

# Entrepreneurial Competencies as a Tool for Improve the Enterprise Growth and Entrepreneurial Activities: A Study

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## ABSTRACT

Entrepreneurial competencies are important to entrepreneurship growth and enterprise development of the success. The purpose of this paper has to undertake a conceptual review of research on entrepreneurial competencies in order to functional and operational areas: provide an included description of contributions relating to entrepreneurial competencies. The article research work towards review of the evaluation of the concept of competencies through particular reference to its use in the context of competencies for entrepreneur needs. Conceptual research draws together views on competence of an entrepreneur before exploring and summarizing research on the relationship between entrepreneurial competencies and business performance and growth. This report presents the state of the art on the topic of entrepreneurship competence identifying and comparing different theoretical and practical approaches from the academic and entrepreneurial world. Finally, the different perspectives adopted by researchers to the measurement of performance through entrepreneurial competencies are reviewed.

**KEYWORDS:** Competencies, entrepreneur, entrepreneurship, EDI (Entrepreneurship Development Institute of India)

## INTRODUCTION

The business operation is considered to be very complex in a competitive business environment, which is constantly changing with fast technological advancements. An entrepreneur is expected to interact with these environmental forces which require him to be highly competent in different dimensions like intellectual, attitudinal, behavioural, technical, and managerial aspects. Entrepreneurs are therefore permanently challenged to deploy a set of competencies to succeed in their entrepreneurial endeavours. Entrepreneurial competencies are defined as underlying characteristics possessed by a person, which result in new venture creation. These characteristics include generic and specific knowledge, motives, traits, self-images, social roles, and skills that may or may not be known to the person. That is, these characteristics may be even unconscious attributes of an individual. Some of these competencies are innate while others are acquired in the process of learning and training and development<sup>1</sup>.

### Review of earlier works

**Hardeep Kaur and Dr. Anupama Bains (2013)**<sup>2</sup> in their research explain the Concept of Entrepreneur Competency. This research also concentrate the Business provides the necessary financial support and chart a growth path. The conceptual research finds how entrepreneur responsible for the successful performances of the business through skills, knowledge and ability required running and getting the

fruitful results from the business. Economies depend upon their business enterprises. To run the business efficiently competencies of entrepreneur plays an important role. Organizations are dependent on entrepreneurs who largely perform multitasks hence they are a vital link to the economy and their efficient functioning is the foremost parameter to efficient output growing for the economy at large.

**Vali Ilie (2014)**<sup>3</sup> in his research evaluates developing entrepreneurial competencies in students through constructivist education. The purpose of this research is to highlight the role of constructivist education and the means through which it contributes to developing entrepreneurial competencies in future teachers-students. The study consider that the ways of merging methods, instruments and specific entrepreneurial means can play a part in facilitating the development of entrepreneurial competencies and they present an interesting perspective to be approached. The results of the research indicate that there are many obstacles but also solutions that come under the existence of joint vision that starts from the need for entrepreneurial education, even in non-business Faculties.

**Käthe Schneider (2017)**<sup>4</sup> in his study explain that the Entrepreneurial Competencies of Women Entrepreneurs of Micro and Small Enterprises. The objective of the study is therefore to empirically analyze the entrepreneurial

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competencies of female entrepreneurs. This analysis finds that entrepreneurial competencies as a higher order latent construct have a major impact on entrepreneurial success. Entrepreneurial competencies of women entrepreneurs in Germany and Ireland can be operational by a set of six first-order factors; including functional task related managerial skills, entrepreneurial characteristic adaptations. The practical implication of the study is that not only task related skills, but also distal personality related characteristic adaptations and identity should be developed in entrepreneurial learning programs targeted at women entrepreneurs who start small businesses. Future studies need to isolate the influence of context from the identified competencies.

**Abdullahi Mahadalle and Dr. Burcin Kaplan (2017)**<sup>5</sup> in their study explain the concept of Entrepreneurial characteristics and competencies as determinants of corporate performance. The present research aims at assessing the effect of entrepreneurial competencies and entrepreneur's demographic and personal characteristics on business performance among initial stage entrepreneurs. Further, it also aims at spotting the main challenges encountered by the women entrepreneurs involved in Small business in Somalia. The study adopted extensive relevant literature reviews on the studied variables and drawing conclusions based on the conducted reviews. The reviewed studies showed that entrepreneurial characteristics and entrepreneurial competencies are positively related to overall business performance. Further, through the studies, the study also supports the claim that Somali women entrepreneurs make a significant contribution to the small-scale businesses in Somalia but faced several challenges that must be catered to as urgency.

**UkuLillevali and MargeTaks (2017)**<sup>6</sup> in their research explain the Competence Models as a Tool for Conceptualizing the Systematic Process of Entrepreneurship Competence Development. The aim of this study was to understand how systematic entrepreneurship competence development throughout the education levels is conceptualized indifferent EE competence models. In other words, what are the critical aspects to consider while constructing systematic competence models. The aim of the present study was to understand how different EE competence models describe and conceptualize the systematic progress of developing entrepreneurship competence up the education ladder. In sum, we can conclude that the structure and focus of existing EE competence models vary significantly. However, the feature common to all five analyzed EE competence models was the focus on developing competencies.

**Leithy W (2017)**<sup>7</sup> in their research explains the Small and medium-sized enterprises play an important role in developing the economies of nations as literature reveals. Through literature review and SME input, the researchers were able to identify several competencies that contribute to achieving Entrepreneurs Success. The statistical results show two most significant competency groups impacting the Entrepreneurial success: Human Relations Competencies affecting three distinct success dimensions: Ability to attract outside capital, Growth in Revenues and Growth in Customer Base. While the second was the Business and Management Competencies affecting three distinct success parameters: Ability to attract outside capital, Growth in Revenues and

Providing Value Added Product or Service towards Creating an Entrepreneur Competencies Model.

### Objective of the Study

The overall study objective is to formulate a broad planning and development framework setting out guidelines and standards for more effective and comprehensive of conceptual framework.

1. To in-depth study of entrepreneurial competencies for enterprise growth and entrepreneurial activities
2. To explain the basic concepts of entrepreneurial competencies
3. To elucidate the different kinds and developments of entrepreneurial competencies
4. To explain the Entrepreneurial Competencies Identified By the EDI (Entrepreneurship Development Institute of India)

### Meaning and Definition Entrepreneurial Competencies:

Entrepreneurial behavior requires certain knowledge, skill or personality profile. Generally, it is called entrepreneurial competence or traits.

A competence may be defined underlying characteristics of a person which results in effective and/or superior performance in a job. A job competence is an underlying characteristic of a person in that it may be motive, traits, and skills, aspect of one's self-image or a body of knowledge which one uses<sup>8</sup>.

### Bird (1995) Defined

"Entrepreneurial competencies can be defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills that result in venture birth, survival, and growth."

### Man, Lau & Chan Defined

"Total ability the entrepreneur to perform this role successfully. Several studies have found positive relationship between existences of competencies and venture performance"<sup>9</sup>.

Thus, success of an entrepreneur is governed by entrepreneurial competencies. If entrepreneur has all these competencies, he can be expected to achieve his entrepreneurial goals. Elements of entrepreneurial competencies such as Body of Knowledge, Set of Skills, Cluster of Appropriate Motives/Traits

**Body of Knowledge:** Innovation is possible only through knowledge. The inventor or originator of the idea that led to the knowledge or vision includes those who identify new technological processes, new forms of plant life and new designs. Thus, inventions deal with new processes, or new technical knowledge. In a simple way, knowledge means collections of information and retention of facts that an individual stores in some parts of his brain. Creative process provides imaginative people; geminate ideas nurture them and develop them successfully. This type of idea has a value. However, it must be proven useful or be marketable and to achieve either status or achievement, must be developed. But innovation is the development process which translates an idea into an application. It requires persistence in analytically

working out the details of product design or service, to develop marketing, obtain finances and plan operations.

**Set of Skills:** Skill is the ability to demonstrate a system and sequence of behavior that are functionally related to attaining a performance or goal. An entrepreneur is required to have certain skills and these skills also constitute his leadership qualities. These skills are as follows.

- **Anticipatory Skills:** foresight into a constantly changing environment;
- **Visioning Skills:** the use of persuasion and example to induce a group to act in accordance with the leader's purposes or the shared purposes of a larger group;
- **Value Congruence Skills:** the need to be in touch with employee's economic, safety, psychological, spiritual, sexual, aesthetic and physical needs in order to engage people on the basis of shared motives, values and goals;
- **Empowerment Skills:** the willingness to share power and to do so effectively; and Self understanding Skills introspective or self under skills as well as framework within which leaders understand both their own needs and goals and those of their employees. In practice, an entrepreneur who pursues the idea, planning its application, acquiring resources and establishing its market through persistence, planning, organizing and leadership needs above skills. With the help of these skills, entrepreneur is expected to perform well in his entrepreneurial behavior.

**Cluster of Motives and Traits:** Motives deal with recurrent concern for a goal, state or condition appearing in fantasy, which drives, directs and selects behavior of the individual. Actually motive represents thought related to a particular goal, state. McClelland opined that "need achievement" is social motive to excel that tends to characterize successful entrepreneurs especially when reinforced by cultural factors. According to Paul Wilken "entrepreneurship becomes the link between need achievement and economic growth. Thus, need for achievement is guiding force behind entrepreneurial activities. It is the desire to do well and it motivates the people to undertake innovative activities.

The trait may be defined as a dispositional or characteristic way in which the person responds to an equivalent set of stimuli. These responses represent intelligence, charisma decisiveness, enthusiasm, strength, bravery, integrity and self-confidence. Thus, traits are an individual's personal characteristics. Traits are contents of leadership qualities. So an effective leader is one who possesses intelligence, alertness to the needs of others, understanding of the task, good communication skills, initiative and persistence in dealing with the problems. It is important to note that personal elements that govern the leadership ability are intelligence, self-confidence, the drive to accept responsibility, good communication skills and education.

In this way, entrepreneur is required to have certain traits. These traits are necessary for leadership qualities

expected from an entrepreneur. An entrepreneur should be adaptable to situations, alert to social environment, ambitious and achievement oriented, Assertive, cooperative, Decisive, dependable, dominant (desire to influence others), energetic (high activity level); persistent, self-confident, tolerant of stress and willing to assume responsibility.

Thus, for achieving success in his entrepreneurial behavior, entrepreneur is required to have entrepreneurial competencies and these are consist of a set of knowledge, skills, motives and traits.

### Developing Entrepreneurial Competencies

Following steps are involved in developing entrepreneurial competencies:

**Recognizing Process:** Entrepreneurial behaviour starts with understanding and recognition of the fact that in which area potential behavior is going to be noteworthy. Specific competencies are meant for innovative behavior and that is why recognition process should give specific competencies.

**Process of Self-Assessment:** It deals with identifying the specific competencies among the potential candidates for entrepreneurship. It is just like identifying a fact--does one possess a given competence and if so how frequently one exhibit the same in one's day-to-day operational behaviour.

**Process of Practice:** It covers the desired framework to what extent a potential candidate for entrepreneurship lacks certain competencies. But being interested to undertake entrepreneurial behaviour he would like to acquire these competencies and strengthen others. Entrepreneurial development programmes provide help in strengthening this process.

**Feed Back Process:** It relates with appraisal or seeking information about the newly acquired behaviour. It also deals with introspection process to what extent new behaviour or act of exhibiting a competence has been beneficial.

Thus, there are different types of competencies required for developing entrepreneurship. To become a successful entrepreneur, it is must for his to have that competencies or leadership qualities like innovative, initiative, risk assuming personality, sensitivity to environment, and sense of work, commitment and decisiveness.

**Entrepreneurial Competencies Identified By the EDI** Entrepreneurship Development Institute of India (EDI) conducted a study under the guidance of David C. McClelland, a reputed behavioural scientist, in three countries, namely, India Malawi and Equador. It was found out that possession of certain competencies or abilities results in superior performance. An entrepreneur may possess certain competencies and at the same time it is possible to develop these through training, experience and guidance. Various competencies required for superior performance by the entrepreneurs (identified during the study) are:

➤ **Initiative**

Acting out of choice rather than compulsion, taking the lead rather than waiting for others to start. The entrepreneur should be able to take actions that go beyond his job requirements and to act faster. He is always ahead of others and able to become a leader in the field of business. He Does things before being asked or compelled by the situation and acts to extend the business into new areas, products or services.

➤ **Sees and Acts on Opportunities**

A mindset where trained to look for business opportunities from everyday experiences. An entrepreneur always looks for and takes action on opportunities. He Sees and acts on new business opportunities and Seizes unusual opportunities to obtain financing, equipment, land, work space or assistance. Recall 'oranges' example.

➤ **Persistence**

An entrepreneur is able to make repeated efforts or to take different actions to overcome an obstacle that get in the way of reaching goals. An entrepreneur takes repeated or different actions to overcome an obstacle and Takes action in the face of a significant obstacle.

➤ **Information Seeking**

An entrepreneur is able to take action on how to seek information to help achieve business objectives or clarify business problems. They do personal research on how to provide a product or service. They seek information or ask questions to clarify what is wanted or needed. They personally undertake research and use contacts or information networks to obtain useful information.

➤ **Concern for High Quality of Work**

An entrepreneur acts to do things that meet certain standards of excellence that gives him greater satisfaction. An entrepreneur states a desire to produce or sell a top or better quality product or service. They compare own work or own company's work favourably to that of others.

➤ **Commitment to Work Contract**

An entrepreneur places the highest priority on getting a job completed. They make a personal sacrifice or take extraordinary effort to complete a job. They accept full responsibility for problems in completing a job for others and express concern for satisfying the customer.

➤ **Efficiency Orientation**

A successful entrepreneur always finds ways to do things faster or with fewer resources or at a lower cost. They look for or find ways to do things faster or at less cost. An entrepreneur uses information or business tools to improve efficiency. He expresses concern about costs vs. benefits of some improvement, change, or course of action.

**Kinds of Entrepreneurial Competencies**

The types of the current study are based on the components as identified the following components for analyzing entrepreneurial competencies are drawn below as:

➤ **Systematic Planning**

An entrepreneur develops and uses logical, step-by-step plans to reach goals. They plan by breaking a large task into subtask and develop plans, then anticipate obstacles and evaluate alternatives. They take a logical and systematic approach to activities.

➤ **Problem Solving**

Entrepreneurs identify new and potentially unique ideas to achieve his goals. They generate new ideas or innovative solutions to solve problems and they take alternative strategies to solve the problems.

➤ **Self-Confidence**

Entrepreneur with this competency will have a strong belief in self and own abilities. They express confidence in their own ability to complete a task or meet a challenge. They stick to their own judgment while taking decision.

➤ **Assertiveness**

An entrepreneur confronts problems and issues with others directly. Entrepreneur with this competency vindicate the claim to asset their own rights on others. They demand recognition and disciplines those failing to perform as expected. They asset own competency, reliability or other personal or company's qualities are required. They also assert strong confidence in own company's or organization's products or service.

➤ **Persuasion**

Entrepreneurs with this competency successfully pursue others to perform the activities effectively and efficiently. An entrepreneur can persuade or influence others for mobilizing resources, obtaining inputs, organizing productions and selling his products or services.

➤ **Use of Influence Strategies**

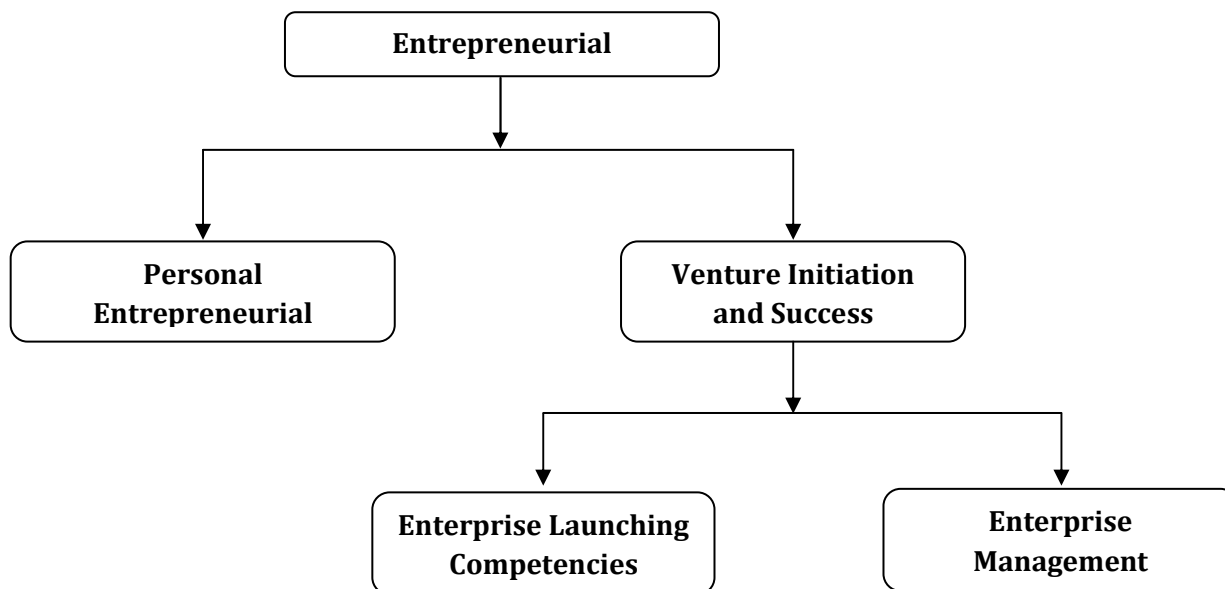
An entrepreneur is able to make use of influential people to reach his business goals. Entrepreneurs with this competency influence the environment (Individuals/Institution) for mobilizing resources organizing production and selling goods and services to develop business contacts.

➤ **Monitoring**

Entrepreneurs with this competency normally monitor or surprise all the activities of the concern to ensure that the work is completed by maintaining good quality.

➤ **Concern for Employee Welfare**

Entrepreneurs with this competency take action to improve the welfare of employees and take positive action in response of employee's personal concerns<sup>10</sup>.



**Personal Entrepreneurial Competencies:**

Personal entrepreneurial competencies are required for any individual who start their business for individual survival and economic growth of the particular sector. If individual start to invest his initial investment towards any kind of business he clearly set certain basic skills, knowledge, abilities and capabilities for his enterprise. Competitiveness required for showing individuality in the field of enterprises activities. Competencies contribute to the development of an individual in the organization to take up bigger roles.

**Venture Initiation and Success Competencies**

An entrepreneur must possess the competencies that must be required for launching the enterprise and for its survival and growth. These set of classification of entrepreneurial Competencies are further divided into two categories of competencies

**1. Enterprise Launching Competencies**

Competency to understand the nature of business, Competency to comply with Government regulations, Competency to deal with the business, Competency to finance the business, Competency to locate the business, Competency to plan the marketing strategy, Competency to choose the type of ownership, Competency to obtain technical assistance, Competency to develop a business plan, Competency to determine the potential as an entrepreneur.

**2. Enterprise Management Competencies**

Competency to manage customer credit and collection, Competency to manage the finances, Competency to manage the business records, Competency to manage sales efforts, Competency to promote the products and services of the business, Competency to manage human resources, Competency to manage the business<sup>11</sup>.

**Conclusion**

Enterprises are dependent on entrepreneurs who establish his/her business or industrial undertaking with view to make profit largely; perform with multi-skills. Hence they are a vital link to the economy and their efficient functioning is the foremost parameter to efficient output growing for the economy at large. To run the business efficiently competencies of entrepreneur plays an important role and it is basic requirement.

The present study have theoretical contributes to the limited previous critical research on entrepreneurial competencies and offers a theoretical model of entrepreneurial competencies, explaining entrepreneurial performance of enterprises in the innovation-driven. Because the current understanding of entrepreneurial competencies of entrepreneurs as predictors of entrepreneurial success has been developing, the objective of the study has been to develop a theoretical model of entrepreneurial competencies for enterprise growth and entrepreneurial activities and explain the basic concepts of entrepreneurial competencies such as specific knowledge, motives, traits, self-images, social roles, and skills that result in venture birth, survival and growth. Apart from that the study covers different kinds and developments of entrepreneurial competencies and the Entrepreneurial Competencies Identified by the EDI (Entrepreneurship Development Institute of India).

Drawing on the developed theoretical model, both task related skills and key factors have to adaptations and identity strongly expect entrepreneurial competencies. he can be expected to achieve his entrepreneurial goals. Elements of entrepreneurial competencies such as Body of Knowledge, Set of Skills, and Cluster of Appropriate Motives/Traits are covered in the present study. The entrepreneurial competencies predict the entrepreneurial performance consisting of the dimensions of economic performance, individual performance and societal contribution enhanced by the dimensions of quality of performance.

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