Entrepreneurial Competencies and the Performance of Small and Medium Enterprises (SMEs) in Zaria Local Government Area of Kaduna State

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Abstract

Significance of entrepreneurial competencies has been amplified throughout the past few decades due to the strategic role played by owners of business enterprises. It is also common knowledge that the Small and Medium Enterprises (SMEs) sector has not been performing well in recent times. This has resulted into increase in the rate of business failure among the SMEs in the Nigerian context; likewise the large enterprises are also not spared in Nigeria. Therefore, this paper examined the impact of entrepreneurial competencies on the performance of SMEs with specific reference to Zaria local government area of Kaduna state. The paper made use of a survey research design. The data utilized for this study was obtained from primary source through the use of questionnaire. Descriptive statistics was used for analyzing the data, while multiple regression technique was employed which offers explanation on the relationship between a dependent variable and two or more explanatory variables. The statistical Package for Social Science (SPSS) version 20 was utilised for the analysis of the data. The paper revealed that skills competencies have significant positive impact on the performance of SMEs in Zaria local government. It is therefore recommended that Government should equip current and future entrepreneurs with skills and competencies to make them self-reliant.

Keywords: Entrepreneurial competencies, Performance, Small and Medium Enterprises (SMEs), Zaria local government.

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Background to the Study
Entrepreneurship Competencies are referred to as the individual characteristics including attitude, skills, behavior, and knowledge which allow the entrepreneur to achieve business success. Entrepreneurship is a creative process of organizing, managing an enterprise and assuming the risk involved in the enterprise. However, both the societies at large as well as researchers have attempted to create the true conditions for the existence of entrepreneur. Entrepreneurs have taken advantage of the available opportunities in the society or their environmental domain in other to create or develop new products or services, thus adding value to society while equally maximizing profits. The Small and Medium Enterprises (SMEs) have given much attention in the recent entrepreneurship researches due to their vital contributions in the Nigerian economy (Bello, Robert & Iliyasu, 2015). For the past few decades, significance of entrepreneurial competencies has been amplified due to the strategic role played by the entrepreneur of a business enterprise. Entrepreneurial competencies are the individual characteristics including attitude and behaviour, which allows the entrepreneur to achieve business performance (Endi, Surachman, Armanu, & Djumilah, 2013). In particular entrepreneurial competencies include entrepreneurial traits, motives, self-image, attitude, behaviour, skills, and knowledge (Boyatzis, 1982). Shane, Locke and Collins (2013) posited that Competencies can be learned from the input (antecedent of competence), processes (task or behaviour that lead to competence), or result (achieving a standard of competence in the field of functional). The economy at large as well as the socio-political economic life of Nigeria, has been impacted by the activities of Small and Medium Enterprises (SMEs). In Nigeria, the small and medium enterprises sub-sector has been expanding, especially since the mid-1980s, following the prolonged recession in the economy which forced many large enterprises to lay off large proportion of their work-force. The appearance of SMEs is very expedient especially in developing countries like Nigeria where they assist economic growth; improve income distribution, productivity, efficiency and economic structure during the economic downturn (Abdullah & Manan, 2011). Small and Medium Enterprises (SMES) have become more important for the whole world because of their flexible and compatible structures (Kayadibi, Polat & Fidan, 2013).

These SMEs play a significant role in economies by providing a large portion of production in the rapidly changing world due to their adaptability features. SMEs show major contribution in the development of a country's economy, its political stability as well as social uplifting and this make SMEs to be flexible in nature. They can be established for all kind of activities of every business and are considered as a back bone of country's economy (Radam, Abu & Abdulhan, 2008; Amini, 2004). The government has given much attention on the development of SMEs because of their significant role in the economic development (Khalique, et al 2011).

SMEs performance on the other hand is one of key problems and crucial factor in the field of management studies and of interest to practitioners and academicians. Therefore, understanding the background, process and determinant factors to business performance has long been a major goal of the research organization. In other cases, business performance of the organization and it is a phenomenon is also argued as being influenced by external factors and internal organization (Juzaimi, Azizi & Abdul, 2016). In view of the above, this study seeks to examine the impact of Entrepreneurial competencies on Small and Medium Enterprises (SMEs) in Nigeria, with specific reference to Zaria local Government area of Kaduna State.
Statement of the Problem
Throughout the past few decades, significance of entrepreneurial competencies has been amplified due to the strategic role played by the entrepreneurs of business enterprises. Oladele (2014) asserted that the Small and Medium Enterprises (SMEs) sector have not been performing well in the recent times. This has resulted into increase in the rate of business failure among the SMEs; the large enterprises are also not spared in Nigeria and most of them are now relocating to neighboring West African countries, such as Ghana and Benin republic.

Jemi (2013), stated that the major challenge facing SMEs in Nigeria is increasing rate of business failure which he attributed to low level of entrepreneurial orientation. Elemo (2013), also acknowledged that most businesses fail in Nigeria due to business owners possessing high technical component but lacking in management component of entrepreneurial skills. Inmyang and Enuoh (2009) analyzed the following nine areas of entrepreneurial competencies which they considered as the missing link to successful entrepreneurship in Nigeria: time management, communication, human resources management, marketing management, business ethics, social responsibility, leadership, decision making and financial management. Kuteyi (2013), noted with dismay the rate at which businesses are folding up in Nigeria due to harsh business environment. Orji, (2014) opined that considering the increasing harsh business environment in which entrepreneurs find themselves in Nigeria, the only impetus to survival becomes the entrepreneur’s determination or resolve to succeed, his optimism and confidence in himself to succeed.

The issue in literature is however very scanty on entrepreneurial competence in Nigeria because little attention is given to research in this area despite the increasing challenge of business failure occasioned mainly by increasing harsh business environment; the need to accord priority to research in this area therefore, becomes imperative to conduct empirical studies on entrepreneurial competencies on small and medium enterprises performance in Nigeria.

To date, empirical studies on Entrepreneurial Competencies and business performance have been examined by numerous researchers and findings from those studies also revealed the important role of Entrepreneurial Competencies towards performance/business success in developed countries and developing countries (Man, Lau & Chan 2002; Han, 2016, Nerisa, 2015, Shehnaz & Ramayah, 2015, Fabrizio, Paolo & Alessandra, 2011). Furthermore, Entrepreneurial Competencies is confirmed to not only associate with the firm performance and competitiveness, but also the growth and success of a business (Shehnaz et al, 2015). Therefore, this variable cannot be ignored in the context of SMEs owner-managers in improving their business performance. However, some of the related studies examined the determinants of entrepreneurial competencies and business performance (Endi, et al. 2013 & Akinruwa, et al2013), while some examined the correlation/relationship between entrepreneurial competencies and business performance (Juzaimi, et al, 2016 & Han, 2016, Nusratand, 2014, Aruni, Akira & Yagi1 2014).

Thus, most of the studies similar to this study were based on different domains like manufacturing firms (Aruni et al, 2014) and small enterprises/firms (Jose, 2014, Jose, 2012) as against Small and Medium Enterprises which will serve as the domain of this study. Most of the studies reviewed were also carried out in foreign countries. Therefore, against this dearth of literature, it is expedient for this paper to examine the impact of entrepreneurial competencies on SMEs performance using Zaria local Government as a case study.

Research Questions
This study attempts to find answers to the following questions:

i. To what extent do skills competencies impact on SMEs performance in Zaria Local government area of Kaduna State?

ii. To what extent do personality competencies impact on SMEs Performance in in Zaria local government area of Kaduna State?

iii. To what extent do knowledge competencies impact on SMEs Performance in Zaria Local government area of Kaduna state?

Objectives of the Study
The main objective of this paper is to examine the impact of entrepreneurship competencies on the performance of SMEs in Nigeria. Other objectives which the paper seeks to achieve include;

i. To examine the impact of skills competencies on SMEs performance in Zaria Local government area of Kaduna State

ii. To determine the impact of personality competencies on SMEs performance in Zaria Local Government area of Kaduna State.

iii. To examine the impact of Knowledge Competencies on SMEs performance in Zaria Local government area of Kaduna State.

Statement of Hypotheses
The following hypotheses are stated in the null form to guide the paper;

Ho1. Skills competencies have no significant impact on SME’s performance in in Zaria Local government area of Kaduna State.

Ho2. Personality competencies have no significant impact on SME’s performance in in Zaria local government area of Kaduna State.

Ho3. Knowledge competencies have no significant impact on SME’s performance in in Zaria local government area of Kaduna State.

Literature Review
The Concept of an Entrepreneur
There are several definitions of an entrepreneur and rarely do scholars agree on a universal definition of any sort. Rather scholars see an entrepreneur from different perspectives, and sometimes also reflecting a particular social milieu. The term “entrepreneur” is French in origin and literally translates to mean “one who takes between”. Sarwoko, Surachman, Hadiwidjojo, (2013) defined an entrepreneur as one who bears uncertainty, buys labour and materials, and sells products at certain prices. He is one who takes risks and makes innovation on factors of production. He was thus the first to recognize the crucial role of the entrepreneur in economic development.
The modern use of the term “entrepreneur” is usually credited to the works of Schumpeter (XX). Nerison (2015) considers that the entrepreneur always searches for change, responds to it and exploits it as an opportunity. The American Heritage Dictionary defines an entrepreneur as a person who organizes, operates and assumes the risk of business ventures. Nelson and Neck (1991) posited that entrepreneurs are people who have the ability to see and evaluate business opportunities; to gather the necessary resources and to take advantage of them; and to initiate appropriate action to ensure success.

An entrepreneur is one who is also imbued with the ability to organize a business venture with the desire to achieve valued goals or results. He is a catalyst of economic or business activities. It is of interest to note and clarify the concepts of “entrepreneur” which is related to that of entrepreneur. An employee of an existing organization may also be engaged in entrepreneurial activities through innovations and products development according to (Jose, 2014). This is the case of an entrepreneur who is capable of initiating change from within in large organizations. Sometimes when such an employee is dissatisfied with the organization because he receives no support to fund and develop new products he may decide to leave and establish a new company to put his ideas into practice. In this case he becomes an entrepreneur, many businesses have their roots in entrepreneurship.

Based on the above review, entrepreneur can be conceptualized as a change agent, an innovator and a risk taker, who exploits business opportunities in his environment and utilize resources effectively to develop new technologies, produces new products and services to maximize his profits and contributing significantly to society's development. This definition encompasses the desire of the entrepreneur to maximize profit and contribute to economic and social wellbeing of the society.

**Concept of Entrepreneurship**

This is a creative process of organizing, managing an enterprise and assuming the risk involved in the enterprise. In a similar vein, Hisrich and Peters (2012) see entrepreneurship as a process of creating something new and assuming the risks and rewards. This definition stresses four (4) important aspects of entrepreneurship:

i. Creation process – creating something new of value to the entrepreneur and customers;
ii. Entrepreneurship requires the duration of the necessary time and effort;
iii. Risk taking is involved – financial, psychological and social; and
iv. The reward needed in the form of profit, personal satisfaction, independence, etc.

Awodun (2015) adopts the same process approach to define entrepreneurship as an act of:

Recognizing opportunities in your environment;

i. Mobilizing resources to take advantage of such opportunities;
ii. Ensuring the provision of new or improved goods and services to customers; and
iii. Obtaining profit in return for the risk to bear.

Entrepreneurship is therefore about learning the skills needed to assume the risk of establishing a business; developing the wining strategies and executing them with all the vigor, persistence and passion needed to win any game (Kuteyi, 2013). Aruwa (2016) sees entrepreneurship as the willingness and ability of an individual to seek for investment opportunities, to establish and run an enterprise successfully. Entrepreneurship serves as a link pin between invention, innovation, and introduction of new products and services in the marketplace and also enables
the entrepreneurs to act as engines of growth in the economy (Ketchen, 2013). Entrepreneurship is therefore linked to entrepreneurial opportunities, the compelling forces enabling entrepreneurs to introduce or develop new products or services. Dutta and Crossan (2015) defined entrepreneurial opportunities as being a set of environmental conditions that lead to the introduction of one or more new products or services in the marketplace by an entrepreneur or by an entrepreneurial team through an existing ventures or a newly created one. It is in a similar vein, that Aina and Salao (2016) see entrepreneurship as comprising any purposeful activity that initiates maintains or develops a profit oriented business interaction with internal situation of the business or with the economic, political and social circumstances surrounding the business.

Entrepreneurship is simply concerned with whether an entrepreneur actually does the utilization of resources in managing an enterprise and assuming the risks and maximizing profit from the business venture. It is a very dynamic process of creating incremented wealth for the wellbeing of both the entrepreneur and individuals in society. Successful entrepreneurship requires the entrepreneur to possess certain managerial skills. These skills are the ability to conceptualize and plan effectively; ability to manage other individuals, ability to manage time effectively and to learn new techniques in handling business operations; and ability to adopt to change and to handle changes in our environment.

**Concept of Entrepreneurial Competencies**
A pertinent starting point in conceptualizing entrepreneurial competencies is to first define competence. Competence is simply the ability, which an individual requires to do assigned job. In the words of Woodruffe (1990) competence is a work related concept which refers to areas of work at which the person is competent. Therefore, competent employees or individuals are those who meet their performance expectations. In management literature, competencies, is used to describe the set of disparate skills managers require to help them perform their jobs. These skills are identified and effectively initiated in training courses or programs. Competencies therefore constitute a cluster of related knowledge, attitudes, and skills, which an individual acquires and uses together, to produce outstanding performance in any given area of responsibility. In fact, in competency based training all three factors - knowledge, attitudes and skills must be effectively addressed, and taught in an integrated manner. This is the only way outstanding performance can be achieved.

Entrepreneurial competency is defined as the individual characteristics including attitude and behavior, which allow the entrepreneur to achieve business success (Sarwoko, et al 2013). According to Man, et al (2002), entrepreneurial competencies are a set of higher-level characteristics involving personality traits, skills and knowledge. They can be viewed as the total ability of the entrepreneur to perform his role successfully. Moreover, Kiggundu (2012) noted that entrepreneurial competency is the sumtotal of the entrepreneur's requisite attributes for successful and sustainable entrepreneurship, including attitudes, values, beliefs, knowledge, skills, abilities, personality, wisdom, expertise (social, technical, managerial), mindset and behavioral tendencies. According to Bird (1995), competencies are seen as behavioral and observable but only partly intrapsychic characteristics of an entrepreneur. Consequently, competencies are changeable and learnable, allowing intervention in terms of the selection, training and development of entrepreneurship. Man et al. (2002) identified six major areas of entrepreneurial competencies in relation to an SME context, including opportunity, relationship, conceptual, organizing, strategic, and commitment competencies. These
competencies are supposed to play different roles in affecting an SME's performance with their direct and indirect effects. Inyang and Enuoh (2009) analyzed nine areas of entrepreneurial competencies which they considered as the

Bird (2015) also defined entrepreneurial competencies as fundamental characteristics, namely traits, self-image, motives, social roles, skills and knowledge that drive the growth of the organization. This is in line with Kiggundu's (2012) definition of entrepreneurial competencies as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioral tendencies needed for successful and sustaining entrepreneurship. Entrepreneurial competencies also involve self-image, motives, entrepreneurial traits, behavior, skills, attitude and knowledge (Boyatzis (1982). Baum et al. (2001) defined entrepreneurial competencies as individual characteristics such as knowledge, skills, and/or abilities required to perform a specific job. Man and Lau (2005) argued that entrepreneurial competencies can basically be divided into two parts. The first part includes the elements relating to the entrepreneur's background such as traits, personality, attitudes, self-image, and social roles. And the second part involves the components which can normally be learned from theory and practice like skills, experience and knowledge.

Entrepreneurial competencies can also be defined as the abilities of an entrepreneur to perform the successful entrepreneurship or business success. Han (2016) defined entrepreneurial competencies as the capability of entrepreneurs to face effectively a critical situation by making sense of environmental constraints and by activating relational and internal specific resources.

Nerisa (2015) argued that entrepreneurial competencies are strongly associated with managerial competencies. However, Man & Lau, 2000 have classified entrepreneurial competencies into six major areas: opportunity competencies, organizing competencies, strategic competencies, relationship competencies, conceptual competencies and commitment competencies.

**Concept of Small and Medium Scale Enterprises (SME's)**

According to extant literature the definition vary in different economics but the underlying concept is the same. Orji, (2014); contends that the definition of small and medium scale enterprises varies according to context, author and countries. Small and medium scale enterprises are certainly not transnational company, multinational cooperation, publicly owned enterprises or large facility of any kind. However, they can depend on business and ownership structure to become a large business unit (Liedholm & Mead, 1987), while it can be argued that eighty percent (80%) of the financing of SMEs come from owners, friends and families, business form can take different form including private ownership, limited partnership, contract and subcontracts, cooperatives or association (Aruni et al, 2014). Small and medium scale enterprises have a narrow context within which its operation is carried out. However, where it is effectively operated it has capacity to sprout the economic growth and national development. In every economics small and medium scale enterprises has been seen has a pivotal instrument of economic growth and development either in developed for developing economics. Several studies have confirmed this (Pi-shen, 2016; Orji, 2014, Asaolu 2004; Aruni, 2014; Oladele, 2010).

Small and medium scale enterprises (SMEs) have been long recognized as an instrument of economic growth and development. This growing recognition has led to the commitment of
World Bank group on SMEs sector as core element in its strategy to foster economic growth, employment and poverty alleviation. The importance of small and medium scale enterprises has not been in doubt; unfortunately classifying businesses into large and medium scale is subjective and premised on different value judgment. Such classification has followed different criteria such as employment, sales or investment for defining small and medium scale enterprises.

Several definitions and meanings of SMEs exist. This is due to their global diversity and characteristics (Conrad and Darren, 2009). Arowomole (2015) affirmed that a single universally accepted definition of SMEs has not been easy as different countries have different criteria for defining SMEs. Adding that many countries have defined it in terms of manpower, management structure and capital investment limit. He further noted that experts in this field have also contributed to the diversity in SMEs definitions. One crucial thing to note about SMEs definition is that certain criteria have been used to define what SME stands for most especially according to countries, sizes and sectors. Conrad and Darren (2009) explains that the main reason why SME definition varies particularly from industry to industry; county to country; size to size and number of employee to number of employee is to reflect industry, country, size and employment differences accurately. Baumback (2013) defined SME in terms of employment, asset value and dollar sales. According to Jasra, Khan, Hunjra, Rehman and Azam (2011), Small and Medium Enterprise (SME) represent a business and not a public limited company; Jasra, et al (2011) further posited that SMEs are businesses having not less than two hundred and fifty (250) workers in the case of manufacturing and service industries including trading businesses.

The points highlighted above bear witness and demonstrate that the common criteria for defining SMEs include: employment, number of employees, size, industry, country, asset value etc. This is consistent with the findings of Conrad et al. (2009). They contended that the most valid measures for defining SME are number of employees and size. Generally, SME sector is categorized into three: micro, small and medium enterprises or businesses. The micro SMEs are the smallest among the three categories.

With regard to small businesses, several definitions of small businesses have been advanced over the years. Alarape (2008) defines it as “an enterprise with a labor size of 11-100 employees or a total cost of not less than N50 million, including working capital but excluding cost of land”. The Nigerian industrial policy defined SMEs as industries with total investment of between N100, 000 and N2 million, exclusive of land but including working capital. One of the most popular definitions of SMEs is given by the American Small Business Administration (SBA) as that business or firm which is independently owned and operated; it is not dominant in its field and meets the criteria for the SME business administration sponsored loans programme (Arowomole, 2015). The Medium businesses as the name suggests are bigger than both micro and small businesses in terms of operations, manpower capacity or number of employees, structure, capital investment and size.

**Concept of Organizational Performance**

Performance according to Hornby (2011) is described as an action or achievement considered in relation to how successful it is. Performances are variously measured and the perspective are tied together and consistently monitored from the organization context (Jamil& Mohamed, 2011). From the Hornby (2011) definition, it can be reasonably concluded that performance is
synonymous to success. What connotes performance varies from one organization to another. Prior to 1980s, financial indicators were the sole measurement rod of performance such as: profit, return on investment, sales per employees and productivity. Short after 1980s till date, attentions have been shifted from financial to less tangible and non-financial measure. This include: Just in-time delivery (JITD) total quality management (TQM), Communication, trust, stakeholder satisfaction, competitive position and quality of product (Nerisa, 2015 & Rosli, 2011). Garrigos, Marques and Narangajavana (2015) also categorized performance measurement into four, namely: (1) Profit which include: return on assets, return on investment and return on sales (2) Growth in term of sales, market share and wealth creation (3) Stakeholder satisfaction which include customer satisfaction and employees' satisfaction and (4) competitive position. Despite various definitions of business performance in the literature, business performance of SMEs in this study will be measured subjectively, as specified in terms of cash flow, net profit, sales growth, return on sales, return on investment, return on shareholders' equity and operating profit.

Impact of Entrepreneurial Competencies on the Performance of SMEs in Nigeria
The performance of SMEs is influenced by the skill and the competence of the owners. The understanding of entrepreneur role, gives a better understanding of what competencies needed by entrepreneurs to ensure the survival of the business as well as business success. However, the role of decision makers is focusing on the development of entrepreneurial competencies (Magdalena, 2011). Kiggundu (2012) conceptualized entrepreneurial competencies as the total sum of entrepreneurs attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioral tendencies needed for success and sustaining entrepreneurship.

Endi, Surachman, Armanu, and Djumilah, (2013) posited that an in-depth analysis of entrepreneurial competencies saw competencies of entrepreneurs as having dual origins: first, components that are more deeply rooted in the entrepreneur's background (i.e. traits, personality, attitudes, self-image, and social roles) and second, components that could be acquired at work or through theoretical or practical learning (i.e. skills, knowledge, and experience). Entrepreneurial competencies influence significantly to business success (Man et al., 2002), Magdalena, (2011) argued that entrepreneurial competencies as a predictor of SMEs performance, he further expatiated that even its influence more strongly for stable environmental conditions as well as dynamically. Therefore, the capabilities and characteristics of the personality of those who manage businesses regarded as one of the most powerful factors have a positive or negative impact on performance (Zott, 2013).

Review of Previous Studies
Fabrizio, Paolo and Alessandra, (2011) examined the role of the individual competencies of a sample of entrepreneurs of small and medium sized Italian firms and their impact on business performance. A variety of tools were used for the measurement of entrepreneurial competencies and then we try to find a relationship with firm performance considering a multi-dimensional performance indicator and some control variables. Results showed that the entrepreneurial competency portfolio has an impact on the organizational performance. In particular, competencies like efficiency orientation, planning, persuasiveness, self-confidence, organizational awareness, directing others, teamwork, leadership and benchmarking are related to a higher firm performance. Factor analysis also showed some typical behavioural paths related to entrepreneurial effectiveness and regression analysis shows the influence of
some control variables. According to the results, it is of utmost importance for entrepreneurs to
develop some specific competencies in order to obtain a higher performance. Despite the
research carried out, the study lacks relevant recommendation(s) as no single recommendation
was recorded in the study.

Jose, (2012) investigated the influence of entrepreneurial competencies on the performance of
small enterprises by building a causal model using data obtained from Spanish entrepreneurs.
In this model entrepreneurs’ competencies influence firm performance, competitive scope, and
organizational capability in a direct or indirect way are explained. They found support for most
of their hypotheses. Results indicate that entrepreneurial competence plays an influential role
in organizational capability and competitive scope, and also has a direct effect on firm
performance. The use of organizational capabilities affects positively the firm performance and
it partially mediates the relationship between entrepreneurial competence and firm
performance. Although competitive scope is not significantly related to business growth, it is a
strong predictor of other performance dimensions, such as efficiency and relative performance.
Organizational capability is a strong predictor of competitive scope.

Endi et al (2013) examined entrepreneurial characteristics and competency as determinants of
business performance in SMEs. The purpose of his research is to empirically test the influence
of entrepreneurial characteristics and competencies on business performance in SMEs. The
study was conducted with one hundred and forty seven (147) SMEs owner in Malang regency
east Java Indonesia using survey instrument. The data analysis made use of the structural
equation modelling (SEM). The results of the study indicated that the entrepreneurial
characteristics have a significant influence on business performance. The study concluded that
entrepreneurial competencies as mediating in the relationship between entrepreneurial
characteristics and business performance. It means the more powerful entrepreneurial
characteristics will lead to an increase in the competence of the SMEs owner, which will
ultimately have an effect on business performance.

Akinruwa, Awolusi and Ibojo(2013), assessed the determinant of SMEs performance in Ekiti
state. Survey method was used for the study while purposive sampling technique was adopted
and regression analysis via statistical package for social science (SPSS version 20) was used to
analyze the data. Findings showed that funds, managerial skills, government policy, education
and facilities were significant related with performance at 5% significantly level. Funds were
considered most significant follow by education, government policy, managerial skill and
facilities. The conclusion drawn from the study was that for business to continue achieving it
expected performance all determinants must be readily available to complement each other.
The study recommended that government should focus on provision of all determinants that
will enhance the thriving of SMEs performance, creates avenue that will give room for sharing
experience among business owners finally, adequate information should be made to create
awareness and need to patronize the home made product.

Aruni, Akira and Hironori (2014) examined the impact of owner/managers entrepreneurial
competencies on entrepreneurial orientation (EO) of the manufacturing firms in Sri Lanka and
the relationship between background characteristics of owner/managers and entrepreneurial
competencies. Primary data was collected in low country tea manufacturing firms in Sri Lanka.
The sample includes one hundred and nine (109) private sector tea factories. Entrepreneurial
competencies were operationalized as opportunity, organizing, strategic, relationship,
commitment and conceptual competencies. Data were analyzed by using multiple regression analysis. It was found that background characteristics of owner/managers have direct impact on entrepreneurial competencies. Further it implies that entrepreneurs strategic and commitment competencies have direct positive relationship with EO. When considering the dimensions of EO, innovativeness was greatly affected by owner/managers competencies whereas risk taking behavior was less affected by competencies. Hence, findings of the present study would be essential for owner/managers and strategy makers to enhance the EO of tea manufacturing firms in Sri Lanka towards global competition in the tea industry by knowing what competencies are crucial for EO.

Jose, (2014) examined the influence of entrepreneurial competencies on small firm performance. This research studied the influence of entrepreneurial competencies on the performance of small enterprises by building a causal model using data obtained from Spanish entrepreneurs. In this model entrepreneurs’ competencies influence firm performance, competitive scope, and organisational capability in a direct or indirect way are explained. The study found support for most of the hypotheses. Results indicate that entrepreneurial competence plays an influential role in organisational capability and competitive scope, and also has a direct effect on firm performance. The use of organisational capabilities affects positively the firm performance and it partially mediates the relationship between entrepreneurial competence and firm performance. Although competitive scope is not significantly related to business growth, it is a strong predictor of other performance dimensions, such as efficiency and relative performance. Organisational capability is a strong predictor of competitive scope. The implications and future research directions are discussed.

Bello et al., (2015) determined the effect of entrepreneurial skills management (ESM) and funding on SMEs performances at the local government level in northern Nigeria. The descriptive survey design was adopted for the study. Questionnaires were administered to a random sample of three hundred (300) SMEs was from the manufacturing sector in three (3) states of northern Nigeria to collect data concerning demographic and organizational characteristics of respondents and their SMEs respectively, ESM abilities of respondents and on funding aspects that has effect on the performance of SMEs. In determining the instrument’s reliability estimate, a cronbach’s alpha of 0.81 was obtained. The study found that though both ESM and funding have significant influence on the performances of SMEs, the influence ESM accounts for 39.0% while that of funding accounts for 42.8% of the variations in the performances of SMEs. From the findings of this study and similar others, it was therefore concluded that ESM and funding are key drivers of SMEs’ performance in northern Nigeria. Both factors may therefore be considered as the fulcrum that can be used to propel SMEs performances in this region.

Shehnaz and Ramayah, (2015) examined the effect of entrepreneurial competencies on success of businesses in the context of Malaysian SMEs. This study adopted the resource based view of competencies (RBV) which claims that entrepreneurial competencies are valuable and intangible resources that lead towards the success of business. Entrepreneurial competencies alone are not enough to ensure the survival and success of businesses. Since, SMEs have scarce resources of finance, skills, technology and knowledge; therefore, SMEs sustainable business success highly depends on many other factors such as supplier's capabilities as well as customer's integration. Moreover, the strong relationships of SMEs with their customers and suppliers enable them to access the information regarding latest customer choices and tastes,
technologies and new methods of innovations. Therefore, the study incorporated two theories namely, the resource dependence theory (RDT) and the resource based view (RBV) to explain the conceptual model, where RDT suggests that firms have to depend on external parties (suppliers and customers) to get critical resources for their survival. The study argued that through external integration, this relationship can be more improved. The study also suggested that an empirical study should be conducted in future by using this conceptual framework to see the impact of external integration as a moderator between the entrepreneurial competencies and business success.

Pi-Shen, (2016) examined whether the introduction of entrepreneurship education based on concepts of experiential learning into the university curriculum has had any positive effect on changing the entrepreneurial perceptions, intentions and competencies of tertiary education students. The paper used Kolb's model of experiential learning as a conceptual framework to interpret the actions taken by the Singapore universities in introducing various forms of entrepreneurship education schemes. The study found that there is evidence to support claims that entrepreneurship education based on experiential learning in undergraduate courses has had a positive effect on changing entrepreneurial perceptions and intentions among Singapore university students, the findings for entrepreneurial competencies are inconclusive as important aspects of tolerance of failure and opportunity recognition do not seem to have been positively affected.

Juzaimi, et al, (2016) examined the role of dynamic capabilities as a mediator in the relationship between entrepreneurial competency and SMEs performance in Malaysia. Using a quantitative cross-sectional survey approach, data were gathered through mail survey questionnaire distributed to SMEs owner-managers throughout Malaysia, including Sabah and Sarawak. The constructs used were adapted from prior research and already tested for reliability. Data obtained was analysed using Statistical Package for Social Sciences (SPSS version 21) for windows. Statistical results confirmed the significant relationships between opportunity competency, organizing competency and strategic competency, and SMEs performance. Meanwhile, a dynamic capability was found to mediate the relationships between relationship competency, conceptual competency, commitment competency and SMEs performance.

To date, empirical studies on entrepreneurial competencies and business performance have been examined by numerous researchers and findings from these studies have also revealed the important role of entrepreneurial competencies towards performance/business success in developed countries and developing countries (Man et al., 2002; Han, 2016, Nerisa, 2015, Shehnaz, et al 2015, Fabrizio, Paolo & Alessandra, 2011). Furthermore, entrepreneurial competencies are confirmed to not only associate with the firm performance and competitiveness, but also the growth and success of a business (Shehnaz et al, 2015). Therefore, this variable cannot be ignored in the context of SMEs owner-managers in improving their business performance. However, some of the related studies examined the determinants of entrepreneurial competencies and business performance (Endi, et al, 2013 &Akinruwa, et al2013), while some examined the correlation/relationship between entrepreneurial competencies and business performance (Juzaimi, et al, 2016 & Han, 2016, Nusratand, 2014, Aruni, et al 2014). Furthermore, some of the studies also examined the effect or role of entrepreneurial competencies on business performance (Shehna, et al, (2015, Bello, et al 2015, & Fabrizio, et al 2011). Just few studies examined the influence of entrepreneurial
competencies on small enterprises (Jose, 2014, Jose 2012,), whereas just the study of Aruni et al., 2014 examined the impact of owner/managers entrepreneurial competencies on entrepreneurial orientation (EO) of the manufacturing firms.

From the above it can clearly be deduced that most of the similar studies were based on different domains like manufacturing firms (Aruni et al., 2014) and small enterprises/firms (Jose, 2012, Jose, 2014) as against SMEs which is the domain of this paper. Most of the studies reviewed were also carried out in foreign countries. Therefore, it is expedient for this paper to examine the impact of entrepreneurial competencies on SMEs performance with specific reference to Zaria local government area of Kaduna state in Nigeria with the hope of contributing to the body of knowledge.

**Theoretical framework: Resource Based View (RBV) theory and human capital theory.**

This paper would adopt the resource based view theory of competencies (RBV) and the human capital theory. The reason for the adoption of these theories is because the theories assume that entrepreneurial competencies are valuable and intangible resources that lead to the performance of business enterprises.

Resource Based View (RBV) theory suggests that a firm can distinguish itself from its competitors and can create sustainable competitive advantage only if it possess valuable, rare, and inimitable resources (Barney, 1991). The theorists of RBV have observed that entrepreneur's competencies are key a resource of the firms that are valuable as well. Human capital is an intangible asset of firms that enables them to be more successful. The valuable skills, knowledge and abilities of an entrepreneur may lead to sustainable competitive advantage of firm because entrepreneurial competencies are usually very rare and difficult for rivals to develop all essential competencies. Only the competent entrepreneurs may develop and lead successful strategies towards the success of businesses. For instance, the firm's RBV theory relates its value creation process to the manager's capability in finding or developing resources (Grant, 1991; Barney, 1991).

The human capital theory on the other hand relate to entrepreneurial success in a similar way as personality structure; sufficient knowledge and working experience in the relevant fields enable business founders to choose more efficient approaches, for instance in organizing production processes, creating financial strategies, or analyzing markets for the new product. The human capital of the entrepreneur is the second part of the character-based approach after the entrepreneurial personality. Human capital theory is concerned with knowledge and experiences of small-scale business owners. The general assumption is that aside Human capital acting as a resource, the human capital of the founder also improves small firm chances to survive (Brueederl, Preisendoerfer & Ziegler, 1992). Human capital theory makes the founder more efficient in organizing processes or in attracting customers and investors. Different studies used various operationalization of human capital. Brueederlet al. (1992) distinguished between general human capital years of schooling and years of work experience- and specific human capital- industry specific experience, self-employment experience, leadership experience, and self-employed father and in general, trend indicated a small positive relationship between human capital and success. Human capital theory has an important implication: Since the theory is concerned with knowledge and capacities, the theory implies processes as well: human capital can be trained and improved. Additionally, if human capital acts as a resource it might be interesting to evaluate human capital implications of employees.
in small scale enterprises as well. In manufacturing settings it was shown, that a human resource management (HRM) system was related to performance especially when it was combined with a quality manufacturing strategy (Youndt, Snell, Dean, & Lepak, 1996).

Most theoretical studies analyzing the impacts of human capital on the success probability of a new venture are concerned with the general human capital (such as the years of schooling or working experience), with various kinds of specific human capital (such as experience in leadership, in self-employment or in the industry chosen for the new venture), or with genetic or sociological relations (such as self-employed parents or friends). Research on the impact of general human capital by Backes-Gellner and Lazear (2003) has shown that it is important for later success if business founders have already developed a broader knowledge base rather than specialized knowledge of a certain topic. Relationships between the human capital approach and the success rates of entrepreneurs have been empirically tested as well.

Chandler and Hanks (1994, 1996) showed that there is a positive impact when entrepreneurs found new businesses in the same branch where they had gathered previous work experience. The same authors observed only a weak impact of general human capital on success rates in terms of years of schooling. An explanation of the latter is given by Lazear (2004), and by Wagner (2003), who found empirical support for Lazear’s `jack-of-all-trades model' which is not necessarily correlated with years of schooling. Also, Dunn and Holtz, (2000) found a positive correlation between success rates of business founders and self-employed parents.

**Research Methodology**

The paper made use of a survey design. First, it explored the status of entrepreneurs’ competence that the SME owners and managers have, and secondly, it identified whether there is any relationship between the competency areas (skill, personality and knowledge) and SMEs performance. The survey focused on entrepreneurs in the various SMEs sector such as manufacturing, services, agriculture, and commerce, etc. to ascertain their views on the impact of entrepreneurial competencies on their firm’s performance. The data required for this study was extracted from a primary source through the use of a structured questionnaire and the data were collected through surveying the eighty eight (88) respondents (which is the entire population) representing the total number of registered SMEs in Zaria local government of Kaduna state (Zaria local government, 2017). However, since the population of the paper (88) is small, the paper adopts all the population as the sample size using census sampling. The questionnaire contains three (3) parts including personal information, entrepreneurial competencies and firm's performance. The questionnaire comprised of nineteen (19) questions. There were twelve (12) questions in this section and all the questions were grouped into three (3) main competency areas namely: skill competencies, personality competencies, and knowledge competencies. For measuring the relative performance of the respondents, seven (7) questions were asked to be rated on a five (5)-point Likert scale (where 1 = significantly lower, 2 = moderately lower, 3 = about the same, 4 = moderately higher and 5 = significantly higher). Both descriptive and inferential statistics methods were used. The descriptive statistics included frequencies and simple percentages while the inferential statistics consisted of both simple and multiple linear regression technique in testing the hypotheses, using SPSS version 20.
**Data presentation and analysis**

Out of eighty eight (88) administered questionnaires, seventy five (75) copies of the questionnaires were duly filled and returned from the respondents and analyzed. This gives a response of eighty five (85%), this was achieved as a result of follow up and the non-retrievable questionnaires were as a result of the negligence of SME owners to fill the received questionnaire. However, only seventy five (75) copies of the questionnaires were analyzed for the purpose of this paper.

**Table 1.**

<table>
<thead>
<tr>
<th></th>
<th>Questionnaire Distributed</th>
<th>Questionnaire duly filled and Returned</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>88</td>
<td>75</td>
<td>85</td>
</tr>
</tbody>
</table>

**Source:** Researcher's Computation (2017)

Table 4.1 above shows that a total of eighty eight (88) questionnaires were administered out of which seventy five (75) copies were duly filled and returned to the researcher presenting eighty five percent (85%) of the response rate. The fifteen percent (15%) non-response rate is not sufficient to invalidate the outcome of the survey. Thus, the eighty five percent (85%) duly filled and returned would serve as adequate representation for the research study.

**Multiple Regression Results**

**Table 2: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.655 a</td>
<td>.429</td>
<td>.424</td>
<td>.01427</td>
<td>2.284</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Knowledge comp, Skill comp, Personality comp

b. Dependent Variable: SMEs Performance

**Source:** Researcher's Computation (2017)

The above table shows an adjusted r square value of 0.424 which indicates that 42.4% of the dependent variable (SMEs Performance) was explained by the independent variables (skills competence, personality competencies and knowledge competencies) and therefore, 57.6% of other factors (skills competence, personality competencies and knowledge competencies) affects SMEs Performance. However, based on the adjusted r square result, entrepreneurship competencies appeared to be a strong variable for predicting the performance of SMEs in Nigeria.

**Table 3: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.052</td>
<td>3</td>
<td>.017</td>
<td>84.452</td>
<td>.000 b</td>
</tr>
<tr>
<td>Residual</td>
<td>.069</td>
<td>337</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.120</td>
<td>340</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs Performance

b. Predictors: (Constant), Knowledge comp, Skill comp, Personality comp

**Source:** Researcher's Computation (2017)
The above table (ANOVA*) shows significant level of 0.00 which is far below the established significant level of this paper (0.05). Therefore, the F-statistic (84.452) is high enough for this paper to infer that all the independent variables (skills competence, personality competencies and knowledge competencies) have significant impact on the performance of SMEs in Zaria local government area of Kaduna state. The implication is that an increase in the effectiveness of the independent variables will lead to an increase in SMEs performance in Zaria local government area of Kaduna state.

### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.009</td>
<td>0.005</td>
<td>1.630</td>
<td>.104</td>
</tr>
<tr>
<td>Skill comp</td>
<td>2.28</td>
<td>0.116</td>
<td>1.962</td>
<td>.051</td>
</tr>
<tr>
<td>Personality comp</td>
<td>3.87</td>
<td>0.088</td>
<td>4.392</td>
<td>.000</td>
</tr>
<tr>
<td>Knowledge comp</td>
<td>6.88</td>
<td>0.085</td>
<td>8.055</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs Performance

**Source:** Researcher's Computation (2017)

The result from the table above shows that skills competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state. This is indicated from the beta coefficient of .092 which is significant at p value of 0.05. This suggests that, when skills competencies increase by 1%, SMEs performance in Nigeria also increases by 9%. The paper therefore infers that skills competencies have positive significance on SME's performance in Zaria local government area of Kaduna state. The results from the table above show that personality competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state; this is indicated from the beta coefficient of .249 which is significant at p value of 0.00. This suggests that, when personality competencies increase by 1%, SMEs performance in Nigeria also increases by 24.9%. The paper therefore infers that personality competencies have positive significance on SME's performance in Zaria local government area of Kaduna state. The results also show that knowledge competencies have significant positive impact on the performance of SMEs in Zaria local government; this is indicated from the beta coefficient of .424 which is not significant at p value of 0.00. This suggests that, when knowledge competencies increase by 1%, SMEs performance in Nigeria also increases by 42.4%. The study therefore infers that knowledge competencies have positive significance on SME's performance in Zaria local government area of Kaduna state.

**The Research Findings**

1. The paper found that skills competencies have significant positive impact on the performance of SMEs in Nigeria; the study therefore infers that skills competencies have positive significance on SME's performance in Nigeria. This finding is however in conformity with that of Akinruwa et al. (2013) whose study found that managerial skills, government policy, education and facilities were significant related with performance at 5% significance level.
2. The paper also found that personality competencies have significant positive impact on the performance of SMEs in Nigeria. The finding therefore infers that personality competencies have positive significance on SME's performance in Nigeria. This finding is however in conformity with Nusratand, (2014) whose study found that all the competencies (including personality competencies) are required by entrepreneurs of manufacturing industry to enhance the performance of their firms.

3. Finally, the paper found that knowledge competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state; the paper therefore infers that knowledge competencies have positive significance on SME’s performance in Zaria local government area of Kaduna state. This is also in conformity with Nusratand, (2014) whose study found that all the competencies (including knowledge competencies) are required by entrepreneurs of manufacturing industry to enhance the performance of their firms.

Conclusion
The study found that skills competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state; this is indicated from the beta coefficient of .092 which is significant at p value of 0.05. Therefore, the paper concludes that skills competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state. The paper further posits that personality competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state; this is indicated from the beta coefficient of .249 which is significant at p value of 0.00. Therefore, the paper concludes that personality competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state. Finally, the paper found that knowledge competencies have significant positive impact on the performance of SMEs in Zaria local government area of Kaduna state, this is indicated from the beta coefficient of .424 which is not significant at p value of 0.00. Therefore, the paper concludes that entrepreneurship competencies have significant effect on SMEs performance in Zaria local government area of Kaduna state.

Recommendations
Based on the above findings and conclusions, the study recommends that in the long run, entrepreneurs should concentrate on all the competencies for better future performance; however other recommendations are as follows;

i. Government should equip current and future entrepreneurs with skills and competencies to make them self-reliance.

ii. The paper therefore recommends that entrepreneurship teachings should be a dynamic mix of process and action focus.

iii. Finally, the paper recommends that SME owners should improve themselves through personal trainings by attending entrepreneurship seminars and conferences in order to improve their personality competencies.
References


Han, M. O. (2016). Determinants of SMES’ Performance: the case of Kyaing Tong, Eastern Shan State, Myanmar. Assumption University, Graduate School of Business.


