

NIGERIAN SMALL AND MEDIUM BUSINESS MANAGEMENT: AN EFFECT OF ENTREPRENEURSHIP SKILLS

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ABSTRACT

The study investigated the Nigerian Small and Medium business management; an effect of entrepreneurship skills using SME's located in business layouts and streets in Warri and Effurun, Delta State. The paper used primary and secondary data to gather the information. Stratified random sampling technique was employed to select the locations and the sample size. The data were analysed using mean, standard deviation; simple regression and analysis of variance (ANOVA) while F-distribution statistics were used to test for the significance between means at 0.05 level of significance. The research findings were; contemporary entrepreneurs should applied entrepreneurship skills involving, planning and managing SME's and the SME's business ethical standard and improved upon by entrepreneurs while one of the recommendations is for Governments to improve the infrastructural facilities for SME's to succeed.

Keywords: Entrepreneurship skills, Entrepreneurship training, SME's Management, SME's business ethical standard.

Introduction:

The place of entrepreneurship education and awareness in contemporary business world is strategic because many unemployed person(s) seek to become self-employed. Many people (workers) who are partially or gainfully employed are also seeking to try their hands on private business especially in the present economic situation in Nigeria. As noticed by Ottih (2000), the economy began to experience untold hardship as a result shrink industrial output, low level of commercial activities, loss of employment opportunities for millions of Nigerians up until today. It has been agreed among researchers that unemployment is a hydra-headed monster that cause abject poverty and hardship, loss of self-reliance, family disintegration and socio-political unrest. Scase (2000) concludes that the basic economic cost of unemployment is forgone output. Therefore, the economy that fails to generate adequate jobs for all who are able and willing to work, potential production of goods and services are irretrievably lost.

However, the government of Nigeria had repeatedly called on Nigerians to strive towards self-employment and self-reliance in production of goods and services; even to be employer of labour. Therefore, the need for an alternative opportunity for job and jobs creation are hinged on the development of entrepreneurship drive and skills enhancement. In the light of the forgoing, Hisrich (2006) described entrepreneurship, as a process of creation, acquisition of appropriate skills, abilities and competencies to equip the individual to live, is self-reliant and contribute substantially to the economic development of the society.

Number of administrations in Nigeria especially at the Federal level had introduced various entrepreneurship empowerment programmes to cushioned the effects of lack of jobs entrepreneurship development and create wealth for her teeming population. Such of these programmes includes NDE, ITF, Student Industrial Works Experience Scheme (SIWES), SME's credits, Poverty Alleviations in terms of loans to Co-operation Societies, even in present administration

of You Win Programmes, E-Wallet for farmers, ICT training for youths, etc. All these are done to create employment, productivity and arose the creativity of Nigerians. However, to achieve this, the entrepreneurship skills of the individuals and groups need to be effectively utilized, if not, the business, they established may be bankrupt or frustrated due to lack of entrepreneurship skills.

Objective of the Study:

The study seeks to highlight the usefulness and application of entrepreneurship skills in managing small and medium scale enterprises. The adoption of these skills helps to improved business success and profit maximization of the entrepreneur. Specifically, the objectives of the research are to;

1. examine the use of entrepreneurial skills in managing small and medium scale enterprises; and
2. Identify challenges that militate against the successful establishment of SME's.

Hypothesis:

Ho: The applications of entrepreneurial skills do not promote efficient management of small and medium scale enterprises.

Ha: The applications of entrepreneurial skills do promote efficient management of small and medium scale enterprises.

Literature Review:

Business Management and Entrepreneurial Skills:

Entrepreneurial activity occurs when something new and creative has happened; an individual or group takes on an initiative, by bringing their resources together and thus operating with relative economy, Shapero (2003). Entrepreneurial Skills energises the formation of new opportunities as markets and technologies changes. The progressive and successful communities are characterised by the resilience, diversity new idea and the willingness to take risk by the entrepreneur(s). As opined by Okenwa (1999), entrepreneurial skills are the success spirit behind effective management of small-scale business.

According to Onuoha (1994), entrepreneurial skills or attributes include technical competence, mental ability, human relations skills, high achievement drive and creativity. An entrepreneur needs to have ability to take reasonable risk, self-confidence, handwork, ability to set goals, initiative and innovation, Fanshow and Compton (2001). Steinhoff and Burges (2003) also conclude that an entrepreneur must have a vision for the business, be willing to take risks and be able to planned, organised and followed through. Also stressed by experts are the needs of the inventor to maintain good relations with customers, employees, banks, insurance companies and service firms and be able to forecast the changing economic condition(s).

However, Jones, George and Hill (2000) sum-up these skills of the entrepreneur into three. They include:

Conceptual Skills:

This includes the ability to analyze and diagnose the economic condition and distinguished between cause and effect. Conceptual skill helps the entrepreneur to plan and organize his/her business to the realm of success. Training and formal education play a major role in acquiring conceptual skill.

Technical Skills:

It is the knowledge and techniques involved in carry out the organisational duties. The ability to design or make your product or provide service to the customer. This skill empowered the entrepreneur to go into production of goods and services, because it is directly link with productivity. The skill can be obtained through training, formal education and on-the-job training.

Human Skills:

The human skills deals with the ability of the entrepreneur to understand, lead, alter and control the competence and behaviour of other individuals and groups (workers). The skill to communicate and innovate employees and to mould people into a cohesive and and effective team. The entrepreneur demonstrates interpersonal relationship with his/her workers in co-coordinating the employees into productive group, Desrochers and Sautet (2008).

Training and Entrepreneurial Skills for Business Growth:

Many countries have attempted to promote growth oriented entrepreneurship either through direct measurers or indirectly through policy instruments. The development of an entrepreneur's management skills is critically important to enable people grow their businesses, Cooney (2012). The training for the development of entrepreneurship skills for growth-oriented businesses is a motivational apparatus for business entrepreneurs to succeed. However, Inno-Grips (2011) concludes that a high growth firms requires a comprehensive approach that could include certified coaching networks, improved access to equity finance and facilitated internationalisation. Though, Henry et al (2003), have criticized entrepreneurship training programmes for being too focused on the functional aspects of business management rather than helping to develop the broader capabilities of entrepreneurs to be innovative, manage their changing business environment and to be creative in developing and taking forward their businesses. But, Henry et al further added that developing managerial and technical skills are

undoubtedly easier to teach and develop into a structured programme, whereas entrepreneurship skills are to some extent dependent on personal characteristics and may be more difficult to engender in a group program.

Donovan et al (2009), argued that when evaluating training, it is important to remember that not only do the individuals being trained differ in their abilities and learning, but that differences will also arise from the trainer and the environment in which the training is delivered, and the environment in which the subsequent learning is put into use. Therefore, Rae (2012) model for entrepreneurship education considered effectiveness as the key outcome rather than learning; for developing entrepreneurship skills to grow a business as it seeks to combine mindset and capability Cooney (2012). Mitchell et al (2002), linking specific mental processes with entrepreneurial behaviours in his research, argued that entrepreneurial cognitions are the knowledge structures that people use to make assessments, judgments or decision involving opportunity, evaluation, venture creation and growth. Cognitive skills help in making decisions under unpredictable and rapidly changing circumstances for entrepreneurs to grow business McMullen and Shepherd (2006).

Entrepreneurship Skills:

An entrepreneur is a person who develops a new idea and takes the risk of setting up an enterprise to produce a product or service, which satisfies customer needs (www.wikieducator.org.2015).

Some qualities (skills) and strengths which make an entrepreneur from an ordinary business person are:

- **Ability to Plan** – They must be able to develop plans to meet goals in a variety of areas, including finance, marketing, production, sales and personnel.
- **Communication Skills** – Entrepreneurs should be able to explain, discuss, sell and market their goods or service. They need to be able to express themselves clearly both verbally and in writing. Entrepreneurs should have strong reading comprehension skills to understand contracts and other forms of written business communication.
- **Marketing Skills** – A business' success or failure is very dependent on whether the business reaches the market (its potential customers). Many entrepreneurs who failed started with an innovative good or service that with proper marketing could have been very successful.
- **Interpersonal Skills** – Entrepreneur constantly interact with people including customers and clients, employees, financial lenders, investors, lawyers, and accountants, etc. The ability to establish and maintain positive relationship is crucial to the success of the entrepreneur's business venture.
- **Basic Management Skills** – The entrepreneur must be able to manage every component of a business. Even if entrepreneurs hire managers to attend to daily details, they must understand if their business has the right resources and if those resources are being used effectively.
- **Team Building Skills** – Because entrepreneurs usually assemble a team of skilled people who help them achieve business success, they must be able to effectively develop and manage the team.
- **Leadership Skills** – One of the most important leadership skills an entrepreneur must have is the ability to develop a vision for the company and to inspire the company employees to pursue that vision as a team. The expression "people would rather be led than managed" applies especially well to an entrepreneurial venture, Scase (2000).

According to www.wikieducator.org (2015), a successful entrepreneur possesses the following characteristics:

- **Initiative:** An entrepreneur takes an action that goes beyond job requirements or demand of the situation. They create ideas that bring about phenomenal changes.
- **Opportunity Seeking:** An entrepreneur is quick to see and seize opportunities. He/she does things before he/she is asked to work by people or forced by situation.
- **Persistence:** An entrepreneur is not discouraged by difficulties and problems that come up in the business or his/her personal life. Once he sets a goal, he is committed to the goal and will become completely absorbed in it.
- **Information Seeking:** An entrepreneur undertakes personal research on how to satisfy customer and solve problems. He/she knows that different capabilities that can be of help to them. He/she seeks relevant information from his/her clients, suppliers, competitors and others. He/she always want to learn things will help the business to grow.
- **Risk Taking:** Are you afraid of uncertainties? Then you cannot be an entrepreneur. Entrepreneurs are not high-risk takers. They are not gamblers; they calculate their risks before taking action.
- **Goal Setting:** An entrepreneur sets meaningful and challenging goals for Him/herself. An entrepreneur does not just dream. He/she thinks and plans what he/she does. He/she is certain or has hope about the future.
- **Persuasion and Networking:** An entrepreneur acts to develop and maintain business contacts by establishing good working relationship. Uses deliberate strategies to influence others.
- **Independence and Self Confidence:** Most entrepreneurs start business because they like to be

their own boss. They are responsible for their own decision, Lichtenstein and Lyons, (2001), and Kelley et al, (2010).

Challenges and Future Developments for Entrepreneurs:

Cooney (2012) identified what he called principal entrepreneurial challenges to developed growth oriented entrepreneurs in his research works titled “entrepreneurship skills for growth – oriented businesses” as:

- **Customer Oriented Challenges:** Entrepreneurs must be committed to creating customer value through the provision of innovative products/services.
- **Strategic Development Challenges:** Entrepreneurs should learn how to select from a number of market strategies that can influence their chances of success.
- **Financial Management Challenges:** Entrepreneurs must learn the skills required to access additional capital (e.g. how to structure a proposal).
- **Human Resources Management Challenges:** Entrepreneurs need to understand and appreciate the need to enhance the HR practices of the firm and to offer financial incentives to employees (share the rewards).

Generally, Onuoha (1994) summarises both the environmental and the business challenges that affect SME’s as political challenges, economic, technological, and infrastructural challenges. Also added are building a competitive advantages, maintaining ethical standard, managing diverse workforce and utilization of new information system and technologies, Okenwa, (1999)

Methodology:

The study used primary data to gather the research information. The research work was carried out in Warri and Effurun metropolitan cities of Delta State. The study’s population size covered the SME’s in the two cities (about 5000 enterprises) with a sample size of 200 enterprises selected from the major industrial streets and layouts.

The sample was selected using stratified random sampling technique. Questionnaires were administered on the respondents, which were complemented with oral interviews to gather responses. The data generated were analysed using percentage, mean, standard error, simple regression, ANOVA, and t-ratio to test for the validity of the raised hypothesis at 0.05 level of significance. The research work covered a period of three (3) years (2012 – 2014).

Data Analysis:

The research study analyzed the data collected using both descriptive and inferential statistics. The simple

regression statistics used help in determines the relationship between the entrepreneurship skills and efficient management of micro-enterprises to success. While the analysis of variance (ANOVA) was used to analysed the data.

Table 1: Responses of Respondents on the Application of Entrepreneurship Skills for Successful Management of SME’s

S/N	Variables/Skills	Respondents’ Frequency	Respondents’ Percentage	Remark
1	Initiative	200	84% (168)	Significant
2	Self Confidence	200	70% (140)	“
3	Managerial Skills	200	68% (136)	“
4	Apprenticeship/Training	200	71% (142)	“
5	Marketing Skills	200	57% (114)	“
6	Financial Managerial Ability	200	75% (150)	“
7	Persistency/Risking Taking	200	65% (130)	“

Source: Money & Odibo, 2015

From the above table, the respondents responded positively towards the application of entrepreneurship skills for the effective management of small and medium scale enterprises. Out of the 200 respondents, 168 of the respondents (84%) agreed that initiative is a necessary skill for an entrepreneur to be successful in business. The respondents still agreed that 70% (140 respondents) and 68% (136 respondents) of self-confidence and managerial skills enhanced business successes.

These positive responses are also indicated from the table when respondents ascribed high premium to apprenticeship and training 71%, marketing skills 57%, financial managerial ability 75%, persistency and risk taking 65% are required ingredients for effective and efficient management of SME’s.

Table 2: Respondents’ Data (Percentage) on Current Challenges facing the effective Management of SME’s

S / N	Variables/ Challenges	Respondents’ Frequency	Respondents’ Percentage	Remark
1	Lack of Finance	200	73% (146)	Significant
2	Industries Competitors	200	67% (134)	“
3	Managerial Competence	200	52% (104)	Moderate
4	Environmental Factors	200	48% (96)	“
5	Technological Challenges	200	56% (112)	“
6	Interpersonal Relationship (Customers & Employees)	200	45% (90)	“
7	Infrastructural Challenges	200	70% (140)	Significant
8	Economic Challenges	200	61% (122)	“
9	Staff commitment & Training	200	58% (116)	“

Source: Money & Odibo, 2015

In table 2 above, it reveals that 73% of the respondents credited high degree of lack of finance as one of the major challenge for effective management of SME's. This followed by 67% of respondents that agreed that there is significant industries competitors' challenge that confront the small and medium enterprises. The respondents also concluded that some of the major challenges of the SME's include; infrastructural with 70% responses, Economic; 61% responses and staff commitment and training; 58% responses are significant problems to be handled to have a successful businesses enterprises.

Respondents, however, indicate the problems of managerial competence (52%), environmental factors (48%), technological challenges (56%) and interpersonal relationship (45%) as moderate challenges that affect SME's development.

Hypothesis Testing:

H_0 : The applications of entrepreneurship skills do not promote efficient management of small and medium scale enterprises.

$$F_c = \frac{MSB}{MSW} = \frac{\text{Means between means}}{\text{Means within means}}$$

$$F (df = k - 1, n - k, \alpha = 0.05)$$

Where: F_c = F – ratio calculated

K = Number of business layouts and streets

n = Number of observations/occurrences

α = Level of significance

$$F_c (1, 14, 0.05) = 4.86$$

$$F_{\alpha} (1, 14, 0.05) = 4.60$$

Decision Rule:

We accept the alternative hypothesis (H_a) and reject the null hypothesis (H_0). Since both ($F_c = 4.86$) is greater than ($F_{\alpha} = 4.60$) as tabulated at 0.05 level of significance for the data. It is however, shows that there is direct significant in the application of entrepreneurship skills to the success and positive development of SME's.

Findings:

1. The contemporary entrepreneurs should apply the entrepreneurship skills in involving, planning and managing the small and medium scale enterprises.
2. The SME's business ethical standard be maintained and improved upon by the entrepreneurs.
3. Governments should implements already existing policies and programme to enhance the promotion of SME's.
4. Technology advancement towards modern development of SME's successes be designed and developed to match the new wave of the entrepreneurship skills.

Recommendations:

1. Entrepreneurs are encouraged to acquire necessary and practical entrepreneurship skills to succeed – in the process of managing their businesses, Mc Mullen and Shepherd (2006). Entrepreneurship skills, both learned and inborn, are critical apparatus for the success of SME's.
2. Entrepreneurs should adopt and maintain SME's ethical standard in administered the day-to-day activities of their enterprises, like making the customers the king and have value for the goods services they purchased.
3. The paper recommends that Government should only formulate and implement policies and programmes for the SME's, but they should developed the infrastructural and services delivery, atmosphere for small businesses to thrive.
4. The entrepreneurs should developed ways of managing their diverse workforce and marketing activities through the application modern management tools.

Conclusion:

Countries across the world are increasingly recognizing the positive impact that the creation of new businesses can have on employment levels, as well as the competitive advantages that small firms can bring to the marketplace, Scase (2000). Therefore, entrepreneurship provides benefits in terms of social, economic growth and individual fulfillment. Acquiring the entrepreneurship skills help entrepreneurs to avoid fundamental mistakes in managing their business but the desire to grow the enterprise to become a future conglomerate.

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