

# Effect of Entrepreneurial Competencies on the Performance of Small and Medium Scale Enterprises in Katsina State

Umar Aliyu<sup>1\*</sup> and Shamsuddeen Babangida<sup>2</sup>

<sup>1</sup>Department of Accounting, College of Social and management Sciences, Al-Qalam University, Katsina, Nigeria.

<sup>2</sup>Nigeria Deposit Insurance corporation, Plot 447/448 Constitution Avenue Central Business District, P.M.B. 284, Garki Abuja, Nigeria

\*Corresponding Author

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8080324>

Received: 19 August 2024; Accepted: 26 August 2024; Published: 23 September 2024

## ABSTRACT

The study examines the effect of entrepreneurial competencies on the performance of small and medium scale enterprises in Katsina state. Survey research design was employed in the study. This type of research design is adopted because the information about the independent variables and dependent variable represents what is going on at only one point in time Primary data was collected through a self-administered questionnaire issued to the respondents using stratified and simple random sampling technique. The data was collected from the sample size of 56 enterprises that cut across different small and medium enterprises. Ordinal logistic regression analysis was used to test and answer the questions set for the study. The findings revealed that entrepreneurial skills and entrepreneurial characteristics have a positive effect on the performance of SMEs in the state. It was also found that entrepreneurial motives have a positive effect on the performance of SMEs. The study recommended a need for combined efforts between governments at all levels and NGOs towards not only funding but also initiating management training and development programmes for the entrepreneurs in order to enable them acquire necessary skills, enhance and appreciate their inborn personalities and abilities. The government shall also put in place entrepreneurship policy to nurture business startups through mentorship, motivation and attitude change as they walk through entrepreneurship journey.

**Keywords:** Entrepreneurial competency, performance, Small and Medium Enterprises

## INTRODUCTION

The contribution of Small and Medium Enterprises (SMEs) to the Nigerian economy cannot be over emphasized and therefore regarded as a bedrock of the economy in Nigeria. SMEs contributed 46.3% of the national GDP and also accounted for 6.21% of gross export. Micro enterprise (MEs) accounted for 96.9% of businesses, and 87.9% of employment (SMEDAN, 2021). Despite this epochal contribution of the sector to the economy, some challenges still persist that impede the growth and development of the sector (SMEDAN, 2021). The importance of SMEs to nations was first recognized in the early 1980s because of how they influence job creation and innovation (Musinguzi et al, 2023). Nations focused on supporting entrepreneurship and SME development to promote and enhance employment and economic development (Mok, 2023). Despite the importance of SMEs to nations' development, studies found their massive failure, which has threatened the free market economy, which boomed in the 1980s (Zhu et al, 2023). Some SMEs

survived with a marginal profit. The zeal to sustain and improve the free-market economy made policymakers focus on what to do to ensure SMEs are successful and avoid their failures.

Sanni (2009) argued that SMEs are the best scale of businesses for developing economies. Nigeria, being among the developing countries had also change its focus in the last three decades as successive governments have shown much interest in enhancing the development and growth of SMEs. Perhaps since the adoption of the Structural Adjustment Program (SAP) in 1986, there has been a shift from the former capital intensive method which was based on large scale enterprises (LSEs) to SMEs which are labour intensive, that rely heavily on local raw materials and require small capital for operation. The SAP enabled the sector to be a key focus in the country which in turn resulted in the rising profile of increased number of SMEs largely due to the favourable policies it had developed. Thus, the ability to manage small business provides a useful and reliable economic foundation for a nation.

Cognizance of the enormous roles SMEs play in the economy, successive governments had adopted different mechanisms aimed at promoting the sector into the main stream of the Nigerian Economy. The government had accorded and gave priority to them through the introduction of different policies, incentives, subsidies, programs and agencies aimed at providing a favourable environment for businesses to flourish. Some of these establishments include: National Economic Reconstruction Fund (NERFUND) in 1990, National Poverty Eradication Programme (NAPEP) in 1996, Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in 2003, Micro Finance Institutions (MFI) in 2005 and Small and Medium Industries Equity Investment Scheme (SMIEIS) in 2006. Other recent ones include Youth Enterprise with Innovation in Nigeria (YOU WIN), Train to Work (TRATOW) initiative and so forth. The cardinal points of all these development initiatives were to accelerate the pace of industrialization, complement LSEs and promote entrepreneurship among the populace. However, despite all government interventions and supportive mechanisms, SMEs fail to grow from micro to small and small to medium and eventually large enterprise as it will be expected.

Van & Zwart (2010) asserted that the most important asset of a business is a competent manager. They developed an instrument called Entrepreneurial Scan (E-Scan) which will be used to measure entrepreneurial competence. They argued that an examination of the competencies of an entrepreneur should focus on four components, thus; wanting, being, capable to and knowledge. Wanting component refers to the motives behind engaging in entrepreneurship. Being is the attributes or characteristics possessed by an entrepreneur. Capable refers to the capability of the entrepreneur and knowledge is the entrepreneur's educational level and experience. E-Scan was found to be reliable and valid and of great value to entrepreneurs.

Given the myriad of challenges faced by SMEs, the benefits of having a competent entrepreneur cannot be overemphasized. Ogechukwu (2011) posits that SMEs' success largely depend on a competent entrepreneur. The question here is thus, can improvement in entrepreneurial competencies leads to higher performance of SMEs in Katsina State?

Small businesses are crucial to the economic development of nations because they provide citizens with employment and innovative abilities and reduce poverty, thereby triggering economic development. Two most important contributions of the SMEs to countries' economic development are the provision of employment and tax returns for infrastructure (Roman et al, 2023). Due to consistent entrepreneurial failures, most of the SME businesses failed within the first five years (Obaje, 2020). There is a need to contain or mitigate the failure of small businesses to stimulate employment and trigger economic development (Ma'aji et al, 2023). In view of the above, the following null hypotheses was formulated:

**H<sub>01</sub>: Entrepreneurial skills has no significant effect on the performance of SMEs in Katsina state.**

**Ho<sub>2</sub>: Entrepreneurial characteristics has no significant effect on the performance of SMEs in Katsina state.**

**Ho<sub>3</sub>: Entrepreneurial motives has no significant effect on the performance of SMEs in Katsina state.**

Previous researches on entrepreneurial competencies and performance concentrate on only two broad issues; entrepreneurial skills (Cooney, 2013) and entrepreneurial characteristics (Sarkowa, 2013) while little attention has been given to entrepreneurial motives and its effect on performance. Associated with the aforementioned issue, the study is aimed at evaluating the effect of entrepreneurial competencies on the performance of small and medium scale enterprises in Katsina state

## LITERATURE REVIEW

Entrepreneurial competency identification and development are important tools of human resource management targeted at achieving the strategic goals of the organization. As entrepreneurs and managers share similar roles and tasks in organizations, particularly in small businesses, therefore, researchers in the entrepreneurship field now borrow the concept and related theory of competency from the management literature (Kochadai, 2012). As a result of this, the competency approach has now become a popular means of studying entrepreneurship. Spencer and Spencer (1993) define entrepreneurial competency as an underlying characteristic of an individual that is casually related to effective and/or superior performance in a job or situation. Kaur and Bains (2013) similarly defined it as the individual characteristics of a person who undertakes risk for gaining profit in the business venture. Underlying characteristic means the competency is a fairly deep and enduring part of a person's personality and can predict behavior in a wide variety of situations and job tasks.

Entrepreneurial Competencies can be defined as the combination of the owner-managers' identifiable characteristics, skills and motives that are vital in managing a business. Entrepreneurial Characteristics are the psychological attributes that an entrepreneur can be identified with and are vital to the management of a business. Entrepreneurial Skills means knowledge in practice. It refers to the practical application of knowledge in performing managerial function. Entrepreneurial motives is the inner force that drives an entrepreneur to engage in entrepreneurship and accomplish his goal

Julius (2011) in his study, developed a model identifying six components of entrepreneurial competencies including; skills: what people can do well. Knowledge: refers to what people know. Social roles: is the image an individual displays in public. Self-image: implies what people think about themselves. Traits: enduring characteristics of people. Motives: unconscious thoughts and preferences.

### Concept of Entrepreneurial Skills and Performance of SMEs

Entrepreneurial skills can be defined as the ability to share ideas and feelings effectively. A good Communication skills can help us better understand people, situations, happenings and events, and it will also help us to avoid conflicts and reach a better decision-making (Arnaout & Esposito, 2018). Entrepreneurial literacy (skills) is a concept that refers to the ability of an individual to identify an opportunity and facilitate its growth sustainably and effectively. For one to perform exemplarily in enterprise ventures, such literacy is usually paramount. The development and growth of small and medium enterprises have been of focus for policymakers and researchers in the industrial area. (Esubalew & Raghurama, 2020).

Indeed, SMEs that employ employees or managers with entrepreneurial skills are likely to perform better in the market than those that employ average managers. The performance of SME is largely determined by

product sales, market position, and the ability of the SMEs to maintain their market share by either development or diversification (Esubalew & Raghurama, 2020). Appropriate habits change, have an attractive product range, and gain market share. Such skills will help managers to provide good services to the consumers of their products, create a good relationship with the customers, make goods/ services that satisfy their products, and give them the ability to look for market opportunities and advertisement that will promote their business products and sales promotion. SMEs owners with entrepreneurial skills are significantly associated with profitability and consumer needs satisfaction. Profits are obtained by deducting the variable cost of production from the total revenues received in that fiscal year. Productivity views the fiscal target as designed by the enterprise (Fan et al., 2021). Entrepreneurial skills help SMEs find it easy to survive and make profits without struggling to exist in an environment with high competition.

Mohammed and Obeleagu-nzelibe (2014) studied entrepreneurial skills and profitability of SMEs in Nigeria. Data was collected from 250 respondents in Nigerian major cities through a self-administered questionnaire. Entrepreneurial skills including record keeping, communication, and relationship were found to be significant factors required for business success and profitability in Nigeria. This study focused on only profitability as a performance indicator; however, other indicators such as the non-financial measures may have provided a better assessment

Tijjani (2012) examined the impact of technical entrepreneurial skills on employment generation in Nigerian SMEs. Data was collected from 37 SMEs owners through a self-administered questionnaire and sample t-test and simple regression were used for analysis. The findings revealed that improvement in technical entrepreneurial skills generates higher employment in SMEs. The sample of the study is too small to be a representative of Lagos state SMEs

Entrepreneurial skills promote innovation in the business as managers and SME owners are likely to identify new opportunities in the market and find ways to fill the gaps and turn them into profit-making activities (Esubalew & Raghurama, 2020). The lack of such crucial entrepreneurial skills makes the SMEs experience complications that lead to the failure of the enterprise in Nigeria.

### **Concept of Entrepreneurial Characteristics and performance of SMEs**

Woldie and Adesua (2008) in an analysis of the influence of five owner/managers characteristics and four firm characteristics on the growth of SMEs found that, SMEs growth is largely influenced by firm characteristics including age, sector, legal status and number of employees. Owner/ managers characteristics including age, education and prior experience were also found to influence growth of SMEs. In South Africa, Machirori and Fatoki (2013) investigated the impact of entrepreneurial characteristics on networking of SMEs. Gender, age and educational level were used as measures of entrepreneurial characteristics. Using a self-administered questionnaire to collect primary data, descriptive and regression analysis were employed to analyse such data. They found that some entrepreneurial characteristics impact positively on networking of SMEs.

Islam et al (2011) also examined the effect of entrepreneurial characteristics and firm characteristics on business success of SMEs in Bangladesh. Age, gender and educational qualifications were used as measures of entrepreneurial characteristics. Data was collected using a self-administered questionnaire on the owners and employees of SMEs and the SPSS output revealed that only gender has significant effect on business success of SMEs. Different indices were used to measure success. However, the study failed to explicitly state the parameters for the measurement of success. Muzenda (2014) also investigated the effect of entrepreneurial attributes, firm characteristics and external factors on the performance of SMEs. The data was collected using structured questionnaire and analysed using regression. The findings revealed that entrepreneurial attributes, firm characteristics and external factors demonstrated significant association with SMEs performance. What is common among the studies above is that they all used background

characteristics such as age, gender, education among others while other psychological characteristics like passion and risk taking were not considered.

Another study by Abubakar (2014) examined the relationship between entrepreneurial characteristics of owner managers and the growth of SSBs from the year 2006 to 2010. Questionnaires and interviews were used to collect data from 200 SSBs owner managers and multiple regressions were used to analyse the data. He found that educational level, technical skills and entrepreneurial experience have significant and positive influence on the growth of SSBs. The study restricted its focus on SSBs, meanwhile most of the existing businesses are micro.

### **Concept of Entrepreneurial Motives and Performance of SMEs**

Liebrechts (2013) investigated whether start-up motivation (necessity versus opportunity) affects entrepreneurial performance. Using a unique individual panel in Netherlands for three consecutive years (2009-2011), he found that start-up motivation has an isolated effect on entrepreneurial performance. He also found that necessity driven entrepreneurs perform higher in business than opportunity driven entrepreneurs. But the data set used in the study was unbalanced, because of dropping out of participating panelists and the sample had to be complemented with new respondents on an annual basis. The study was restricted to solo-entrepreneurs i.e. those who do not employ the service of anybody in managing their business.

From the previous empirical reviews, it can be observed that literatures investigating the effect of the study variables on SMEs performance studied them separately in different studies. What is also obvious is that no study had covered or narrowed down to katsina state. This study looks at entrepreneurial skills, entrepreneurial characteristics and entrepreneurial motives as components of entrepreneurial competencies and their combine effect measured on SMEs performance.

### **Concept of Business Performance**

Performance is the outcome obtained by an organization, whether business or non-profit, that is generated over a period of time. So, a company's performance is anything generated by a organisation during a specific time period in reference to a predetermined benchmark. The idea of SMEs business performance is hanged on the position or premise that it is a combination of productive assets made up of human, physical, and capital resources, for the major reason of fulfilling a dream, vision or accomplishing a shared purpose. Business performance is a measure of how a manager efficiently and effectively utilizes the resources of the firm to accomplish its goals as well as satisfying all the stakeholders. According to Orji et al Abe (2022)

### **Concept of small and medium Enterprises (SMEs)**

At the 13th Council meeting of the National Council on Industry held in July, 2001, SMEs were redefined by the Council as follows: micro enterprises as those with a labour size of not more than 10 workers, or total asset not more than N1, 500,000 including working capital but excluding cost of land, Small enterprises with a labour size of 11-100 workers or a working capital between N1,500,000-N50,000,000, including working capital but excluding cost of land. Medium Enterprises: with a labour size of between 101-300 workers or a total cost between N50,000,000- N200,000,000, including working capital but excluding cost of land. SMEDAN (2012) also adopts dual criteria in defining SMEs in its collaborative study with National Bureau of Statistics. The study define micro enterprises as those employing less than 10 and having total assets of less than N5,000,000, small enterprises as those employing between 10-49 and total asset of N5,000,000-N50,000,000 and Medium Enterprises employing between 50-199 and a total asset of



N50,000,000-N500,000,000. But this study considers Small and Medium Scale Enterprises as those businesses own by individuals with small capital ranging from One Naira to Hundred Million Naira.

## **Theoretical Framework**

### **Human Capital Theory**

Human capital theory was developed by Becker in 1964 (Galiakberova, 2019) postulates that human capital refers to skills and knowledge that individuals acquire through investments in schooling, on-the-job training, and other types of experience. It comprises the stock of knowledge and skills that resides within individuals. Specifically, it includes the unique insights, skills, cognitive characteristics and aptitudes of entrepreneurs. It also includes achieved attributes, accumulated work and habits that may have a positive or negative effect on productivity. It represents a resource that is heterogeneously distributed across individuals and is thus central to understanding differences in opportunity identification and exploitation (Fatoki, 2011). The theory suggests that individuals with more or higher human capital achieve higher performance when executing tasks. The theory maintains that knowledge provides individuals with increase in their cognitive abilities, leading to more productive and efficient potential activity. Therefore, if profitable opportunities for new economic activity exist, individuals with more or higher quality human capital should be better at perceiving them. Once engaged in the entrepreneurial process, such individuals should also have superior ability in successfully exploiting opportunities.

### **Resource dependence theory**

The resource dependency theory was coined by Pfeffer and Salancik (1978) to explain how firm behavior is influenced by external resources it possesses. The theory postulates that resources are very critical for the success of any organization, for an organization to attain sustainability and gain competitive advantages over all other rivalries. It proposes that firms change and negotiate with their external environment in order to secure access to the resources which they need to survive. Thus, the success of SMEs is influenced by human capital or entrepreneurial skills. Based on the resource dependency theory, a lot stresses the need for an organization to have the relevant entrepreneur skills. Among the SMEs in Katsina, internal resources such as skilled employees with adequate entrepreneurial knowledge are critical.

The human capital theory was applicable to SMEs in Nigeria since SMEs cannot perform successfully without the relevant entrepreneurial skills possessed by their human resources (Katila et al., 2021). SMEs with well-skilled human resources and good know-how of all that entrepreneurship entails are likely to do better compared to other SMEs with low-skilled individuals with human capital.

## **METHODOLOGY**

The study adopts a survey research design which is cross-sectional in nature. Primary data were collected from the population of the study using survey questionnaire. This type of research design is adopted because the information about the independent variables and dependent variable represents what is going on at only one point in time. Data were collected from the population of the study using survey questionnaire and analyzed to report the finding at a point in time. The questionnaire was divided into four sections and all the questions were in close ended form. Section A asked questions on entrepreneurial skills; section B asked questions on entrepreneurial characteristics; section C was a set of questions on entrepreneurial motives and section D was a set of questions on SMEs performance. Level of agreement to the statements in section A, B and C indicated the level of entrepreneurial competence and the level of disagreement indicated the level of lack of entrepreneurial competence. While in section D, level of agreement to the statements indicated level of SMEs performance and level of disagreement indicated level of lack of SMEs performance.

## Population and sample of the Study

The population of the study consists of 70 SMEs owners/managers operating their businesses within Katsina state as at 2023 especially those registered with SMEDAN. The list is obtained from the Katsina state SMEDAN office. The choice of this group of SMEs is necessitated by the fact they are well organized with registered offices and are having full time employees. The businesses selected cut across different sectors including; manufacturing, services, wholesale, retail and distribution. This enables the findings to be more generalizable across different sectors than when the study concentrates on one sector. The sample size of the study was determined using Yamane (1967) formula as follows:

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

Where: n= sample size, N= the population, e = level of significance

Thus, N = 100, e = 0.05 and n =?

$$n = \frac{70}{1+70(0.05)^2}$$

$$n = \frac{70}{1+ 0.25}$$

$$n = \frac{70}{1.25}$$

$$n = 56$$

Stratified and simple random sampling technique was adopted to select businesses from different sectors including; manufacturing, services, wholesale, retail and distribution. The questionnaire was distributed based on judgmental sampling procedure to arrive at a sample size for each sector

## Sources and Method of Data Collection

Primary data was used for the study in order to guide the researcher in making meaningful findings and conclusions. The study obtained the data through administering of questionnaire to registered owner/managers operating SMEs in the state. Questionnaires were used to collect data for the study from SMEs within the specified business sectors mentioned above.

## variables Measurement and Model specification

Entrepreneurial skills (ES) were measured by the use of 4 items; planning, organising, leading and controlling. The study adapted Jamiya (2010) questionnaire and responses were taken on five point likert scale ranging from strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1). 13 items were adapted among which includes; I set goals and ensure accomplishment, I take corrective measures where there is evidence of deviation.

Entrepreneurial characteristics (EC) were measured by self-efficacy, risk taking and locus of control. The items in the questionnaires were adapted from the combination of studies by Tagrafa and Akinb (2009). 9

items were adapted from the questionnaires among which include; success is a matter of hard work and not luck, failure makes me try harder. Responses range from strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1).

Entrepreneurial motives (EM) were measured by need for power, need for independence/autonomy and need for achievement. The questionnaire was adapted from the study conducted by Robichaud et al (2010). 14 items were adapted among which include; working when, where and with whom you want, to be your own boss etc. Responses range from strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1).

Subjective measures were used to measure performance (SP) due to the unavailability of objective measures, thus owner/managers were asked to make an assessment of their business performance. Perceived customer satisfaction was used as indices for measuring performance. Items from the studies conducted by Julius (2011) and Chong (2008) were adapted and measured on a 5 point likert scales ranging from strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1).

Ordinal logistic regression was used as the best technique on the analysis of the data collected, where SP will be regressed on ES, EC and EM together with a control variable of age. As such the combined effect of these independent variables i.e. entrepreneurial skills, entrepreneurial motives, entrepreneurial characteristics and age on the dependent variable (SMEs performance) will be determined based on the following regression model:

$$SP_i = \alpha_0 + \beta_1 ES_i + \beta_2 EC_i + \beta_3 EM_i + \beta_4 AGE_i + \epsilon_i \dots\dots\dots$$

Where:

ES<sub>i</sub> = Perceived Entrepreneurial Skills

EC<sub>i</sub> = Perceived Entrepreneurial Characteristics

EM<sub>i</sub> = Perceived Entrepreneurial Motives

SP<sub>i</sub> = Perceived SMEs Performance

AGE<sub>i</sub> = Age of the participant

α<sub>0i</sub> = Constant (value of the dependent variable when the independent variable is zero)

β = Regression Coefficient

ε = Error Term

## RESULTS/FINDINGS

From the result of the ordinal logistic regression. The following result has been generated from the analysis of 56 respondents.

Table 4.1: Fitness of the model

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	102.296			



Final	.000	102.296	10	.000
SPSS Output (2023)				

From table 4.1 above, it signifies that the model at 1% level of significance, and that it has adequately described the data.

Table 4.2 Goodness of fit

<b>Goodness-of-Fit</b>			
	Chi-Square	df	Sig.
Pearson	85.403	137	1.000
Deviance	39.946	137	1.000
SPSS Output (2023)			

A goodness of fit in general refers to measuring on how well do the observed data correspond to the fitted model. The table shows an insignificant difference in the observed data and the assumed model.

Table 4.3 Pseudo R-square

<b>Pseudo R-Square</b>	
Cox and Snell	.839
Nagelkerke	.991
McFadden	.974
SPSS Output (2023)	

Pseudo R-Square can be used to approximately explain the variation in the criterion variable. From the regression in table 4.3 McFadden value of R-square shows about 97.4% improvement in the prediction of outcome based on independent variables in comparison of the dependent variable.

Table 4.4 Estimates and odd Ratio Table

		Estimates	Odd ratio
Location	AGE	-0.038	0.962712941
	[ES=2.00]	-43.032	2.04852E-19
	[ES=3.00]	-4.171	0.015436816
	[ES=4.00]	-1.426	0.240268075
	[ES=5.00]	0 <sup>a</sup>	
	[EC=2.00]	-41.796	7.05063E-19
	[EC=3.00]	-6.01	0.002454088
	[EC=4.00]	-1.241	0.289094978
	[EC=5.00]	0 <sup>a</sup>	
	[EM=2.00]	-7.32	0.000662162
	[EM=3.00]	-0.415	0.660340281
	[EM=4.00]	-0.267	0.765673071
	[EM=5.00]	0 <sup>a</sup>	
SPSS Output, (2023)			

Odd ratio represent the odd of falling into a higher/lower category on the dependent variable with the unit change in the independent variable. Form the table above, entrepreneurial skills with an odd ratio moving from 0.0154 to 0.2402 it shows an increasing odd which signifies having higher performance with an increase in higher category. Similarly, entrepreneurial characteristics with an odd ratio moving from 0.0023 to 0.2891 shows an increasing odd which signifies having higher performance with an increase in higher category. Also, entrepreneurial motive is having similar relationship with performance, an increase into a higher unit in the scaling will also result into an increase into the performance. The findings are similar to that of Muzenda (2014), Abubakar (2014)

## DISCUSSIONS/CONCLUSIONS

The study investigated the effect of entrepreneurial competencies on the performance of SMEs through the combination of entrepreneurial skills, entrepreneurial characteristics and entrepreneurial motives. From the regression in table 4.3 McFadden value of R-square shows about 97.4% improvement in the prediction of outcome based on independent variables in comparison of the dependent variable. This shows that SMEs in Katsina state are experiencing growth in sales, customer satisfaction and growth in profit; hence they are performing well.

Managerial contribution of the study is that, it serves as a guide to individual owner-managers of SMEs in order to be equipped, encouraged and acquires the necessary skills and characteristics that will help in making them more competent and improve their business performance. The overall performance of SMEs can be improved by acquiring and possessing the necessary entrepreneurial skills and entrepreneurial characteristics as they have a significant and positive effect on SMEs performance in Katsina state.

The study has expanded the frontier of existing knowledge by empirically testing the direct effect of entrepreneurial motives as an independent variable on the performance of SMEs in Katsina State. Generally, the study has provided empirical evidence on the extent and pattern of relationship through the combination of entrepreneurial characteristics, skills and motives under a single model. This is because no study to the best of the knowledge of the researcher has investigated the effect of entrepreneurial competencies on SMEs performance in Katsina state using the 3 components. Therefore, the study will serve as a foundation for more empirical research on entrepreneurial motives.

However, on the theoretical framework adopted for the study, the study shows that entrepreneurial skills, characteristics and motives all put together have a greater effect on SMEs performance. This is given by the significant and positive effect entrepreneurial skills and entrepreneurial characteristics have on overall SMEs performance while entrepreneurial motives have an insignificant but positive effect on performance. This implies that among the human capital variable the extent of effect on SMEs performance differ.

## Conclusions

This study investigated the effects of entrepreneurial skills, entrepreneurial characteristics and entrepreneurial motives on the performance of SMEs in Katsina state. The following conclusions are as follows:

Entrepreneurial skills is having direct and positive relationship with the performance of small and medium enterprises in Katsina State. This means that entrepreneurs in Katsina state do engage in planning, organizing, leading and controlling activities hence, they possess the required skills needed to manage their businesses.

Entrepreneurial characteristics is also having direct and positive relationship with the performance of small and medium enterprises in Katsina State. This implies that the more an entrepreneur possesses entrepreneurial characteristics in the areas of locus of control, self-efficacy and risk taking; the higher the performance of SMEs. Therefore, this study concluded that entrepreneurial characteristics generally lead to higher performance of SMEs in Katsina state

Entrepreneurial Motives is having direct and positive relationship with the performance of small and medium enterprises in Katsina State. That entrepreneurial motives characterized by the need for achievement, need for power and need for independence are insignificant but positive contributors performance of SMEs in Katsina state. Therefore, this study concluded that the possession of entrepreneurial motives by an entrepreneur may not necessarily lead to an improvement in performance of SMEs in Katsina state.

## RECOMMENDATIONS

In line with the results and conclusions of the study, the following recommendations were made:

1. The Owner managers of SMEs to attend trainings on resource mobilization and innovation so as to acquire adequate resource mobilization and innovation skills and differentiate themselves in the market place to grow their enterprises.
2. The government to put in place entrepreneurship policy to nurture business startups through mentorship, motivation and attitude change as they walk through entrepreneurship journey.
3. Small and medium enterprises shall implement policies and strategic motivational ways of ensuring that attention and employees are well motivated

## REFERENCE

1. Abubakar, H. H. (2014). *Entrepreneurial characteristics and the growth of small scale businesses in Zaria Metropolis*. (An Unpublished Master's Thesis). Ahmadu Bello University Zaria, Nigeria.
2. Cooney, T.M. (2013) Entrepreneurial skills for growth oriented business. Retrieved from [http://www.oecd.org/cfe/leed/cooney\\_Entrepreneurship\\_Skills\\_HGF.Pdf](http://www.oecd.org/cfe/leed/cooney_Entrepreneurship_Skills_HGF.Pdf).
3. Esubalew, A. A., & Raghurama, A. (2020). The mediating effect of entrepreneurs' competency on the relationship between Bank finance and performance of micro, small, and medium enterprises (MSMEs). *European Research on Management and Business Economics*, 26(2), 87-95.
4. Fatoki, O. (2014). The Impact of managerial competencies on the performance of immigrant-owned enterprises in South Africa. *Mediterranean Journal of Social Sciences*, 5(6), 141–144.
5. Islam, M. A., Khan, M. A., Obaidullah, A. Z. M., & Alam, M. S. (2011). Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. *International Journal of Business and Management*, 6(3), 289–299.
6. Jamiya, N. (2010). *Managerial competencies, access to credit and business success*. (An Unpublished Masters Thesis). Makerere University, Kampala, Uganda.
7. Joseph, O. (2010). Entrepreneurial psychological traits and performance: implication for Nigerian Non-Oil SMEs exporting companies. *Review of Economics and Business Studies*, (6), 211–220.
8. Julius, O. (2011). *Management competencies, attitude towards accessing finance and performance of SMEs: A Case of Selected SMEs in Masindi and Hoima District*. (An Unpublished Masters Thesis). Makerere University, Kampala, Uganda
9. Kaur, H., & Bains, A. (2013). Understanding the concept Of entrepreneur competency. *Journal of Business Management & Social Sciences Research (JBM&SSR)*, 2(11), 31–33.
10. Kochadai, M. (2012). The concept of entrepreneurial competency, competency model and review of earlier studies. In *Entrepreneurship* (pp. 23–58). Greenwood Press

11. Liebrechts, W. (2013). Explaining entrepreneurial performance of solo self-employed from a motivational perspective. *Journal of Small Business Management*, 3(2), 1–18.
12. Ma'aji, M. M., Shruballs, R. S., & Anderson, E. O. (2023). Determinants of SME success or failure in frontier markets. *International Journal of Banking and Finance*, 18(1), 1-30
13. Machirori, T., & Fatoki, O. (2013). The impact of firm and entrepreneur's characteristics on networking by SMEs in South Africa. *Journal of Economics*, 4(2), 113–120. .
14. Mohammed, U. D., & Obeleagu-nzelibe, C. G. (2014). Entrepreneurial skills and profitability of small and medium enterprises (SMEs): resource acquisition strategies for new ventures in Nigeria. *25th International Business Research Conference*, 1–21
15. Mok, J. (2023). *Internationalisation of Singapore F&B Companies: Critical Success Factors and Challenges*. Singapore: Partridge Publishing
16. Musinguzi, P., Baker, D., Larder, N., & Villano, R. A. (2023). Critical Success Factors of Rural Social Enterprises: Insights from a Developing Country Context. *Journal of Social Entrepreneurship*, 1-23
17. Muzenda, A. (2014). A conceptual model of the determinants of performance of tourism sector small and medium enterprises (SMEs). *International Journal of Business and Management*, 3(1), 30–35
18. Obaje, A. (2020). *The impact of strategic planning on the performance of small and medium-sized businesses in Nigeria. Ph.D. Thesis*. Cardiff Metropolitan University
19. Ogechukwu, A. D. (2011). The role of small scale industry in national development in Nigeria. historical development and orientation of small scale industry. *Universal Journal of Management and Social Sciences*, 1(1), 23–41.
20. Orji, M.G, Olaniyi, K.B Oladele, T and Abe. M (2022) Strategic Human Resource Management and Performance of Selected Deposit Money Banks in Abuja, Nigeria' Britain International of Humanities and Social Sciences (BIOHS) Journal Vol. 4 (1), PP: 1-12. DOI: <https://doi.org/10.33258/biohs.v4i1.565>
21. Roman, T., Marcu, N., Rusu, V. D., Doacă, E. M., & Siriteanu, A. A. (2023). Tax Payment and the Performance of SMEs: A Longitudinal Analysis on EU Countries. *Sustainability*, 15(2), 927
22. Sanda, A. (2011). Managerial Competence and Non-Performance of Small Firms in a Developing Economy. *Interdisciplinary Journal of Contemporary Business Studies*, 2(3), 6–24.
23. Sanni, O. O. (2009). Small Scale Industry: Problems of Establishing Small Business Enterprise in Nigeria Case Study : Alahteef Nigeria. *Journal of Business Economics*, 2(4), 43–50.
24. Segal, G., Borgia, D.,
25. Smedan. (2012). *Survey Report on Micro, Samll and Medium Enterprises (MSMEs) in Nigeria. National Bureau of Statistics*. Nigeria.
26. Spencer, L. M., & Spencer, S. M. (1993). Competence at Work: Model for Superior Performance . *Human Resource Development Quarterly*, 5(4), 361-395
27. Tagrafa, H., & Akinb, E. (2009). Relations Between the Characteristics of Entrepreneurship and the Business Owner: An Analysis of Sme's in Konya. *Journal of Business Management & Social Sciences Research*, 4(2), 239–257.
28. Van der Laan, R., Driessen, M., & Zwart, P. (2010). Entrepreneur Scan Identifies Potential Fast Growers, 1–16.
29. Woldie, A., Leighton, P., & Adesua, A. (2008). Factors Influencing Small and Medium Enterprises (SMEs): an Exploratory Study of Owner/manager and Firm Characteristics. *Bank and Bank Systems*, 3 (3), 5–13.
30. Zhu, D., Li, Z., & Mishra, A. R. (2023). Evaluation of the critical success factors of dynamic enterprise risk management in manufacturing SMEs using an integrated fuzzy decision-making model. *Technological Forecasting and Social Change*, 186, 122137.