revealed that strategy and planning competencies were predictors of performance with R² = 0.20. Social relationship and career predict performance with R² = 0.24.

3.0 METHODOLOGY
To achieve the earlier stated objectives, the cross sectional survey was utilized owing that the variables were not within the researcher control and the study aim at generating new fact without willfully influencing of the variables. 1200 SMEs in Rivers state were identified. The Krejcie and Morgan (1970) table was employ to derive a total sample size of 291. Questionnaire was thus distributed to the 291 owner-managers and the systematic sampling technique was utilized. The independent variable (entrepreneurial competence) was operationalized in opportunity competence, relationship competence, networking competence, risk taking competence, and goal setting competence as contained in Paladan (2015). Each construct was measured with four items. The Cronbach alpha was utilized to ascertain the reliability for the 4 dimensions (opportunity competence, relationship competence, networking competence, and risk-taking competence). The Cronbach alpha result for the dimensions are 0.732, 0.715, 0.821, and 0.814 respectively. The dependent variable (organizational performance of SMEs) was measured with a set of 5 items. The reliability of the items for organizational performance gave a Cronbach value of 0.82. Items were rated on a 4-point Likert scale from 1-strongly disagreed, 2-disagree, 3-agree and 4-strongly agreed. The spearman rank order correlation coefficient was used in analyzing the earlier state hypotheses.

4.0 RESULT
Out of the 291 questionnaire spread to respondent, only 228 (78.4%) copies were retuned. The hypotheses test is undertaken at a 95% confidence interval.

Decision Rule:

Where P < 0.05 = Reject the null hypotheses

Where P > 0.05 = Accept the null hypotheses
Table 1  Relationship between opportunity competence and organizational performance

<table>
<thead>
<tr>
<th></th>
<th>Opportunity Competence</th>
<th>Organizational Performance</th>
</tr>
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<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
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</tr>
<tr>
<td>Opportunity Competence</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.001</td>
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<tr>
<td>N</td>
<td>228</td>
<td>228</td>
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<tr>
<td>Organizational Performance</td>
<td>Correlation Coefficient</td>
<td>.521</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
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<td>N</td>
<td>228</td>
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</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

The outcome shows a substantial relation among opportunity competence and organizational performance with P < 0.05 (0.001 < 0.05) and the rho = 0.521.

Table 2  Relationship Competence and Organizational Performance

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Spearman's rho</td>
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<tr>
<td>Relationship Competence</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<tr>
<td>N</td>
<td>228</td>
<td>228</td>
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<tr>
<td>Organizational Performance</td>
<td>Correlation Coefficient</td>
<td>.352</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>N</td>
<td>228</td>
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</table>

**. Correlation is significant at the 0.05 level (2-tailed).

Table 2 data analysis, displays a noteworthy correlation amongst the variable with P < 0.05 (0.000 < 0.05). The rho = 0.352. This correlational value revealed a low positive link between the relationship competence and organizational performance. Hence the null hypothesis is hereby spurned and alternate hypothesis accepted.
Table 3  Networking Competence and Organizational Performance

<table>
<thead>
<tr>
<th>Networking Competence</th>
<th>Organizational Performance</th>
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<tbody>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<tr>
<td>N</td>
<td>228</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.416</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>228</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

Table 3 outcome displayed a substantial link amongst networking competence and performance with P-value of .014 lower than .05 (0.014 < 0.05) and positive rho value of 0.416.

Table 4  Risk-Taking competence and organizational performance

<table>
<thead>
<tr>
<th>Risk-Taking Competence</th>
<th>Organizational Performance</th>
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<tbody>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<tr>
<td>N</td>
<td>228</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.614</td>
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<tr>
<td>Organizational Performance</td>
<td>228</td>
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</table>

**. Correlation is significant at the 0.05 level (2-tailed).

The analysis in table 4, point out a linear correction between risk-taking competence and performance with the P-value of .000 and a rho. Value of .614.

Discussion of findings
Performance of organizations enhances the fortune of organizations. The requisite competence of entrepreneurs in terms of their aptitude in scanning for opportunity, creating a cordial rapport with relevant stakeholders, maintaining right network and careful risk-taking will improve the performance of the establishment and thus boost their competitiveness. Discussions of each hypotheses are specified below;
Opportunity Competence and Performance of SMEs
The outcome disclosed that opportunity competence relate significantly with SMEs performance. This denotes that an entrepreneur aptitude to scan the environment, identify potential opportunities and adequately explore the opportunity will boost their performance. The P-value of 0.001 indicated that opportunity competence considerably relate with performance while the rho value of 0.521 shows a high correlational value. SMEs that are experiencing dwindling performance could thus eliminate such unpleasant outcome through boosting the opportunity competence of entrepreneur. When opportunity competence increases, SMEs performance will burst up. This finding align with that of Ibidunni, Atolagbe, Obi, Olokundun, Oke, Amaihian, Borishade and Obajo (2018) whose outcomes displayed a substantial correlation amongst the competences of an entrepreneur with Agro-based SMEs performance.

Relationship Competence and Performance of SMEs
The bivariate hypotheses revealed that relationship competence significantly correlates with performance of SMEs. This by extension indicates that relationship of entrepreneur built over time will significantly positively upturn their performance. The findings agree with that of Sanchez (2011) whose findings shows that entrepreneurial competence impels firm’s performances. Furthermore, entrepreneurial competence plays a high dominant role in boosting the organizational capability and competitive scope. The findings also align with that of Bendassolli, Borges – Andrade Gondim and Makhamed (2016) whose research revealed a significant relationship between social relationship and performance.

Networking Competence and Performance of SMEs
The bivariate analysis also depicts that the networking competencies has a noteworthy link with SMEs performance, given than p-value of 0.014 was lesser than 0.05 (p = 014 < 0.05). This infers that the social network and the inter-organizational network competence which an entrepreneur is competent to maintain will positively impact the establishment performance given the correctional value of 0.416. This outcome align with that of Tamyez, Ali and Ishak (2017) where they observed that networking competence in terms of social network and inter-organizational network, significantly relates with business success with beta value of 0.231 and 0.223 respectively.

Risk Taking Competence and Performance of SMEs
Organizations operates in an ever mutable environment, as such availability of requisite competence to take calculate risk will help enhance the wellbeing of firms. Given the outcome of the bivariate analyses, the result revealed that risk-taking competence of owner-managers have substantial link with performance of an establishment. The rho value of 0.614 show that the competence in taking crucial risk will highly influence the whole performance of the SMEs. This finding agree with Bendassolli, Borges-Andrade, Gondim and Makhamed (2016) whose outcome discovered that strategy and planning competencies were predictors of performance.

5.0 CONCLUSION AND RECOMMENDATIONS
Entrepreneurs possess high level of self-motivation and as such, their competence to effectively drive the establishment will enhance the competitiveness of the firm among rivals. Competences of entrepreneurs, most especially owner-managers define the sustainability and continuity of the entity. Entrepreneurs who are proficient to consistently update their skills will accomplish the competence needed to heighten performance. Drawing from the outcome, risk taking competence had the highest correlational value in comparison with other dimensions of
entrepreneurial competence. This implies that taking risk is undeniable aspect of organization and firms that are competent to select calculated risk will outperform their rivals. In conclusion, when the competencies of owner manager’s entrepreneur increases, the performance of that establishment will subsequently increase. Thus, enhancing competencies of entrepreneurs is a panacea for eliminating poor performance of SMEs. Hence, this study proffers the succeeding recommendations;

1. Entrepreneurs of SMEs should frequently update their skills through training and development as such will help prevent obsolesce of skills and thus enhance decision making for higher organizational performance.
2. The entrepreneurs of SMEs should build up relationship competence by creating a genial rapport with relevant stakeholders as such will boost the establishment performance.
3. The entrepreneurs of SMEs should build a strong networking with those that has a link with the firm to get updated information and necessary resources needed for the high performance of the establishment.
4. Government should put relevant policies in place to create a favourable domain for the establishment, growth and sustenance of SMEs.

REFERENCES


