

EFFECTS OF ENTREPRENEURIAL COMPETENCIES ON SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) PERFORMANCE IN JIGAWA STATE, NIGERIA

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Abstract

Small and medium-sized enterprises (SMEs) constitute an important component of economic development through their contributions to employment generation, income creation, poverty reduction and business development. However, many SMEs continue to experience challenges associated with business survival, growth, competitiveness and sustainability. Entrepreneurial competencies are considered important capabilities that enable entrepreneurs to identify opportunities, manage resources, make effective decisions and respond to changing business environments. This study examined the effects of entrepreneurial competencies on SMEs performance in Jigawa State, Nigeria. Specifically, the study examined the effects of personal competency, social competency and professional competency on SMEs performance. The study was anchored on the Resource-Based View (RBV) and Competency-Based View (CBV). A quantitative cross-sectional survey design was adopted. The study population comprised 13,912 registered SMEs in Jigawa State in which 389 SMEs were selected for the study. Data were analyzed using SPSS 25 and SmartPLS 4. The findings revealed that personal competency had a positive and significant relationship with SMEs performance ($\beta = 0.217$, $t = 8.289$, $p = 0.026$). Social competency also had a positive and significant relationship with SMEs performance ($\beta = 0.109$, $t = 4.344$, $p = 0.025$), while professional competency had a positive and significant relationship with SMEs performance ($\beta = 0.055$, $t = 6.082$, $p = 0.010$). The findings demonstrate that entrepreneurial competencies are important intangible resources and capabilities for enhancing SME performance. The study recommends continuous development of entrepreneurs' personal, social and professional competencies through training, mentoring, networking and entrepreneurship development programmes.

Keywords: Entrepreneurial competencies; Personal competency; Social competency; Professional competency; SMEs performance; Jigawa State; Nigeria.

INTRODUCTION

Small and medium-sized enterprises (SMEs) constitute an important component of economic development because of their contributions to employment generation, income creation, poverty

reduction and economic activities. In developing economies, SMEs provide opportunities for self-employment and serve as important mechanisms for supporting livelihoods and stimulating local economic development (Kowo *et al.*, 2019; Mohammed *et al.*, 2022). Despite their importance, many SMEs continue to experience challenges associated with business survival, growth, competitiveness and sustainability (Hamid, 2025). These challenges may be associated with inadequate managerial capabilities, limited entrepreneurial knowledge, resource constraints and difficulties in responding effectively to changing business environments (Ismail, 2022).

Entrepreneurial competencies have consequently attracted considerable attention as an important factor capable of influencing SME performance. Entrepreneurial competencies comprise the knowledge, skills, abilities, attitudes and experiences that enable entrepreneurs to perform entrepreneurial activities effectively. Such competencies facilitate opportunity recognition, decision-making, resource utilization, innovation, networking and adaptation to changing business environments (Sakib *et al.*, 2022). The present study conceptualizes entrepreneurial competencies through three major dimensions, namely **personal competency, social competency and professional competency**, which collectively represent important capabilities required by entrepreneurs for effective business management.

Personal competency concerns the individual characteristics and capabilities that enable entrepreneurs to manage themselves and respond effectively to business challenges. It includes attributes such as self-confidence, determination, self-control, communication ability, adaptability and problem-solving capability. These characteristics can influence entrepreneurs' decisions concerning business establishment, survival and growth (Lombardi *et al.*, 2021). Social competency, on the other hand, concerns the ability of entrepreneurs to establish and maintain relationships with customers, suppliers, financial institutions, government agencies and other stakeholders. Such relationships can facilitate access to information, resources and business opportunities (Sakib *et al.*, 2022). Professional competency involves the ability to acquire and apply relevant knowledge and skills, undertake planning, solve problems, gather information and engage in strategic thinking and effective business management (Sacramento & Teixeira, 2019; Hamid, 2025).

From the Resource-Based View (RBV), entrepreneurial competencies can be regarded as valuable intangible resources that enable firms to utilize available resources efficiently, identify opportunities, solve business problems and adapt to environmental changes. The Competency-Based View (CBV) complements this perspective by emphasizing how knowledge, skills, abilities, attitudes and experiences are coordinated and utilized to achieve organizational objectives (Zahra, 2021). Thus, the possession and effective application of entrepreneurial competencies may provide SME owners/managers with capabilities necessary for improving profitability, business growth and customer satisfaction (Agrawal *et al.*, 2025).

However, despite the theoretical and empirical importance of entrepreneurial competencies, SMEs continue to encounter performance challenges, particularly in developing-country contexts. Previous studies have reported significant relationships between entrepreneurial competencies and SME performance. Danibrahim *et al.* (2022), for example, examined entrepreneurial competencies and SME performance in Northwest Nigeria, while Ismail (2022) investigated entrepreneurial competencies and SME sustainability. Ahmed *et al.* (2018) also identified personal, strategic, conceptual, opportunity-recognition, organizing, relationship,

network and commitment competencies as important competencies among micro and small enterprises.

The evidence concerning social competency also indicates that entrepreneurs' ability to establish and maintain relationships may contribute to business outcomes. Sakib *et al.* (2022) found that social competencies can facilitate entrepreneurial innovation and relationships with customers, suppliers, financial institutions, government organizations and other stakeholders. Sumawidjaja *et al.* (2019), Umar *et al.* (2018), Lawal *et al.* (2018) and Mohammed *et al.*, (2022) showed that the relationship between social competency and SME performance is positive.

Similarly, professional competency may influence SME performance because entrepreneurs require appropriate knowledge and managerial capabilities to plan business activities, solve problems, gather information, analyse situations and make strategic decisions as indicated by Lawal *et al.* (2018) and Zainol & Mamun (2018).

Despite these empirical contributions, there remains a need for context-specific evidence concerning how different dimensions of entrepreneurial competency influence SME performance in **Jigawa State, Nigeria**. The present study therefore focuses specifically on personal, social and professional competencies and their effects on SME performance. The study seeks to determine whether personal competency significantly influences SME performance, whether social competency significantly influences SME performance, and whether professional competency significantly influences SME performance in Jigawa State. These relationships constitute the central focus of the investigation.

Accordingly, the study proposes that **personal competency has a significant relationship with SMEs performance in Jigawa State**, based on the expectation that entrepreneurs possessing stronger self-confidence, determination, adaptability, communication and problem-solving capabilities are better positioned to manage business challenges and improve organizational outcomes. This proposition is consistent with the previous evidence cited in the original study, particularly Danibrahim *et al.* (2022), Ismail (2022) and Ahmed *et al.* (2018).

The study further proposes that **social competency has a significant relationship with SMEs performance in Jigawa State**. This proposition is based on the argument that entrepreneurs who possess stronger networking, communication and relationship-building capabilities may obtain greater access to information, customers, suppliers, financial resources and other business opportunities. This expectation is supported by the studies cited in the original document, including Sakib *et al.* (2022), Sumawidjaja *et al.* (2019), Umar *et al.* (2018) and Lawal *et al.* (2018).

Finally, the study proposes that **professional competency has a significant relationship with SMEs performance in Jigawa State**. This proposition is based on the view that entrepreneurs with stronger professional capabilities are better able to plan, gather information, solve problems, apply knowledge and make strategic decisions. The proposition is consistent with the evidence cited in the original study, particularly Lawal *et al.* (2018) and Zainol and Mamun (2018).

Therefore, the overall purpose of this study is to examine the effects of entrepreneurial competencies on SMEs performance in Jigawa State, Nigeria, with particular emphasis on **personal competency, social competency and professional competency**. By examining these

relationships within the Jigawa State context, the study seeks to provide empirical evidence that can contribute to the entrepreneurial competency and SME performance literature and provide useful implications for policymakers, SME support organizations, entrepreneurship development institutions and SME owner managers.

LITERATURE REVIEW

Entrepreneurial competencies refer to combinations of knowledge, skills, abilities, attitudes and experiences that enable entrepreneurs to perform entrepreneurial activities effectively. Such competencies facilitate opportunity recognition, decision-making, resource utilization, innovation, networking, problem-solving and adaptation to changing business environments (Sakib et al., 2022; Ismail, 2022). This study conceptualizes entrepreneurial competency through **personal competency, social competency and professional competency**, arguing that these dimensions represent important capabilities through which entrepreneurs manage themselves, interact with stakeholders and perform professional and managerial activities.

The relationship between entrepreneurial competencies and SME performance can be explained through the Resource-Based View (RBV). The RBV considers resources and capabilities controlled by a firm as potential sources of competitive advantage. Within the SME context, entrepreneurial competencies can be considered valuable intangible resources because they enable entrepreneurs to identify opportunities, solve business problems, utilize available resources efficiently and adapt to environmental changes. The study consequently treats entrepreneurial competencies as intangible resources capable of contributing to profitability, growth and customer satisfaction.

The Competency-Based View (CBV) complements the RBV by emphasizing the importance of competencies in transforming organizational resources into productive outcomes. Competencies comprise knowledge, skills, abilities, attitudes and experiences that enable entrepreneurs and organizations to perform activities effectively. From this perspective, entrepreneurial competencies influence decision-making, innovation, networking, planning, problem-solving and adaptability, thereby providing mechanisms through which entrepreneurs can utilize available resources to achieve organizational objectives. The combination of RBV and CBV therefore provides an appropriate theoretical foundation for examining whether differences in entrepreneurs' competencies can explain differences in SME performance.

Ahmed *et al.* (2018) identified personal competence among the important competency factors required for successfully managing micro and small enterprises, together with strategic, conceptual, opportunity recognition, organizing, relationship, network and commitment competencies. Similarly, Danibrahim et al. (2022) reports that there is positive relationship between personal competency and SME performance.

Sakib *et al.* (2022), Sumawidjaja *et al.* (2019), Umar *et al.* (2018) and Lawal *et al.* (2018) reported that the entrepreneurs who possess stronger interpersonal and networking capabilities (social competency) may be better able to develop relationships and obtain resources that contribute to business performance.

Ismail, 2022 shows that inadequate organizational skills can restrict SMEs' marketing activities while knowledge acquisition and innovation, can influence marketing environments. Professional competency can similarly help entrepreneurs understand complex situations,

convert ideas into strategies, anticipate challenges and develop appropriate solutions (Ahmed *et al.*, 2010; Oka *et al.*, 2023).

The broader empirical literature also provides evidence of a relationship between entrepreneurial competencies and SME performance. Danibrahim *et al.* (2022) investigated entrepreneurial attitudes, skills and knowledge in relation to SME performance in Northwest Nigeria, while Sakib *et al.* (2022) examined entrepreneurial competencies and SME performance in a developing economy. Ismail (2022) examined entrepreneurial competencies in relation to SME sustainability, emphasizing the importance of entrepreneurs' skills and abilities in supporting SME development and sustainability. Collectively, these studies indicate that entrepreneurial competencies can play an important role in explaining business outcomes.

However, there is little or no such studies conducted in Jigawa state as revel by the literature, therefore the present study examines whether personal, social and professional competencies significantly influence SME performance in Jigawa State.

Based on the theoretical arguments and empirical evidence, personal, social and professional competencies can be expected to contribute positively to SME performance. Personal competency may enhance entrepreneurs' ability to manage themselves, make decisions and overcome challenges; social competency may improve access to relationships, information and external resources; while professional competency may strengthen planning, problem-solving, knowledge application and strategic management. The integration of these competencies therefore provides a comprehensive basis for understanding how entrepreneurs' capabilities can contribute to SME performance.

METHODOLOGY

This study adopts a quantitative research design using a cross-sectional survey approach to investigate the effects of entrepreneurial competencies on SME performance in Jigawa State,

The target population of the study comprises 13,912 registered SMEs in Jigawa State. This population covers SMEs operating in various sectors such as agriculture, commerce, manufacturing, services, and small-scale production across the state (Sulaiman, 2025). From the total population of 13,912 SMEs, a sample size of 389 respondents was selected for the study using the formula developed by Taro Yamane (1967). The formula is expressed as:

$$n = \frac{N}{[1+N(e^2)]}$$

Whereby:

n = number of samples; N = total population and e = error of tolerance (e = 0.05) as recommended by Ismail (2022).

Given:

Population (N) = 13,912, Level of precision (e) = 0.05

Substituting into the formula:

$$n = \frac{13,912}{[1+13,912(0.05^2)]}$$

$$n = \frac{13,912}{[1+13,912(0.0025)]}$$

$$n = \frac{13,912}{[1+34.78]}$$

$$n = \frac{13,912}{[35.78]}$$

$$n \approx 389$$

Therefore, the sample size for the study is 389 respondents.

SmartPLS was used to conduct inferential statistical analysis through Partial Least Squares Structural Equation Modeling (PLS-SEM).

RESULTS

Direct Effects

The PLS-SEM results from the original dissertation are presented below.

<i>Relationship</i>	<i>β</i>	<i>t-value</i>	<i>p-value</i>	<i>Decision</i>
<i>Personal Competency → SMEs Performance</i>	0.217	8.289	0.026	Supported
<i>Social Competency → SMEs Performance</i>	0.109	4.344	0.025	Supported
<i>Professional Competency → SMEs Performance</i>	0.055	6.082	0.010	Supported

Source: SmartPLS 4 output

Personal Competency and SMEs Performance

The results show that personal competency has a positive and statistically significant relationship with SMEs performance ($\beta = 0.217$, $t = 8.289$, $p = 0.026$). Therefore, H1 is supported. The result indicates that entrepreneurs' personal capabilities are important for SME performance as it enables entrepreneurs to identify opportunities, make effective decisions, withstand business pressures and coordinate resources toward organizational objectives.

Social Competency and SMEs Performance

Social competency also has a positive and statistically significant relationship with SMEs performance ($\beta = 0.109$, $t = 4.344$, $p = 0.025$). Therefore, H2 is supported. This finding demonstrates that social competencies are important capabilities for SME owner-managers because they facilitate relationships and interactions that may support business activities.

Professional Competency and SMEs Performance

Professional competency has a positive and statistically significant relationship with SMEs performance ($\beta = 0.055$, $t = 6.082$, $p = 0.010$). Therefore, H3 is supported. The finding indicates that professional knowledge and managerial capabilities are important for improving SME performance.

DISCUSSION OF FINDINGS

Personal Competency and SMEs Performance

The finding that personal competency significantly affects SME performance supports the Resource-Based View and Competency-Based View. Personal competency represents an intangible resource and capability that enables entrepreneurs to identify opportunities, make effective decisions, withstand business pressures and coordinate organizational resources. The finding is consistent with Danibrahim *et al.* (2022), Ismail (2022) and Ahmed *et al.* (2018) as it supported the significant influence of entrepreneurial competencies on SME performance and sustainability. The result suggests that strengthening entrepreneurs' personal competencies through training, mentorship and entrepreneurial development programmes may improve SME performance and sustainability in Jigawa State.

Social Competency and SMEs Performance

The finding that social competency significantly affects SME performance indicates that entrepreneurs' ability to establish and maintain relationships can contribute to business outcomes. Social competencies enable entrepreneurs to interact effectively with customers, suppliers, financial institutions, government organizations and other stakeholders. This tally with the results of Sakib *et al.* (2022), Sumawidjaja *et al.* (2019), Umar *et al.* (2018) and Lawal *et al.* (2018). The implication is that entrepreneurship development programmes should not focus exclusively on technical business knowledge but should also develop entrepreneurs' networking, communication and relationship-management capabilities.

Professional Competency and SMEs Performance

The significant relationship between professional competency and SME performance demonstrates the importance of planning, problem-solving, information gathering, analytical thinking and strategic thinking in SME management (Sacramento & Teixeira, 2019; Hamid 2025; Ismail, 2022). The finding is consistent with Lawal *et al.* (2018) and Zainol and Mamun (2018). The result suggests that professional development should form an important component of SME support programmes in Jigawa State.

CONCLUSION

This study examined the effects of entrepreneurial competencies on SMEs performance in Jigawa State, Nigeria. Based on data from 389 SME owners/managers analyzed using SmartPLS 4, the study established that personal, social and professional competencies have positive and

statistically significant relationships with SMEs performance. Personal competency recorded the strongest path coefficient ($\beta = 0.217$), followed by social competency ($\beta = 0.109$) and professional competency ($\beta = 0.055$). The findings support the theoretical proposition that entrepreneurial competencies represent important intangible resources and capabilities that can contribute to SME performance. The findings also reinforce the relevance of RBV and CBV in explaining entrepreneurial competency and business performance relationships.

RECOMMENDATIONS

Based on the findings, entrepreneurship development agencies should provide continuous programmes aimed at strengthening entrepreneurs' personal competencies, including confidence, decision-making, communication, adaptability and self-management. SME associations and entrepreneurship support organizations should also create opportunities for entrepreneurs to develop networking and relationship-building capabilities. Social competency can facilitate relationships with customers, suppliers, financial institutions, government organizations and professional bodies, thereby supporting business opportunities and resource mobilization. Professional development programmes should focus on planning, problem-solving, information gathering, analytical thinking, strategic thinking and effective management because these competencies are directly relevant to SME operations and innovation. Government agencies and SME development institutions should integrate competency development into broader SME policies.

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