

ENTREPRENEURIAL COMPETENCES AND THE PERFORMANCE OF SMES IN ABUJA, NIGERIA

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ABSTRACT

This study examines how entrepreneurial competences can determine the performance of small and medium enterprises (SMEs) in Abuja, Nigeria. The specific issues faced by SMEs are high competition, limited access to finance, and unstable markets, and can possibly determine the impact that the entrepreneurial competences exert on their performance. The survey research design was used and the same data were gathered on 400 owners and managers of SMEs in six area councils sampled in a proportional pattern using the random sampling technique. The data were analysed using multiple regression in SPSS. The results indicate that both opportunity competence ($\beta = 0.174$, $p < 0.01$) and conceptual competence ($\beta = 0.459$, $p < 0.01$) significantly and positively affect SME performance. The findings highlight the importance of entrepreneurial abilities in recognizing and exploiting market opportunities as well as applying creativity, innovation, and strategic thinking to sustain growth. The study recommends that government and SME development agencies should implement targeted training programs on opportunity recognition and problem-solving, while entrepreneurs should pursue continuous learning and networking to strengthen their competence base.

Keywords: Entrepreneurial competences, Opportunity competence, Conceptual competence, SME performance, Abuja

INTRODUCTION

In the current dynamic business environment, entrepreneurial competences have become significant factors of small and medium enterprise (SME) development and viability. Competences are the background knowledge, skills and abilities that allow the entrepreneurs to be able to identify, analyze and take advantage of opportunities (Mitchelmore and Rowley, 2010). In contrast to general managerial competences, entrepreneurial competences are directly associated with the ability to be creative, make changes and deal with uncertainty (Man et al., 2002).

Businessmen having better competences make better decisions, mobilize resources better, and increase business performances (Sánchez, 2013). These competences are opportunity recognition, conceptual thinking, strategic planning, relationship management which as a whole lead to resilience and competitive advantage amongst SMEs (Boyatzis, 2008). Entrepreneurial competences are central to survival and growth of firms in developing economies such as Nigeria where SMEs have problems such as access to finance and unpredictable markets (Onugu, 2022). Knowledge on the dimensions of entrepreneurial competences will be critical in guiding the scholars and policymakers in enhancing entrepreneurship as driver of economic growth.

This paper highlights two important areas of entrepreneurial competences that are central to growth of SMEs. One of them is opportunity competence that indicates the capacity of the entrepreneur to scan the environment constantly,

detect new market gaps, and assess their viability and strategically use them to create business value. High opportunity competence entrepreneurs are the ones that are in a better position to realise the needs of the customers, utilise the trends in the industry and convert ideas into viable business which could make them competitive and sustainable. Another aspect of entrepreneurial competences is conceptual competence that indicates entrepreneurial creativity, innovative ability and problem-solving skills in managing a business. The competence will help the entrepreneurs to be analytical, develop strategies that are adaptive and come up with innovative solutions that will effectively respond to uncertainty and volatile market conditions. These competences, combined, allow the entrepreneurs to have foresight in recognizing opportunities and intellectual ability to transform them into viable business results.

The growth of the SMEs performance is a crucial indicator of economic, innovation, and job creation in developing and developed economies. SMEs also play a major role in national income, create competition and help in alleviating poverty. Nonetheless, they tend to be affected by other variables like availability of finance, managerial capability, adoption of technology and government policies that define their survival, growth and competitiveness in the dynamic markets. Enhancing the performance of SMEs has been the focus of ensuring sustainable economic growth. Competences of entrepreneurs greatly affect the survival and the growth of SMEs they operate.

The Nigerian capital city of Abuja is a fast developing center of governance, business and service based companies. It is situated at the central location in the country, where government institutions, foreign embassies, and flourishing business areas are found. The availability of modern infrastructure, the growing population and varied markets have made the city a target in terms of investment and entrepreneurship which is promising to SMEs, but it equally presents challenges to be faced by the SMEs in terms of high operating costs and regulatory requirements.

In Nigeria and especially in Abuja, SMEs are very vital in terms of generation of jobs and alleviation of poverty. Nevertheless, structural and managerial problems continue to endanger their development and existence. The restriction on access to finance and high competition pressures, as well as weak managerial capability, still limit entrepreneur performance (Onugu, 2022). Two competences that have the potential to make SMEs survive and remain competitive are opportunity competence, which includes recognising and leveraging viable market opportunities, and conceptual competence, which focuses on strategic thinking, problem-solving and innovation. However, there is limited empirical literature on the impacts of this on the development of SMEs in Abuja. Despite the fact that entrepreneurial competences have been investigated widely in the context of SMEs in the global context (Mitchelmore and Rowley, 2010), little empirical research has been conducted on the role of particular competences in SME development in the Nigerian business environment, especially in Abuja. The majority of previous research focused on opportunity recognition and innovation in the broadly developing economies, including Indonesia (Santoso and Pramudiana, 2023), or on the general entrepreneurial competences without breaking them down into separate dimensions (Sánchez, 2013; Onugu, 2022). Even in Nigeria, the research that is available (Adewale and Fapohunda, 2022; Musa and Adeleke, 2023) is usually focusing on the increase in sales or innovation in certain areas, disregarding Abuja that is a unique place of commerce, government, and services. SMEs in Abuja have some unique challenges such as intense competitions, lack of access to finance, and unstable market frameworks that can moderate the competence and growth. This creates a literature gap in the involvement of opportunity competence and conceptual competence in improving performance of SMEs in Abuja. This gap is crucial and it offers location specific knowledge that can inform entrepreneurial training, policymaking and SME support programs in Nigeria.

The following research questions guided the study:

- i. To what extent does opportunity competence enhance the performance of SME?
- ii. How does conceptual competence enhance the performance of SME?

The broad objective is to investigate how entrepreneurial competences affect the performance of SMEs in Abuja. The specific objectives are to:

- i. Examine the effect of opportunity competence on SME performance.
- ii. Analyse the role of conceptual competence on SME performance.

The following null hypotheses were formulated:

H₀₁: Opportunity competence has no significant effect on SME performance.

H₀₂: Conceptual competence has no significant effect on SME performance.

REVIEW OF RELATED LITERATURE

Concept of Entrepreneurial Competences

Entrepreneurial competences define the interdependent skills, knowledge and abilities that help an entrepreneur to manage and maintain an enterprise (Mitchelmore and Rowley, 2010). These are personal, managerial and strategic competences. Some of them that are vital in SME growth include opportunity competence and conceptual competence. Entrepreneurial competences are popular issues in literature that are the needed features to spur performance and sustainability of businesses. According to Man et al. (2002), entrepreneurial competences are the higher-order traits that incorporate the personality traits, skills and knowledge, and reflect the overall capacity of the entrepreneur to perform the tasks and other duties successfully. This holistic view focuses on the integration of inherent and acquired attributes that can make entrepreneurs fit in the dynamic business environment.

Similarly, the European Commission (2018) expands the concept of entrepreneurial competences and views them as the ability to take opportunities and ideas and transform them into other people value. This model identifies creativity, critical thinking, problem-solving, initiative, perseverance, and collaboration as key elements that help an entrepreneur to handle projects that lead to financial, cultural, or social gains. To enhance this perspective, the University of Antwerp (2022) provides a pragmatic explanation, representing entrepreneurial competences in the form of knowledge, attitudes, and skills enabling individuals to put ideas and accept opportunities to create values. Personal and motivational characteristics, such as the necessity of achievement, independence, and self-development, creativity, risk-taking, and proactivity are the critical factors that define entrepreneurial competence (Jain, 2011).

Opportunity Competence and SME Performance

Opportunity competence involves having the capability to recognize, assess, and prejudice feasible commercial prospects (Man et al., 2002). It does not just accept that there are gaps in the market but rather involves a systematic way of evaluating their viability, risks involved, and returns to be expected. Strong opportunity competence entrepreneurial individuals tend to be aggressive in surveying their surroundings, unmet customer demands, and emerging trends that may be converted into lucrative business. Not only are such individuals innovative in their line of

thinking but also are strategic in gathering the resources that will be necessary to exploit the opportunities that have been identified.

In addition, opportunity competence has a close connection with the vision, creativity, and flexibility of an entrepreneur in volatility business scenarios. It helps them to foresee changes in consumer behavior, changes in the technology and changes in policy hence positioning their businesses to react. The entrepreneurs by capitalizing on these skills and maximizing their opportunities of attaining sustainable growth and competitive advantage in the increasingly complex and uncertain markets.

Conceptual Competence and SME Performance

Conceptual competence means critical thinking, innovation, problem-solving, and the ability to be innovative (Bird, 2019). It is a critical skill that will help business starters to bring abstract concepts into the real business plans whilst they navigate through complicated circumstances. With this competence, entrepreneurs in the market can think critically of market conditions, analyze business models and come up with innovative solutions that address customer needs. In small and medium enterprises (SMEs), conceptual competence is also very crucial in creating flexibility in decision making especially where there is uncertainty and high dynamism.

Long-term business sustainability also relies on the conceptual competence as innovations and adaptation are promoted. SMEs that have leaders that embody this competence in dynamic environments are more resilient, resourceful and are able to attain sustained growth.

Theoretical Framework

The perspective on which this study is based is the Resource-Based View (RBV), which focuses on the fact that the performance and long-term success of firms depends mostly on the resources and capabilities that they enjoy uniqueness (Barney, 1991). According to RBV, organizations have competitive advantage due to resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Entrepreneurial competences are one of such strategic resources within the framework of small and medium enterprises (SMEs). Such competences include the ability to identify and seize opportunities in the market as well as confront uncertainties presented by the environment through the opportunity recognition, risk management, and conceptual skills and responding to them through problem-solving and innovative thinking. In particular, the ability to recognize opportunities enables the entrepreneur to feel and respond to the opportunities appearing, whereas conceptual skills permit to bring the knowledge together, formulate strategies, and make sound decisions. With the help of such distinctive competences, SMEs can be more efficient, innovative, and lead to higher performance results than rivals. Therefore, RBV offers a solid basis of learning the role of entrepreneurial competences in the growth and sustainability of firms.

Empirical Review

In their study, Santoso and Pramudiana (2023) focused on how opportunity recognition and organizational capability influence the performance of SMEs in Jakarta, Indonesia, with business model innovation (BMI) as a moderator. The

paper relied on 100 survey results of SME owners and used the moderated regression test to check the hypotheses. The results indicated that the opportunity recognition is a significant source of improvement of SME performance, which is why the capacity of entrepreneurs to detect and take advantage of the market opportunities is important. Nevertheless, the findings also revealed that BMI lessens the level of correlation between opportunity recognition and performance, and at the same time increases the influence of organizational capability on performance outcomes. This implies that despite the fact that opportunity competence is a major driver of SME growth, it could have different implication in the strategic business models.

Musa and Adeleke (2023) conducted an empirical study on the role of conceptual competence in promoting innovation and sustainability in small and medium enterprises (SMEs) in the developing economies. Their research, which is based on the Resource-Based View (RBV), proved that conceptual competence defined by means of creativity, analytical thinking, and problem-solving has a positive impact on the innovative capacity of firms and their long-term sustainability. The analyses revealed that entrepreneurial leaders with high levels of conceptual competences are in a better position to come up with new ideas, respond effectively to the dynamic market environment, and the abilities to use the strategies that help in increasing the resilience of the business. Moreover, the research also highlighted that conceptual competence has such benefits as supporting product and process innovation as well as reinforcing organizational adaptability, which lead to sustainable competitive advantage.

Adewale and Fapohunda (2022) made an empirical research on the importance of entrepreneurial competences in improving the performance of small and medium enterprises (SMEs) in Nigeria. Their study was based on the Resource-Based View (RBV) with the emphasis on the importance of opportunity recognition as a strategic capability that can be critical to the business development. Based on the information gathered on the Nigerian SMEs, the authors discovered that opportunity recognition contributed greatly to the growth in sales. The findings revealed that entrepreneurs who were able to identify, evaluate, and exploit viable opportunities recorded higher revenue, expanded their market share, and sustained competitive advantage in their respective industries. The study also highlighted the importance of entrepreneurial alertness, proactive decision-making, and the ability to adapt to dynamic market conditions as factors that drive sales performance.

Alvarez and Barney (2022) examined the role of opportunity recognition as a mediating factor between entrepreneurial orientation and new venture performance in emerging economies. Using survey data from 316 SMEs and analysed through SmartPLS structural modeling, the study found that firms with strong entrepreneurial orientation indirectly achieve improved performance when opportunity recognition is effectively applied. The findings revealed that the ability to identify and exploit market opportunities strengthens the relationship between entrepreneurial orientation and performance outcomes. This highlights opportunity recognition as a critical entrepreneurial competence that enables SMEs to convert entrepreneurial tendencies into tangible business growth and competitive advantage.

METHODOLOGY

The survey research design was used, whereby questionnaires were used to gather information to test the impact of entrepreneurial competences on SMEs performance in Abuja. All registered small and medium enterprises (SMEs) in Abuja, amounting to 613492, were the target population of this study (SMEDAN, 2020). These businesses are spread in the six area councils in Abuja. The owners and managers of the registered SMEs were sampled to be respondents. The 400 sample was calculated through the Slovin formula of sampling technique (1960) by distribution of the 400

questionnaires to the managers and owners in the identified sectors; agriculture, manufacturing, wholesale/retail trade and food services in the six area councils of Abuja which includes Gwagwalada area council, Kuje area council, Abaji area council, Kwali area council, Abuja municipal area council and Bwari area council. The multiple linear regression was employed to analyse the data with the assistance of the Statistical Package of the Social Sciences (SPSS) version 26.

Slovins sampling technique

Formular :

$$n = \frac{N}{1 + Ne^2}$$

Where :

n= number of samples

N= total population

e= error tolerance (level)

A confidence level of 95 percent (given a margin of error of 0.05)

$$n = \frac{613492}{1 + (613492)(0.05^2)}$$

$$n = \frac{613492}{1 + (613492)(0.0025)}$$

$$n = \frac{613492}{1.534,73}$$

n=400 approximately

The Slovins sampling technique was used to arrive at a sample of four hundred (400).

Model Specification

The model specification for the study is as follows:

PERF = f (OC + CC).....i

In specific form, equation (1) translates into equation 2 thus:

PERF = a + β₁OC + β₂ CC + e.....ii

Where,

a = Constant

PERF= performance

OC= Opportunity competencies

CC= Conceptual competencies

f = a function to be specified

i = cross sessional

e = a stochastic or residual term.

β_1, β_2 = Regression coefficients are used to determine the independent variables' contributions.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

A total of 400 questionnaires were distributed to participants, out of which 373 were properly completed and returned. This represents a high response rate, ensuring that the collected data accurately reflects the perspectives of the selected sample population. The analysis is based on the 375 valid responses obtained.

Test of Hypotheses

Table 1

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.975 ^a	.950	.949		.265

a. Predictors: (Constant), OC, CC,

The regression model indicates that there is a very high level of relationship between the independent variables (Opportunity competencies and Conceptual competencies) and between the independent variables and the dependent variable (performance). R value of 0.975 is high to indicate that there is a high degree of correlation but the R- Square of 0.950 means that the four predictors can explain the variation of the performance of approximately 95 percent. Adjusted R- Square of 0.949 also shows how strong the model could have been that might have arisen as a result of the chance that there could be errors in the selection of the variables. The standard error of the estimate (0.265) is not particularly high and that indicates that the model has been very accurate in the prediction of performance.

Table 2

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	489.501	2	122.375	1748.431	.000 ^b
	Residual	25.897	370	.070		
	Total	515.397	372			

a. Dependent Variable: PERF

b. Predictors: (Constant), OC, CC.

ANOVA test measures the total significance of the regression model. The F- statistic 1748.431 and the significance value (p = 0.000) shows that the model is not statistically insignificant. This implies that one of the independent variables is significant in its effect on performance. The low value of the residual sum of squares (25.897) against the regression sum of squares (489.501) once again indicates that the predictors are good enough to explain the variance in performance.

Table 3

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.269	.045		5.934	.000
	OC	.182	.031	.174	5.928	.000
	CC	.453	.078	.459	5.771	.000

a. Dependent Variable: PERF

The beta coefficient (β) indicates the effect of an independent variable on the dependent variable standardized. An increase in the absolute value of β indicates increased effect of the predictor on the outcome. The fact that the β value is positive implies that there exists a direct relationship i.e. as the independent variable increases, the dependent variable also increases whereas a negative value would imply the opposite. The presence of statistical significance (p -value < 0.05) proves that the noted effect does not just happen as a result of random chance.

It is found that opportunity competencies (OC) show strong positive correlation with performance of SMEs, and the β value of 0.174, $p=0.000$. This suggests that entrepreneurs who are effective in terms of identifying, appraising and exploiting emerging market opportunities are better placed to improve the general growth and competitiveness of their businesses. When SMEs are keen to identify any gaps in the market, predicting the requirements of their customers and exploiting emerging trends, they are likely to enhance the sales, increase the number of customers, and ensure sustainability in the long run. The results of this discovery are in line with the findings of Santoso and Pramudiana (2023) , Alvarez and Barney (2022) who noted that the actual recognition of opportunity and the proactive use of the market opportunities is an excellent predictor of the survival and profitability of business especially in a dynamic and competitive environment.

On the same note, conceptual competencies record a healthy and significant influence on performance, a factor that is illustrated through a 0.459 beta and 0.000 p -value. This implies that entrepreneurs with high strategic thinking skills, problem solving skills and innovative planning skills, play significant roles in the development of their companies. Conceptual competencies help business owners to interpret complicated scenarios, develop successful strategies and make wise decisions that lead to efficiency and competitiveness. This finding supports the authors Adewale and Fapohunda (2022) and Musa and Adeleke (2023) who emphasized that conceptual and analytical skills are essential to navigate business in uncertain times, develop adaptive strategies and maintain long-term performance.

CONCLUSION AND RECOMMENDATIONS

The researcher concludes that entrepreneurial competences cannot be ignored in the performance of SMEs in Abuja. The entrepreneur possessing high conceptual skills is able to create more adaptive business models, formulate good strategies and present innovative products or services that enhance customer satisfaction and long term survival. All these competences offer a synergistic base on which an entrepreneur succeeds, which supports the claim that SMEs in Abuja and by extension, Nigeria should develop and redevelop these competences to be competitive in the current business environment.

The study recommends that:

- i. The government and SME development agencies in Abuja must always provide systematic training programs that focus on the recognition of opportunities, conceptual skills, innovation and entrepreneurial development.
- ii. Continuous learning, professional development, and networking are the aspects that entrepreneurs should be eager to seek as they can help them build a strong competence base, be innovative, and perform well.

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