

## The Efficacy of Entrepreneurial Competencies on Business Performance of Bakeries in Rivers State

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### **Abstract**

*The study investigated the efficacy of entrepreneurial competencies on business performance of Bakeries in Rivers State. This research adopted descriptive research design. A validated instrument was used for the study. The instrument was named: Entrepreneurial Competencies and Business Performance scale (ECBPs). The 5 points Likert Scale rating was used for the study as follows: Strongly Agree (5 points); Agree (4 points); Neutral (3 points); Disagree (2 points); Strongly Disagree (1 point). The section C of the questionnaire measures business performance using the following rating: Extremely Satisfied, Very Satisfied, Moderately Satisfied, Slightly Satisfied, Not Satisfied. The Cronbach Alpha reliability test was used to determine the internal consistency of the instrument which gives the reliability coefficient of 0.74. One hundred and thirty two (132) Bakery owners/managers in Rivers State were used for the study. After data collection, the responses of Bakery owners/managers were subjected to data analysis Pearson Product-Moment Correlation. It was found that Bakery owners/managers in Rivers State possessed entrepreneurial competencies such as opportunity, organizing, strategic, and commitment which have been found valuable to their business performance. It was found opportunity, organizing, strategic, and commitment competencies have a significant relationship with business performance of Bakeries in Rivers State. It is therefore recommended that Bakery owners/managers should nurture their entrepreneurial competencies for better business performance. Bakery owners/managers should try to be more committed to their business activities since their commitment competency is weaker than other entrepreneurial competencies possessed according to the findings of the study.*

**Keywords:** Entrepreneurial competencies, Business performance, Opportunity Competency, Organizing competency, Strategic competency, Commitment competency

### **Introduction**

It has become more pronounced among “want to be entrepreneurs” to make references to bad economy, insufficient fund, and bad government as factors stopping them from starting up their business without considering internal factor such as entrepreneurial competencies. Business success highly depends on the skills and competencies possessed by the entrepreneur. An entrepreneurial competency is a most needed value for an entrepreneur. The entrepreneur should always have personal competencies, which refers to important personal qualities and abilities that help in the

building up of personal strength and in enhancing an individual's effectiveness in performing certain challenging tasks such as managing one's own business (Man & Lau, 2000).

Mitchelmore and Rowley (2013) defined entrepreneurial competencies as a specific group of competencies relevant to the activities of a successful entrepreneurship. Man, Lau and Chan (2002) defined the entire capability of the entrepreneur to execute the job role fruitfully as the entrepreneurial competency and their work identified six major competency areas as; opportunity, organizing, strategic, relationship, commitment and conceptual competencies. Kiggundy (2002) conceptualizes entrepreneurial competencies as the total sum of entrepreneurs attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for success and sustaining entrepreneurship.

Business performance can be defined as the degree of fulfillment of managerial goals in business practices and realized outputs of these goals by the end of a specified period (Mitchelmore & Rowley, 2010). Business performance is defined along two dimensions of growth and profitability relative to the competition (Bergeron, Raymond & Rivard, 2004). Performance measure can be subjective measure composed of ten different dimensions such as; sales growth, revenue growth, growth in the number of employees, net profit margin, product/service innovativeness, process innovativeness, adoption of new technology, product/service quality, product/service variety, and customer satisfaction (Wiklund & shepherd, 2003).

### **Entrepreneurial Competencies**

Entrepreneurial competency can be understood as an individual's features whereas an entrepreneur is an innovative person who likes to take risks for profit maximization in the business endeavor while defining entrepreneurial competencies in terms of the possession of traits, skills, and knowledge, various authors have tried to establish these entrepreneurial features into key competency regions (Li, 2009). According to Man, Lau and Chan (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. Entrepreneurial competency is defined as the individual characteristics including attitude and behavior, which allow the entrepreneur to achieve business success (Sarwoko, Surachman, Armanu & Hadiwidjojo, 2013).

### **Opportunity Competency**

Man et al (2002) stated that opportunity competency is the ability to recognize market opportunity through various means; which is operationalized by measuring behaviours such as identifying goods and services that customers want. Opportunity development among entrepreneurs involves the ability to seek, develop, and assess high quality opportunities that are available in the market.

### **Organizing Competency**

Organizing competencies involves the ability to lead, control, monitor, organize, and develop the external and internal resources towards the firm's capabilities through the entrepreneur's organizing competencies in different areas. Specific behaviours that demonstrate this competency include developing plans, allocating resources, organizing, motivating and leading employees, coordinating activities, delegating tasks, and keeping an organization running smoothly (Man et al, 2002).

### **Strategic Competency**

Strategic competencies require the entrepreneur to have a vision or a big picture in their mind for their business, to have clear goals to achieve, or to formulate and implement strategies to achieve these vision and goals. According to Man and Lau (2000), strategic competencies are related to setting, evaluating and implementing the strategies of the firm, while calling for abilities and skills from a broader and long-term perspective.

### **Commitment Competency**

Commitment competency drives the entrepreneur to move ahead with the business. Successful entrepreneurs are often characterized as diligent people with a restless attitude in their work. In other words, they have a strong competency in totally committing, determining and dedicating, as well as taking proactive actions towards their responsibilities and duties. (Man et al, 2002)

### **Business Performance**

Business performance is how a firm is said to be performing when measurements are conducted Maragia (2008), and can be in form of profitability and sales growth however, financial and non-financial performance complement each other and provide richer description of actual entrepreneurship performance (Mwangi, 2018). Performance is the ultimate criterion for judging whether SMEs are competitive or not as it is with larger firms. Business performance is measured by both internal and external factors to the firm. Business performance is influenced by both intrinsic (individual) and extrinsic (environmental) factors. According to Oo (2013) firm performance could mean the success level of the business in the market within which it operates. Business performance can also be referred to as the yardstick use to quantify results achieved by the firm for a period (Sucipto, Oktaviani, & Rizal, 2015).

### **Entrepreneurial Competencies and Business Performance**

Inyang and Enuoh (2009) noted that the missing link to successful entrepreneurship in Nigeria is entrepreneurial competencies. Onstenk (2003) noted that proper entrepreneurial competencies are helpful when undertaking to start an enterprise and to help it survive or grow. Entrepreneurial competency is the integrated ability to perform entrepreneurial activities effectively. According to Man, Lau and Chan (2002), entrepreneurial competencies influence significantly business success. Sarwoko, Surachman and Hadiwidjojo (2013) reported that entrepreneurial competencies mediate the relationship between entrepreneurial characteristics and business performance; and that entrepreneurial competencies have a significant influence on business

performance. Sony and Iman (2005) confirm that entrepreneurial competencies which comprise management skill, industry skill, opportunity skill, and technical skill are positively related to venture growth. Many entrepreneurial characteristics are found to be positively related to firm performance. Entrepreneurial competency has a significant positive relationship between entrepreneurial competency and firm performance (Li, 2009).

### **Opportunity Competencies and Business Performance**

Mwangi (2018) found that opportunity competence have a significant relationship with entrepreneurship performance. Opportunity competency comprises of the entrepreneurial activities in actively seeking new opportunities, identifying opportunities, and developing the opportunities (Seabela & Fatoki, 2014).

### **Organizing Competencies and Business Performance**

A strong positive linear relationship was found between organizing competence and entrepreneurship performance (Mwangi, 2018). Organizing competencies are related to the organization of different internal and external human, physical, financial and technological resources, including team building, leading employees, training and controlling. Being the chief managers of their firms entrepreneurs ought to possess organizing competencies, which equip them with skills and knowledge to perform managerial functions of planning, organizing, leading, motivating, delegating and controlling (Man & Lau, 2000). Organizing competency is the capacity of the entrepreneur to direct, lead, delegate, encourage, plan and schedule work, develop program and prepare the finances of the firm (Kaur & Bains, 2013)

### **Strategic Competencies and Business Performance**

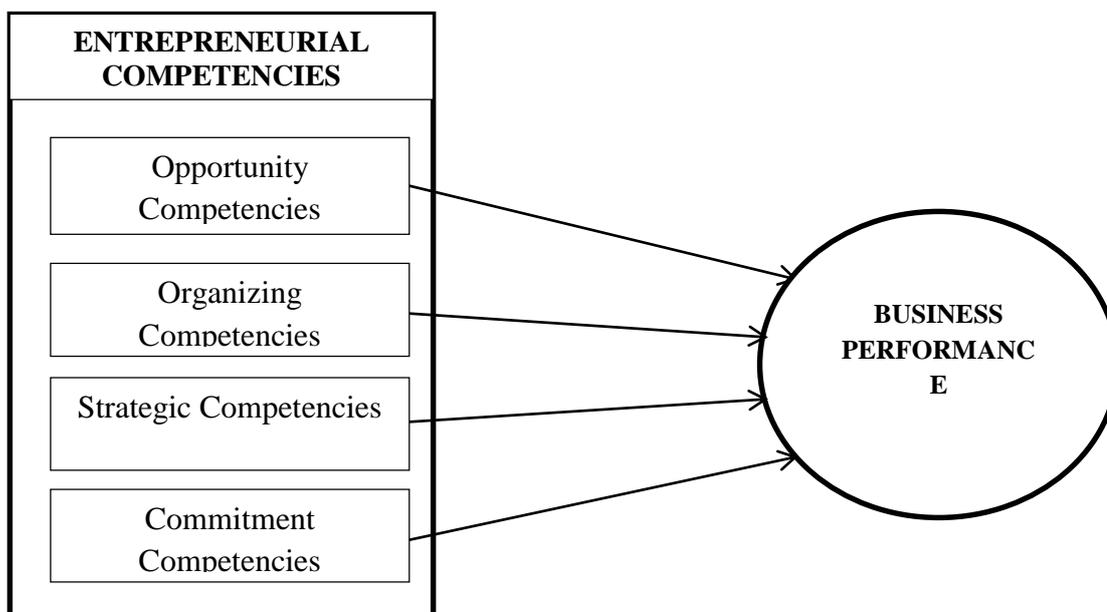
Man, Lau and Snape (2008) indicated that there is a direct relationship between strategic competency and business performance especially when investment efficiency was used to evaluate the performance of the firm. Mohammed, Ibrahim and Shah (2017) found that strategic competency possessed by women entrepreneurs in Nigeria enables them to take their business forward. Strategic competencies are related to setting, evaluating and implementing the strategies of the firm, while calling for abilities and skills from a broader and long-term perspective. entrepreneur must set the direction for the whole company and for this entrepreneur require strategic competency to have a vision, business, clear goals, and to formulate and implement strategies to achieve these vision and goals (Man, Lau, & Chan, 2002).

### **Commitment Competencies and Business Performance**

Mwangi (2018) found a significant relationship between commitment competence and entrepreneurship performance. Successful entrepreneurs are often characterized as diligent people with a restless attitude in their work. In other words, they have a strong competency in totally committing, determining and dedicating, as well as taking proactive actions towards their responsibilities and duties (Li, 2009). Commitment competencies call for the ability to sustain one's dedication to the

business in different situations. Such commitment is also exemplified by a strong devotion to work hard, a desire to aim long-term goals rather than short-term gains, as well as an ability to start the business up again after failure (Mwangi, 2018).

### Research Model



### Statement of Problem

The rate at which businesses fail in Nigeria is alarming. New businesses in Nigeria hardly survive the first five year after startup. Though, many factors are responsible for the business fail in Nigeria but one of the major factors is lack of entrepreneurial competencies by business owners. If an entrepreneur lacks entrepreneurial competencies, the possibility of starting and running business successfully is low irrespective of the resources possess by the entrepreneur. Kiggundu (2002) stated that large number of small businesses have experienced failure due to absence of entrepreneurial competencies among entrepreneurs. Conversely, Oyeku, Oduyoye, Elemo, Akindoju, and Karimu (2014) stated that many people in Nigeria venture into entrepreneurship regardless of their lack of entrepreneurial competencies because of increasing rate of unemployment in the country. Every unemployed person in the country is eager to start a business. As long as people hold on to such mentality, business failure will be inevitable because they not possess entrepreneurial competencies.

### Specific Objectives

1. To determine the relationship between opportunity competency and business performance of Bakeries in Rivers State.
2. To ascertain the relationship between organizing competency and business performance of Bakeries in Rivers State.

3. To determine the relationship between strategic competency and business performance of Bakeries in Rivers State.
4. To find out the relationship between commitment competency and business performance of Bakeries in Rivers State.

### **Research questions**

1. What is the relationship between opportunity competency and business performance of Bakeries in Rivers State?
2. What is the relationship between organizing competency and business performance of Bakeries in Rivers State?
3. What is the relationship between strategic competency and business performance of small Bakeries in Rivers State?
4. What is the relationship between commitment competency and business performance of Bakeries in Rivers State?

### **Research hypotheses**

1. There is no significant relationship between opportunity competency and business performance of Bakeries in Rivers State.
2. There is no significant relationship between organizing competency and business performance of Bakeries in Rivers State.
3. There is no significant relationship between strategic competency and business performance of Bakeries in Rivers State.
4. There is no significant relationship between commitment competency and business performance of Bakeries in Rivers State.

### **Significant of the Study**

The study exposed the entrepreneurship competencies possessed by bakery owners/managers and its usefulness to business performance of bakeries in Rivers State. The study provided tips for prospective bakery owners/managers on entrepreneurial competencies required for better business performance of bakery businesses.

### **Research Methodology**

This research adopted descriptive research design. A validated instrument was used for the study. The instrument was named: Entrepreneurial Competencies and Business Performance scale (ECBPs). The 5 points Likert Scale rating was used for the study as follows: Strongly Agree (5 points); Agree (4 points); Neutral (3 points); Disagree (2 points); Strongly Disagree (1 point). The section C of the questionnaire measures business performance using the following rating: Extremely Satisfied, Very Satisfied, Moderately Satisfied, Slightly Satisfied, Not Satisfied. The Cronbach Alpha reliability test was used to determine the internal consistency of the instrument which gives the reliability coefficient was 0.74. One hundred and thirty two (132) Bakery owners/managers in Rivers State were used for the study. After data collection, the responses of Bakery owners/managers were subjected to data analysis. Pearson Product-Moment correlation was used to test the null hypotheses. The null hypotheses were tested at 0.05 level of significance. SPSS version 23 was used for the statistical data analysis.

## Hypotheses Testing and Results

**Null Hypothesis 1:** There is no significant relationship between opportunity competency and business performance of Bakeries in Rivers State.

**Table 1:** Relationship between opportunity competency and business performance

	Opportunity Competency	Business Performance
Pearson Correlation	1	.507(**)
Sig. (2-tailed)		.000
N	132	132
Pearson Correlation	.507(**)	1
Sig. (2-tailed)	.000	
N	132	132

As shown in Table 1, Pearson Product-Moment Correlation was conducted to evaluate the relationship between opportunity competency and business performance of Bakeries in Rivers State. The test result was statistically significant:  $r(132) = .507$ ,  $p < 0.05$ . Hence, there is significant relationship between opportunity competency and business performance of Bakeries in Rivers State. Therefore, the null hypothesis was rejected.

**Null Hypothesis 2:** There is no significant relationship between organizing competency and business performance of Bakeries in Rivers State.

**Table 2:** Relationship between organizing competency and business performance

	Organizing Competency	Business Performance
Pearson Correlation	1	.495(**)
Sig. (2-tailed)		.000
N	132	132
Pearson Correlation	.495(**)	1
Sig. (2-tailed)	.000	
N	132	132

As illustrated in Table 2, relationship between organizing competency and business performance of Bakeries in Rivers State was tested using Pearson Product-Moment correlation. The test result was statistically significant:  $r(132) = .495, p < 0.05$ . Hence, there is significant relationship between organizing competency and business performance of Bakeries in Rivers State. Therefore, the null hypothesis was rejected.

**Null Hypothesis 3:** There is no significant relationship between strategic competency and business performance of Bakeries in Rivers State.

**Table 3:** Relationship between strategic competency and business performance

		Strategic Competency	Business Performance
Strategic Competency	Pearson Correlation	1	.345(**)
	Sig. (2-tailed)		.000
	N	132	132
Business Performance	Pearson Correlation	.345(**)	1
	Sig. (2-tailed)	.000	
	N	132	132

As shown in Table 3, Pearson Product-Moment correlation was conducted to evaluate the relationship between strategic competency and business performance of Bakeries in Rivers State. The test result was statistically significant:  $r(132) = .345, p < 0.05$ . Hence, there is significant relationship between strategic competency and business performance of Bakeries in Rivers State. Therefore, the null hypothesis was rejected.

**Null Hypothesis 4:** There is no significant relationship between commitment competency and business performance of Bakeries in Rivers State.

**Table 4:** Relationship between commitment competency and business performance

		Commitment Competency	Business Performance
Strategic Competency	Pearson Correlation	1	.209(*)
	Sig. (2-tailed)		.016
	N	132	132
Business Performance	Pearson Correlation	.209(*)	1
	Sig. (2-tailed)	.016	
	N	132	132

As illustrated in Table 4, relationship between commitment competency and business performance of Bakeries in Rivers State was tested using Pearson Product-Moment correlation. The test result was statistically significant:  $r(132) = .209, p < 0.05$ . Hence, there is significant relationship between commitment competency and business performance of Bakeries in Rivers State. Therefore, the null hypothesis was rejected.

## **Discussion of Findings**

### **Opportunity competency and Business performance of Bakeries**

In the study, it was revealed that Bakery owners/managers possessed opportunity competency which promotes their business performance. It was found that there is significant positive relationship between opportunity competency and business performance of Bakeries in Rivers State. In support of this finding, Mwangi (2018) found that opportunity competence have a significant relationship with entrepreneurship performance.

### **Organizing competency and Business Performance of Bakeries**

It was found in the study that there is significant relationship between organizing competency and business performance of Bakeries in Rivers State. This finding is in an agreement with the findings of Mwangi (2018) who found a strong positive linear relationship between organizing competence and entrepreneurship performance. Organizing competency is the capacity of the entrepreneur to direct, lead, delegate, encourage, plan and schedule work, develop program and prepare the finances of the firm (Kaur & Bains, 2013).

### **Strategic competency and Business Performance of Bakeries**

A significant relationship was found between strategic competency and business performance of Bakeries in Rivers State in the study. In support of the finding, Man, Lau and Snape (2008) found that there is a direct relationship between strategic competency and business performance especially when investment efficiency was used to evaluate the performance of the firm. In addition, Mohammed, Ibrahim and Shah (2017) found that strategic competency possessed by women entrepreneurs in Nigeria enables them to take their business forward.

### **Commitment competency and Business Performance of Bakeries**

It was revealed in the study that there is significant relationship between commitment competency and business performance of Bakeries in Rivers State. This finding is in agreement with Mwangi (2018) who found a significant relationship between commitment competence and entrepreneurship performance. Successful entrepreneurs have a strong competency in totally committing, determining and dedicating, as well as taking proactive actions towards their responsibilities and duties (Li, 2009).

## **Conclusion**

The study investigated the efficacy of entrepreneurial competencies on business performance of Bakeries in Rivers State and found that Bakery owners/managers in Rivers State possessed entrepreneurial competencies such as opportunity, organizing, strategic, and commitment which have been found valuable to their business performance. It was found opportunity, organizing, strategic, and commitment competencies have a significant relationship with business performance of Bakeries in Rivers State.

### Recommendations

1. Bakery owners/managers should nurture their entrepreneurial competencies for better business performance.
2. Bakery owners/managers should try to be more committed to their business activities since their commitment competency is weaker than other entrepreneurial competencies possessed according to the findings of the study.
3. Prospective entrepreneurs and business owners should acquire entrepreneurial competencies before venturing into business.
4. Bakery owners/managers should utilize their strategic competencies in order to remain competitive.

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