

Competencies of Entrepreneur Improve the Performance of Entrepreneur and Enhance the Entrepreneurial Ventures

Dr. Rajendra Prasad G R

Faculty Member, Institute of Management Studies and Research, Kuvempu University, Shimoga, Karnataka, India

ABSTRACT

The competitive nature of our business environment requires innovativeness and creativity to achieve performance. Being innovative and creative is important but being competent is very vital for any business growth. These can be achieved through training, learning new skills, attitudes, personal relationships, being initiative, information seeking and the rest to achieve entrepreneurial objectives. The paper therefore examines the competencies required for entrepreneurial performance, as influenced by personal traits and leadership skills. The paper adopted a theoretical approach and reviewed the relevant literature as a basis for the examination of entrepreneurial competencies and performance. Finding shows that engaging in entrepreneurial core competencies, personal traits and learners skills are positively related to business success. Engaging in managerial role, entrepreneurs require organizing and relationship competencies which are positively related to business success. The study concluded that though entrepreneurial competencies are learnable through entrepreneurial training programmes and education they also serve as yardstick for formulating appropriate strategies and which when implemented enhance the attainment of business goals.

KEYWORDS: *Entrepreneur, entrepreneurship, entrepreneurial competencies, enterprise, performance*

INTRODUCTION

In a competitive business environment, the entrepreneurs are expected to have the requisite competencies such as attitudinal, intellectual, behavioral and managerial to be able to create business value in today's economy. Entrepreneurs are agents of economic change. A competent entrepreneur must have specific knowledge of the business, play social roles and remain skillful, creative, passionate, motivative, optimistic, persuasive, flexible, resourceful, assume risk, excellent planner, problem solver and the rest. Entrepreneurial competence can be learnable and possible to change through intervention such as selection and teaching of entrepreneurship. The nature of entrepreneurial competencies is important for improving entrepreneurship.

➤ Engaging in entrepreneurial role, entrepreneurs require strategic, opportunity, commitment, conceptual competencies and these competencies are positively related to business success. Entrepreneurs also take up tasks and activities that mirror managerial role. .

- Engaging in managerial role, entrepreneurs require organizing and relationship competencies and these competencies are positively related to business success.
- Engaging in functional role, entrepreneurs require technical competency and this competency is positively related to business success.
- Engaging in entrepreneurial, managerial and functional roles requires personal competency to support entrepreneurs in accomplishing various tasks and these personal competency is positively related to business success

Key elements

The main purpose of this study was to examine the competencies required for entrepreneurial performance: the intersection of personal traits and learners skills. Specifically, the study was carried out to:

1. Evaluate the relationship between entrepreneur innovation skills and entrepreneurial performance;

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2. Investigate how business passion contribute to the performance of entrepreneurs;
3. Determine the contribution of risk-taking on the competencies of entrepreneurial ventures
4. Establish the relationship between personal trait, creativity and learners' skills.

Review of earlier works

Pepple, Grace Jamie and Enuoh, Rebecca Oliver (2020) in their study explains the key parameters related to entrepreneurial competency. The research examines the competencies required for entrepreneurial performance, as influenced by personal traits and leadership skills. The paper adopted a theoretical approach and reviewed the relevant literature as a basis for the examination of entrepreneurial competencies and performance. The research shows that engaging in entrepreneurial core competencies, personal traits and learners skills are positively related to business success. Engaging in managerial role, entrepreneurs require organizing and relationship competencies which are positively related to business success. The study recommended for individuals; should be devoted to allocating resources for training and education. Entrepreneurs should desire entrepreneurship training and be more proactive. The study concluded that though entrepreneurial competencies are learnable through entrepreneurial training programmes.

Abdullahi Mahadalle, Dr. Burcin Kaplan (2017) in their research explain the 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 an urgency.

Endi Sarwoko1, Surachman2, Armanu3, Djumilah Hadiwidjojo4 (2013) The purpose of this research is to empirically test the influence of entrepreneurial characteristics and competencies on business performance in small and medium enterprises (SMEs). This study analyse to using the Structural Equation Modelling. The results of this study indicate

that the entrepreneurial characteristics have a significant influence on business performance. Entrepreneurial competencies as mediating in the relationship between entrepreneurial characteristics and business performance. It means the more powerful entrepreneurial characteristics will lead to an increase in the competence of the SMEs owner, which will ultimately have an effect on business performance.

Ernest Abaho, Aarakit Slyvia, Joseph M. Ntayi and Moses Kisubi (2016) in their study indicate that an increase in the level of a firm's capabilities through competent management, market linkages and marketing capabilities leads to enhanced SME performance. As entrepreneurial competences and firm capabilities predict 30.4percentof the variance in SME performance, SME owners and managers, through their entrepreneurial competences, can use firm capabilities as tools to influence their firms' operations to enhance their performance. Future research can be carried out in other geographical places to verify whether what was observed in Uganda specifically in Jinja district is applicable to the rest of the world. Similarly, future research can explore other predictors of SME.

Aruni Wickramaratne and Akira Kiminami1 & Hironori Yagi (2014) in their research explain the aim of the study is to examine the impact of owner/managers entrepreneurial competencies on Entrepreneurial Orientation (EO) of tea manufacturing firms in Sri Lanka and the relationship between background characteristics of owner/managers and entrepreneurial competencies. Primary data was collected in low country tea manufacturing firms in Sri Lanka. The sample includes 109 private sector tea factories. Entrepreneurial competencies were operationalized as opportunity, organizing, strategic, relationship, commitment and conceptual competencies. Data were analyzed by using multiple regression analysis. It was found that background characteristics of owner/managers have direct impact on entrepreneurial competencies. Further it implies that entrepreneurs strategic and commitment competencies have direct positive relationship with EO. When considering the dimensions of EO, innovativeness was greatly affected by owner/managers competencies whereas risk taking behavior was less affected by competencies.

Khan, Mukaram Ali Rathore, Kashif Sial, Muhammad Adnan (2020) in their study evaluate the aspects and attempts to establish the need of identifying entrepreneurial orientation and entrepreneurial competencies in entrepreneurs in

order to enhance enterprise performance. Researchers have collected the data from SMEs in Pakistan using simple random sampling technique. Partial least square based structural equation modelling is used in order to analyse the data and to test the hypotheses. Analysis revealed positive relationships between entrepreneurial orientation and entrepreneurial competencies, entrepreneurial competencies and entrepreneurial performance, entrepreneurial orientation and entrepreneurial performance. Moreover, entrepreneurial competency has proved to be a mediator between entrepreneurial orientation and entrepreneurial performance.

Objectives of the study

1. To study the entrepreneurial competencies for improving the enterprise development
2. To study the need based competencies for enhancing the entrepreneurial activities
3. To analyze the specific Personal entrepreneurial competencies for improving the individual efforts
4. To elucidate the Venture initiation and success competencies for constant business operation (long run)

Entrepreneurial competencies – theoretical background

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, behavioral, technical, and managerial aspects. Entrepreneurs are therefore permanently challenged to deploy a set of competencies to succeed in their entrepreneurial endeavors. 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.

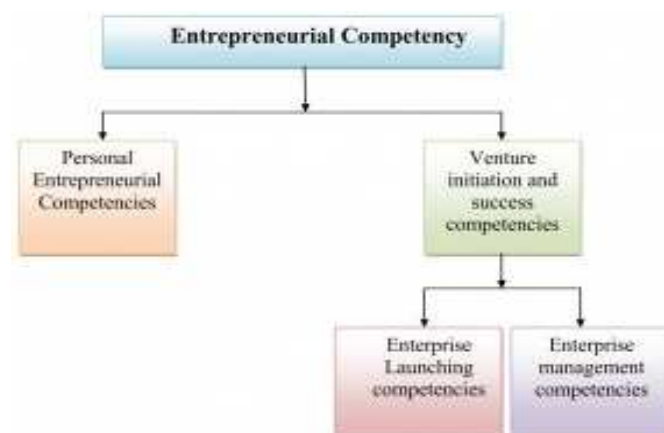
Entrepreneurial competencies can be defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills that result in venture birth, survival, and/or growth. – Bird (1995)

“Total ability the entrepreneur to perform this role successfully. Several studies have found positive relationship between existences of competencies and

venture

– Man, Lau & Chan

performance”.



Types of entrepreneurial competencies

The competencies may be classified into following categories:

1. Personal entrepreneurial competencies
2. Venture initiation and success competencies

1. Personal Entrepreneurial competencies

It is the personal characteristics of an individual who possess to perform the task effectively and efficiently. Personal entrepreneurial competencies include the following:

A. Initiative

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.

B. Sees and acts on opportunities

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.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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 finds 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.

H. 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.

I. 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.

J. 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.

K. 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 competence, reliability or other personal or company's qualities. They also assert strong confidence in own company's or organization's products or service.

L. 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.

M. 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.

N. 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.

O. 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.

2. Venture Initiation and success Competencies

In addition to personal competencies Entrepreneur must also possess the competencies required to launch the enterprise and for its growth and survival. It is further divided into two categories of competencies:

A. Enterprise launching competencies

B. Enterprise management competencies

1. Enterprise launching competencies

a. Competency to understand the nature of business

- To analyse the personal advantage of owning a small business.
- To analyse the personal risks of owning a small business.
- To analyse how to maximize the opportunities and minimize the risks of owning a business.

b. Competency to determine the potential as an entrepreneur

- To consider the personal qualification and abilities needed to manage own business.
- To evaluate the own potentials for decision-making, problem solving and creativity.
- To determine own potential for management, planning, operations, personnel and public relations.

c. Competency to develop a business plan

- To identify how a business plan helps the entrepreneur.
- To recognize how a business plan should be organized.
- To identify and use the mechanisms for developing a business plan.

d. Competency to obtain technical assistance

- To prepare for using technical assistance.
- To select professional consultants.
- To work effectively with consultant.

e. Competency to choose the type of ownership

- To analyse the type of ownership of business.
- To follow the steps necessary to file for ownership of the business.
- To define politics and procedures for a successful multiowner.

f. Competency to plan the market strategy

- To use goods classification and life cycle analysis as planning tools for marketing.
- To develop and modify marketing mixes for a business.
- To use decision making tools and aid in evaluating marketing activities.
- To evaluate operations to improve decision making about marketing.

g. Competency to locate the business

- To analyse customer transportation, access, parking and so forth. i.e. relative to alternative site locations.
- To complete a location feasibility study for the business.
- To determine the cost of renovating or improving a site for the business.
- To prepare an occupancy contrast for the business.

h. Competency to finance the business

- To describe the source of information available to help in estimating the financing necessary to start a new business.
- To determine the finance necessary to start a new business.
- To prepare a project profit and loss statement and a projected cash flow statement for the new business.
- To prepare a loan application package.

i. Competency to deal with the business

- To determine the need for legal assistance.
- To select the provisions that is desired in the lease.
- To prepare sales contract (such as credit sales or long term sales) that may be utilized in the contracts
- To evaluate contracts.
- To determine the need for protection of ideas and intentions.

j. Competency to comply with government regulations

- To appraise the effects of various regulations on the business operations.

- To acquire the information necessary to comply with the various rules and regulations affecting the business.
- To develop policies for the business to comply with the Government rules and regulations.

2. Enterprise Management Competencies

a. Competency to manage the business

- To plan goals and objectives for the business.
- To develop a diagram showing the organizational structure for the business.
- To establish control practices and procedures for the business

b. Competency to manage human resources

- To plan goals and objectives for the business.
- To develop a diagram showing the organizational structure for the business.
- To establish control practices and procedures for the business.

c. Competency to manage human resources

- To write a job description for a position in the business.
- To develop a training programme online for employees.
- To develop a list of personnel for employees in the business.
- To develop an outline for an employee evaluation system.
- To plan a corrective interview with an employee concerning a selected problem.

d. Competency to promote the business

- To create a longterm promotional plan.
- To describe the techniques used to prepare advertising and promotion
- To analyse competitive promotional activities.
- To evaluate promotional effectiveness.
- To plan a community relations programme.

e. Competency to manage sales efforts.

- To develop a sales plan for the business.
- To develop policies and procedures for serving the customers.
- To develop a plan for training and motivating sales people.

f. Competency to keep business records

- To determine who will keep the books for the business and how they will be maintained.
- To describe double entry bookkeeping.
- Select the types of journals and ledges that you will use in the business.
- To identify the types of records that will be used in the business to record sale, cash receipts, cash disbursements, accounts receivable, accounts payable, payroll, petty cash, inventory, budgets and other items.

- To evaluate the business records.
- To identify how a microcomputer may be used to keep the business records.

g. Competency to manage the finances

- To explain the importance of cash flow management.
- To identify financial control procedures.
- To describe how to find cash flow patterns.
- To analyse trouble spots in financial management.
- To describe how to prepare an owner's equity financial statement.
- To analyse financial management ratios applicable to a small business.
- To identify the components of breakeven point problem.
- To review microcomputer application for financial management.

h. Competency to manage customer credit and collection

- To analyse the legal rights and resource of credit guarantors.
- To develop a series of credit collection reminders and the follow up activities.
- To develop various credit and collection policies.
- To prepare a credit promotion plan.
- To discuss information resources and systems that apply to credit and collection procedures.

i. Competency to protect the business

- To prepare policies for the firm that will help minimize losses due to employee theft, vendor theft, bad cheques, shoplifting, robbery, injury or product liability.
- To determine the kinds, amounts and costs of insurance needed by the firm

Conclusion

The study specifically concludes that entrepreneurial competencies and the role of business performance, the higher the competence that entrepreneur will lead the higher business performance, as for high competence is determined by the characteristics of the entrepreneur. So the entrepreneurial competencies are mediating influence entrepreneurial abilities of enterprise performance. Increasingly strong entrepreneurial characteristics will lead them for higher competence, which will ultimately lead to higher business performance. Entrepreneurs are believed to hold vital positions in the organization they have created and are agents of economic change. Exploring the environment enables the entrepreneurs to recognize and spot high quality opportunities that will benefit their business. In translating these opportunities into positive outcome, entrepreneurs are required to carefully manage their internal and external resources. Although some of the resources

are readily available in the environment, it still depends on the ability of the entrepreneurs themselves to get access to those resources and mobilize them. Clearly, entrepreneurs should engage in complex tasks and be more skillful, creative, innovative, and be ready to learn more and skills.

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