

Innovations

Entrepreneurial Skills and Performance of Small / Medium Scale Enterprises in South-East, Nigeria

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Abstract: : This study critically examined Entrepreneurial Skills and Performance of Small Medium Scale Enterprises in South-East, Nigeria. Entrepreneurial skills is the combination of the owner-managers' identifiable characteristics, competencies and motives that are vital in managing a business. Entrepreneurial skills are the psychological attributes that an entrepreneur can be identified with and are vital to the management of a business. Entrepreneurial skills are critical for the success and sustainability of Small and Medium Scale Enterprises (SMEs). Specifically, this study sought to determine the effect of communication skills on customer satisfaction and to ascertain the effect of risk taking on profitability of Small and Medium Scale Enterprises (SMEs) in South-East, Nigeria. The target population of the study consists of 3875 staff of the selected Small and Medium Scale Enterprises (SMEs) in South-East, Nigeria. The sample size of 363 was determined using the Slovin's formula. Primary data were obtained from structured questionnaire while secondary data were obtained from books, journals and the internet. The questionnaire was designed on five points Likert Scale format. The finding revealed that Entrepreneurs' communication skills had a positive effect on customer satisfaction of SMEs ($\beta = 0.754$); ($p < 0.05$), and that Entrepreneurs' risk taking had a positive effect on profitability of SMEs ($\beta = 0.752$); ($p < 0.05$) in South-East, Nigeria. Based on the findings, it was recommended that SMEs should invest in training programs focused on enhancing entrepreneurs' communication skills, as effective communication can significantly improve customer satisfaction and foster long-term relationships with clients. Entrepreneurs should be encouraged to participate in workshops that teach risk management strategies, enabling them to make informed decisions that can lead to increased profitability while mitigating potential downsides.

Keywords: Entrepreneurial Skills, Performance, Entrepreneurs' communication skill, Entrepreneurs' risk taking

1.1 Introduction

Entrepreneurship has been a cornerstone of economic development for centuries. The Industrial Revolution of the 18th and 19th centuries marked a significant turning point, as technological advancements and entrepreneurial endeavors created unprecedented opportunities for wealth generation and industrial expansion. Visionary entrepreneurs such as Thomas Edison and Andrew Carnegie exemplified the integration of skills and innovation to revolutionize industries. The study of entrepreneurial skills emerged in the mid-20th century, with scholars like Joseph Schumpeter emphasizing the role of innovation and risk-taking in entrepreneurial success.

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

Van der Laan, Driessen and Zwart (2010) asserts 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 skills 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.

Globally, entrepreneurial skills have been recognized as essential for business success. The concept of entrepreneurship dates back to the 18th century, with the work of Richard Cantillon (1755) and Jean-Baptiste Say (1803). In the 20th century, entrepreneurship gained prominence as a field of study, with the work of scholars such as Joseph Schumpeter (1934) and Peter Drucker (1954). Research has identified various entrepreneurial skills as essential for business success globally, including: Opportunity recognition which deals with identifying and capitalizing on business opportunities (Kirzner, 1973), risk management which deals with managing risks and uncertainties associated with business ventures (Knight, 1921), innovation which deals with developing new products, services, or processes to gain a competitive edge (Schumpeter, 1934), leadership which is concerned with inspiring and motivating employees to achieve business objectives (Drucker, 1954), and networking which is building relationships with stakeholders, including customers, suppliers, and partners (Aldrich & Zimmer, 1986).

In Africa, entrepreneurship has been recognized as a key driver of economic growth and development. The African Union's Agenda 2063 emphasizes the importance of entrepreneurship in achieving sustainable development (African Union, 2015). Programs such as the Tony Elumelu Foundation and the African Continental Free Trade Agreement (AfCFTA) have sought to enhance entrepreneurial capacity and intra-African trade. Studies highlight the importance of skills such as digital literacy, innovation, adaptability, resilience, cultural competence, and strategic thinking in improving SME performance across the continent (UNDP, 2021).

Nationally, entrepreneurship has been recognized as a key driver of economic growth and development. The Nigerian government has implemented various initiatives to promote entrepreneurship, including the National Entrepreneurship and Innovation Programme (NEIP) (FGN, 2017). Research has identified various entrepreneurial skills as essential for business success in Nigeria, including: business planning that deals with developing effective business plans to guide entrepreneurial ventures (Adeyeye, 2015), marketing which is concerned with developing effective marketing strategies to reach customers and compete with rivals (Ogundele, 2017), and financial management which is managing finances effectively to ensure business sustainability (Afolabi, 2018).

In South-East, Nigeria which is renowned for its' entrepreneurial spirit, entrepreneurship has been recognized as a key driver of economic growth and development. The region has a strong entrepreneurial culture, with many successful entrepreneurs and businesses (Anyanwu, 2014). Research has identified various entrepreneurial skills as essential for business success in South-East, Nigeria. Okeke et al. (2021) highlighted the role of entrepreneurial skills in enhancing the performance of SMEs in the region, particularly in adapting to digital markets and accessing global supply chains. Such skills include; communication, risk taking, innovation, among others. Ike (2017) posits that skills such as networking which is building relationships with stakeholders, including customers, suppliers, and partners is essential for entrepreneurs in this region. Eze (2018) asserts that innovation skills which is developing new products, services, or processes to gain a competitive edge is essential for business operators in this region to attain optimal competition edge. Similarly Okoro (2019) opines that leadership skills which is inspiring and motivating employees to achieve business objectives is also a vital to successive business in the South-East, Nigeria.

On the other hand, performance of small and medium scale enterprises cannot be overemphasized. Globally, small and medium-scale enterprises (SMEs) are recognized as vital components of economic growth and job creation. According to the International Labour Organization (ILO), SMEs constitute over 90% of businesses and employ more than 50% of the global workforce (ILO, 2020). The importance of entrepreneurial skills in enhancing SME performance has been underscored by researchers and policymakers. Skills such as financial literacy, marketing acumen, leadership, and adaptability have been identified as critical for SMEs to thrive in the face of globalization and technological advancements (OECD, 2021). Post-COVID-19

recovery strategies have further highlighted the need for entrepreneurial resilience and digital skills to navigate rapidly changing market dynamics (World Bank, 2022). The contributions of Small and Medium Enterprises (SMEs) to economic growth and development of nations have been widely acknowledged and well documented by researchers and policy makers globally (Kalpande, Gupta & Dandekar, 2010; Shastri, Tripathi, & Ali, 2011; Martey et al., 2013). Countries all over the world constituting the developed and developing ones have moved away from the former approach to economic growth and development which focuses on Large Scale Enterprises (LSEs) to SMEs which are considered as contributing higher to their economic wellbeing. According to the National Enterprise Development Programme (NEDEP) Release 1.0 in 2011, SMEs contribute 40-55% of the world's Gross Domestic Product (GDP) and 50-80% of the world's employment.

Similarly in the African context, SMEs account for approximately 80% of employment and 50% of GDP, playing a crucial role in poverty alleviation and economic empowerment (AfDB, 2020). Despite this, SMEs in Africa face challenges such as limited access to finance, inadequate infrastructure, and skill gaps among entrepreneurs. The African Union Agenda 2063 emphasizes entrepreneurship as a key driver of sustainable development. Programs such as the Tony Elumelu Foundation and the African Continental Free Trade Agreement (AfCFTA) have sought to enhance entrepreneurial capacity and intra-African trade. Studies highlight the importance of skills such as digital literacy, innovation, and strategic thinking in improving SME performance across the continent (UNDP, 2021).

Also in Nigeria, SMEs contribute significantly to economic growth, accounting for 96% of businesses, 84% of employment, and 48% of GDP (SMEDAN, 2021). The Federal Government of Nigeria has implemented initiatives like the National Policy on MSMEs and the N-Power program to enhance entrepreneurial capacities. However, many SMEs still face challenges such as inadequate entrepreneurial skills, limited access to credit, and infrastructural deficits. Studies in recent years have underscored the importance of skills such as financial management, marketing, and digital proficiency in driving the growth and sustainability of SMEs in Nigeria (Adebayo et al., 2022). 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 LSEs to SMEs which are labour intensive, 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.

The South-East region of Nigeria, comprising states such as Abia, Anambra, Ebonyi, Enugu, and Imo, is renowned for its entrepreneurial spirit. The region's SMEs are

particularly active in sectors such as manufacturing, agriculture, and trade. Despite their potential, SMEs in the South-East face unique challenges, including inadequate entrepreneurial training, socio-political instability, and infrastructural shortcomings. Recent studies have emphasized the need for tailored capacity-building programs to address these challenges. For instance, Okeke et al. (2021) highlighted the role of entrepreneurial skills in enhancing the performance of SMEs in the region, particularly in adapting to digital markets and accessing global supply chains. Similarly, Chukwuma and Nwachukwu (2023) demonstrated that SMEs with well-developed entrepreneurial skills exhibited greater resilience during economic shocks such as the COVID-19 pandemic.

However, the shift of emphasis was as a result of the realization that, prior to the adoption of SAP, economic development strategies aimed at attracting LSEs were either not successful or successful only at great cost. Therefore, creating a conducive environment for SMEs will enhance their job creation role and may produce more jobs than trying to lure one or two LSEs. The hope is that small enterprises may grow into medium and eventually large enterprises, which may spawn perhaps hundreds of jobs and become industry leaders of tomorrow. NEDEP (2011) revealed that SMEs in Nigeria provides 75% of the total employment which is higher than the global average of 50%. It also shows that there are over 17 million SMEs in Nigeria employing over 30 million people. This is supported by Terungwa (2012) who posited that SMEs form most part of the business activities in developing countries because they are labour intensive, rely heavily on the use of local materials and require small capital to operate when compared to LSEs.

Cognisance of the enormous roles SMEs play in the economy, successive governments have adopted different mechanisms aimed at entrenching 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 favorable 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 SMEs and promote entrepreneurship among the populace.

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. A 182 page Nigerian Bureau of Statistics/Small and Medium Enterprise Development Agency of Nigeria (NBS/SMEDAN) 2012 National SMEs collaborative study revealed that there are 17, 284,671 SMEs in Nigeria. The breakdown shows that micro businesses constitute about 17,261,753 or 99.87%, the small enterprises accounted for about 21,264 or 0.12% while the medium scale enterprises is about 1,654

or 0.01%. NEDEP also revealed that Micro enterprises contribute 60-75% of the Nigerian employment, small enterprises contribute 20% and Medium enterprises contribute 5-10%. Given the fact that micro enterprises constitute 99.87% of the total SMEs operating in the country; this explains that SMEs in Nigeria are characterized by low performance and therefore are unable to grow from one scale of business to another (SMEDAN, 2012). Also, in an international conference on SMEs, Oyelaran (2010) posited that SMEs contribute approximately 1% of the country's GDP compared to 40% in Asia and 50% in the USA. This implies that there are some forces behind their low performance in Nigeria.

According to Fatoki (2011), problems encountered by small businesses are numerous and can be described among others as being environmental, financial or managerial. In a study on why businesses fail, West and Wood (1972) found out that 90% of all business failure result from lack of entrepreneurial expertise. Charles and Babatunde (2012) also identified incompetence as the most fundamental factor causing poor performance of SMEs. The effective utilization of the substantial financial resources provided under the schemes might have been constrained by such factors as lack of entrepreneurial skills.

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 performance of SMEs in South-East Nigeria is intrinsically linked to the entrepreneurial skills of their operators. Historical and contemporary evidence suggests that skills such as innovation, communication, risk taking, competitive aggressiveness and competency are pivotal for SME success. Addressing skill gaps and providing targeted interventions in the South-East region can enhance SME performance, contributing to the broader economic development of Nigeria.

1.2 Statement of the Problem

Entrepreneurial skills are critical for the success and sustainability of Small and Medium Scale Enterprises (SMEs). These skills encompass communication, risk taking, innovativeness, competitive aggressiveness and competency, which are essential for navigating the competitive business environment. Despite various governmental and non-governmental initiatives aimed at improving entrepreneurial capacity in South East Nigeria, many SMEs struggle to achieve optimal performance. There is an urgent need for structured interventions, training programs, and policies that enhance the entrepreneurial skill sets of SME operators to foster sustainable growth and economic contributions.

In South East Nigeria, SMEs account for a significant proportion of employment and economic activities. However, the performance of these enterprises remains suboptimal, with many failing within their first few years of establishment because they operate in an imperfect market settings. Poor communication capabilities, weak competitions, and limited innovation capabilities are some of the challenges that have been observed. Furthermore, the region's socio-economic context, characterized by

infrastructural deficiencies, limited access to funding and imperfect market setting, exacerbates these challenges. Understanding the current state of entrepreneurial skills among SME operators and the performance gaps is essential to addressing these issues effectively.

The relationship between entrepreneurial skills and SME performance is a critical area of inquiry, particularly in South East Nigeria, where SMEs serve as the backbone of the local economy. Existing research indicates that deficiencies in entrepreneurial skills directly correlate with low productivity, poor customer retention, and financial instability. However, there is a lack of comprehensive analysis that integrates the unique regional dynamics affecting SME performance. An in-depth exploration of how specific entrepreneurial competencies influence business outcomes in this context is necessary to develop targeted strategies for capacity building and performance improvement. Neglecting to address the identified problems associated with entrepreneurs' skills can lead to extensive consequences for SMEs in the South Eastern Nigeria. These include diminished customer satisfaction, low profitability, persistent low operational efficiency, retarded sales growth and unsustainable market share. For optimal performance in this digital era, SMEs must take proactive steps to avert the dangers facing entrepreneurial skills. Sequel to the above scenario, therefore, this study tends to investigate the effect of entrepreneurial skills on performance of SMEs in South East Nigeria.

1.3 Objectives of the Study

The broad objective of this study is to investigate the effect of entrepreneurial skills on performance of small and medium scale enterprises in South-East, Nigeria. However, the specific objectives are to:

- i. Determine the effect of communication skills on customer satisfaction of small and medium scale enterprises.
- ii. Ascertain the effect of risk taking on profitability of small and medium scale enterprises.

1.4 Research Questions

The following research questions guided data gathering and analysis:

- i. To what extent does communication skills affect customer satisfaction of SMEs?
- ii. What effect does risk taking have on profitability of SMEs?

1.5 Research Hypotheses

The following hypotheses are thus postulated for the study:

Ha:1 Communication skill has positive effect on customer satisfaction of SMEs.

Ha:2 Risk taking has positive effect on profitability of SMEs.

1.6 Scope of the study

The study focuses on entrepreneurial skills and performance of SMEs in South-East, Nigeria. The scope of the study comprised conceptual, theoretical, geographical and time scope.

Content Scope: The study review theoretical and conceptual framework, methodological issues and empirical research relevant to the research. Entrepreneurial skills as the independent variable was reviewed using proxies like entrepreneurs' communication skills, and risk taking. On the other hand, performance, as the dependent variable was reviewed with constructs like customer satisfaction, and profitability.

2.0 Literature Review

2.1 Entrepreneurship

Hutt (1988:2) opines that the term entrepreneur is of French origin "an-trapra-ner" meaning literally a go-between or a between-taker. Entrepreneurship has been characterized as an unrestricted work of any sort and an entrepreneur as individuals who go out on a limb by buying products at specific costs in the present to offer at unverifiable costs later on (Ahmed and Seymour, 2007). Entrepreneurship is the act of creating a business or businesses while building and scaling it to generate a profit. Entrepreneurship has also been described as the process of creating new venture and new organization (Shane and Venkataraman, 2000). Through that process, some valuable things will be created from nothing (Timmons, 1978) by contributing time, work effort, money and risk to get intrinsic rewards (for example, personal satisfaction or autonomy) and extrinsic rewards (for example, monetary rewards) (White, 2013). The process of designing, launching and running a new business, which is often initially a small business can be termed entrepreneurship. Entrepreneurs are those who create these businesses. (Katila, Chen and Piezunka, 2012; Yetisen et al., 2015). However, as a basic entrepreneurship definition, it is a bit limiting. The more modern entrepreneurship definition is also about transforming the world by solving big problems. Like initiating social change, creating an innovative product or presenting a new life-changing solution. Thus, entrepreneurship involves the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses (Yetisen et al., 2015). Drawing on the seminal work by Schumpeter (1934), entrepreneurship is widely viewed as a crucial mechanism for economic development offering employment, innovation and welfare by means of hard work, creativity and risk taking (Acs, Desai and Hessels, 2008; Kirchhoff, 1997; Wennekers and Thurik, 1999). Based on the definitions, the key features of entrepreneurs are taking risk (Cantillon, 1730); business administration contribution (Say, 1816); development and imagination (Schumpeter, 1934) and entrepreneurial status (Drucker, 1985). For Shane (2003) risk-taking behavior, driven by the expectation of making profit and the perception of good business opportunities, is one of the important attributes of entrepreneurs in overcoming the uncertainty of the

market (Shane and Venkataraman, 2000). In addition, Shane (2003) demonstrates that, for identifying entrepreneurial opportunities, entrepreneurs need entrepreneurial skills. To act on existing business opportunities, individuals require entrepreneurial knowledge and skills to be able to assess the opportunity in order to turn it into value (Shane, 2003). Entrepreneur skills are perceived as innate and possessed naturally by some authors (Rauch and Frese, 2007), whereas others suggest that they are acquired through training and education (Ronstadt, 1990; Kuratko, 2005).

The above notwithstanding, the concept of entrepreneurship is a multidimensional concept and defies universal definition. (Ogunleye, 2012) asserts that an exact definition of entrepreneurship has been rather elusive as different scholars have defined the concept differently. This is largely because concepts and ownership structures keep changing in a dynamic environment and its meaning depends on the focus and the perspective of the person defining it (OrwaBula, 2012). Li (2009) stress that entrepreneurship has been one of the most promising management research fields with the entrepreneur at the center of entrepreneurship research. Johnson cited in Joseph (2010) added that one needs to know who an entrepreneur is in order to understand the concept of entrepreneurship. Long cited in Mokaya (2012) provided a historical account of the development and the use of the term entrepreneur. The root of the word can be traced as far back as 800 years, to the French verb 'entreprendre', meaning 'to do something'. The concept of entrepreneur first appeared in the text of Richard Cantillon in 1931 where he viewed an entrepreneur as one who exercises business engagements and combines production factors in the face of uncertainty. On the other hand, Marshal sees an entrepreneur as a pioneer of new paths and a superintendent who organizes factors of production. To Schumpeter, an entrepreneur is an innovator. He defined an entrepreneur as a creator of instability that changes the rule of competition in an industry. Peter Drucker advances by describing an entrepreneur as someone who actually searches for change, responds to it and exploits change as an opportunity. Adegbite cited in Joseph (2010) sees him as someone who identifies opportunities, gather necessary resources, creates and is ultimately responsible for the performance of the firm. Jean-Baptiste Say also had a managerial viewpoint. To him, an entrepreneur is a manager of a firm and an input in the production process. This is supported by Van der Laan, Driessen and Zwart (2010), who viewed an entrepreneur as someone who owns and runs a business on his own account and risk. Given the fact that the owners of SMEs are in most cases the managers, Says view will be adopted as it is more relevant to the study. Thus, an entrepreneur is identified as someone who independently owns and manages a business. However, researchers have conceptualized entrepreneurship differently in their studies. Onuoha cited in Eroglu and Picak (2011) define entrepreneurship as the practice of starting new organizations or revitalizing matured organizations in response to identified opportunities. Timmons cited in Driessen and Zwart (2000) views it as the ability to build a 'founding team' to complement your own skills and talent. Van der Laan, Driessen and Zwart (2010) defined it as seeing and pursuing opportunities by having and running a privately owned company, as a result of which value is created

for the individual and the community. Generally, entrepreneurship connotes the activities of an entrepreneur.

2.1.1 Entrepreneurial skills.

For an entrepreneur to be successful in their field of work, there should be entrepreneurial competence which is referred to as entrepreneurial skills. To qualify as an entrepreneur, one must possess the entrepreneurial ability to function on several skills. These skills include the following: creative skill (ability to visualize and identify new problem areas in the society and try to generate new ideas or concepts in that line); innovative skill (ability to generate and apply creative ideas in some specific content to solve identified problem for the benefit of society); managerial skill (ability to define goals and objectives, plan and stipulate strategies to organize, motivate, direct and control resources to attain stated objectives); analytical skill (ability of numeracy, generation and analysis of data for relevant decision making); marketing skill (ability of book keeping and accounting, integrating business logistics to increase sale of goods and services); communicative skill (ability to use relevant language to negotiate, persuade and convince) and career skill (ability to assess self, career planning techniques and self-directed learning); knowledge (computer literacy and business related knowledge); attitudes(sensitivity to needs and consequences and perception) and personality variables (such as achievement, motivation, imagination and entrepreneurial drive) (Idowu 2004; Adepoju and Adededeji 2012; and Caird in Mundra, 2012). Most important skills perceived to be essential to the entrepreneurial development of undergraduate students are marketing skill, desire to success, attitude skills, social skills, leadership skill, and innovation and creativity (Ghazali, Ibrahim and Zainol, 2013). The taxonomic elements are associated with Lower order thinking skills, (LOTS) and higher order thinking skills (HOTS). LOTS includes: Remembering – (recognizing, listing, describing, identifying, retrieving, naming), Understanding – (interpreting, summarizing, inferring, paraphrasing, classifying), Applying – (Implementing, carrying out, using, executing). Higher order thinking skills (HOTS) include: Analyzing– (comparing, organizing, deconstructing, attributing, outlining, finding), Evaluating– (checking, hypothesizing, critiquing, experimenting, judging, testing), Creating – (designing, constructing, planning, producing, inventing, devising) (Bloom, 1956). These thinking skills are needed for entrepreneurial skill development. In the higher order thinking skills, the Nigerian education system is yet to be at the creative skills level and that is one of the causes of unemployment. A student who is exposed to a modicum or body of knowledge is more disposed to being creative than otherwise. This body of knowledge can either be formal (within classroom milieu) or non-formal outside the classroom. It is the development of these skills in students that is the main thrust of this study.

Modern business operations are faced with stiff competition particularly due to the ever-changing customer tastes and preferences. This phenomenon means that SMEs have to cope with the changes by embracing entrepreneurial skills in order to attain competitiveness and survive in the competitive environment. Entrepreneurial Skills are

the capabilities an entrepreneur possesses in order to run a business (Hisrich and Peter, 2002) whereas competitive advantage refers to implementing strategies that are not copied and implemented concurrently by existing and potential competitors (Barney, 1991). Entrepreneurial skills are needed by managers for the development and running of their businesses (Papulová, 2007). It has been defined by Reza, Javadin, Amin, Tehrani and Ramezani (2010) as specialized technical knowledge that entrepreneurs should possess in order to perform their roles and these skills are acquired through learning and experience. Entrepreneurial skills are abilities that drive attitude changes to be able to have skills, create their own results, and solve problems, on an ongoing basis. Entrepreneurial skills are an illustration of entrepreneurial competence. Competence in entrepreneurial skills is the key to successfully starting business diversification and sustainable profitability. Entrepreneurial skills enable an entrepreneur to identify customer needs, technical and market opportunities (Hayton, 2015), generate ideas, develop products /services to meet the needs, and acquire information about the potential opportunity domain and knowledge (Chell, 2013). There are numerous entrepreneurial skills necessary for entrepreneurs to launch and successfully operate SMEs. Entrepreneurial skills include but not limited to the following: leadership; functional skills; team selection and team development, Communication, entrepreneurial literacy, decision-making, problem-solving skills, planning, organizing and controlling. However, this study focused on selected entrepreneurial skills of communication, risk taking, operational efficiency, competitive aggressiveness and competency among entrepreneurs of SMEs. Entrepreneurial literacy skills refer to an individual's ability to identify an opportunity and facilitate its growth sustainably and effectively. For one to perform exemplary in enterprise ventures, such literacy is usually paramount. Entrepreneurial communication skills, on the other hand, refer to the entrepreneur's ability to communicate effectively with employees, customers, shareholders and other stake holders. These skills comprise of listening, conversing, writing a, presenting, persuasive, effective speaking, negotiating and mediating among others. Therefore entrepreneurial skills are skills which are acquired by entrepreneurs that help in recognizing business opportunities, strength, weaknesses and threat in an environment of business. Entrepreneurial skills are simply business skills, which an individual acquires to enable him function effectively in entrepreneurship activities (Folahan and Omoriyi, 2006). Entrepreneurial skills may also be defined as skills required in identifying business opportunities and mobilizing resources to convert these opportunities into profitable undertakings. The acquisition of entrepreneurial skills means combining personal characteristics, financial resources within one's environment and taking advantage of them for rewarding outcome. The acquisition of entrepreneurial skills means possessing the ability to find and evaluate business opportunities, gather the necessary resources, initiate appropriate action to ensure success, and implement actions to take advantage of the opportunities for rewarding outcome (Brouwer, 2011).

2.1.2 Entrepreneurial Communication skills

Entrepreneurial communication skills refer to the entrepreneur's ability to communicate effectively with employees, customers, shareholders and other stakeholders. These skills comprise of listening, conversing, writing a, presenting, persuasive, effective speaking, negotiating and mediating among others. Entrepreneurial communication skill can also be attributed to entrepreneurial literacy which 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 exemplary 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 of South-East, Nigeria. A review of the literature will reveal that the ability/capacity of the SMEs to achieve higher performance is inhibited by a lack of skills in the presentation and development of the small and medium enterprises (Esubalew and Raghurama, 2020). Therefore, this research will study the effect of entrepreneurial skills on the performance of small and medium-scale enterprises in South East, Nigeria. Indeed, SMEs that deploy employees or managers with good communication skills are likely to perform better in the market than those that employ average managers. The share of a need of an SME is determined by product sales, market position, and the ability of the SMEs to maintain their market share by either development or diversification (Esubalew and Raghurama, 2020). Appropriate habits change, have an attractive product range, and gain market share. Such skills will help managers 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 advertise that promote their business products and sales promotion. SMEs owners with good communication 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). Entrepreneurs' communication skills help SMEs find it easy to survive and make profits without struggling to exist in an environment with high competition through promotions as well as good interaction with customers. Entrepreneurs' communication skills promote innovation in the business as managers and SME owners are likely to identify new opportunities in the market through feedback from customers and find ways to fill the gaps and turn them into profit-making activities (Esubalew and Raghurama, 2020). The lack of such crucial entrepreneurial skills makes the SMEs experience complications that lead to the failure of the enterprise in in South East Nigeria.

2.1.3 Risk taking

An entrepreneurship risk can be defined as a factor that can attribute to loss in an enterprise. Capital required to begin a business is sourced from different sources such as loans and to sustain the business, the entrepreneur must have the adequate financial education to budget for the expenditure otherwise the business will be bankrupt

(financial risk) and may face insolvency. A business has to have a near-flawless business plan to be successful. The business plan ensures proper allocation of resources, as well. A poor business strategy is a recipe for failure thus giving rise to the strategic risk. In the current era of technological advancements, an entrepreneur must stay up to date with the new advancements. Adopting new technologies can be an absolute game-changer, especially in competitive fields since they ease out complex tasks, therefore, saving on labor. The market as a factor can affect an entrepreneur's enterprise. Take the example of the demand for petrol in the country which has increased due to hyper-inflation thus driving the cost of petrol up. This is beneficial to the enterprises dealing in petrol but take the instance whereby there is deflation then the prices go down and the businesses suffer huge losses (Weerakoon et al., 2019). Competition is an external business environment such that an entrepreneur has no power over the level of competition. In a case competition is high the risks of incurring a loss if he/she cannot compete favorably. It is like survival for the fittest where the small enterprises go out of business. An entrepreneur has to meet the cost of production (operational cost) otherwise risks making a loss. The entrepreneur has to monitor and ensure that the returns are higher than the expenditure. The reputation is the image of the business to the public. If the business image is ruined the entrepreneur is bound to incur loss since it deters the customers from purchasing the entrepreneur's product or service. Every company has to abide by the laws of the land and that is where compliance risk comes in. If the company fails to comply with the law, (evading taxes), the company may end up being sued. This can be destructive as it can lead to the dissolution of the company. Antoncic et al. (2018) noted that the propensity to take risks is one component that defines whether a business will prevail or not. People who are willing to take moderate risks find their business able to push through a hard time, especially during startups, and thrive (Caliendo et al., 2010). The tendency of taking a risk may be related positively to entrepreneurship. Uncertainty of future effects results in business risks; social entrepreneurs may face difficult encounters when putting up enterprises, specifically concerning human resources and financial mobilization as likened to commercial entrepreneurs. According to Al-Nsour (2019), risk occurs when a huge number of resources are invested into an enterprise with uncertain results and high risks of collapse.

2.1.4 SMEs Performance

Performance measurement help an entrepreneur understand, manage and improve his business activities (Pirich, Knuckey, & Campbell, 2001). Four different approaches are basically used by researchers in measuring performance namely; goal approach, system resource approach, stakeholders approach and competitive value approach. Phihlela (2012) posited that while the stakeholders and competitive approach looks at meeting the needs and expectations of the external stakeholders, the goal and system approach focus on meeting the internally-set targets. However, the goal approach is best used when dealing with small businesses due to its simplicity and understandability (Sanda, 2011) and targets are set internally based on the owner-

managers interest and capability (Taticchi, Botarelli, & Cagnazzo, 2008). While the goal approach directs the owner-manager to focus his attention on the financial measures, Buckling and Sengupta cited in Leitão and Franco (2011) contended that financial measures of performance, such as sales and profit, may not clearly reflect the quality of the SMEs' performance. Nevertheless, Chong (2008) asserts that SMEs need to adopt a hybrid approach where the financial and nonfinancial measures of performance are used against a predetermined goal and time frame. Therefore, combination of these two measures help the owners-managers gain a wider perspective on measuring and comparing their performance in particular, the extent of effectiveness and efficiency in utilizing the resources, competitiveness and readiness to face the growing internal and external pressure. However, Chong (2008) suggested non-financial measures like increase in the number of employees, growth in market share and customer satisfaction as good indices for measuring SME performance. Kutinisacited in Anonymous (2011) opines that profit making, business survival and expansion is the goal of a business while Ehinomen and Adeleke (2012) suggested performance measurement in terms of increase in profit, branches and employees. Julius (2011) and Jamiya (2010) in their studies on 23 SMEs used changes in sales, profit and assets to measure performance. Appolot (2012) used sales growth, profitability, return on investment and market share as measures of SMEs performance. This explains that most studies on SMEs have used 3 or more performance measurement indices, thus combining the financial and nonfinancial measures. Given the fact that the availability of financial data concerning these performance indicators in small business settings is limited, relying on the financial measure can be misleading despite its objectivity. This has however led to the hybridization of these performance indices in most of the studies reviewed above. Therefore, two financial and one non-financial measure are used in this study based on the manager's perception of growth in sales, growth in profit and customer satisfaction

Neely et al (2000), posit that performance measurement is a set of systems of metrics used to quantify both the efficiency and effectiveness of actions. The performance of an enterprise is defined as a ratio of output to input. The output includes the products of the firm and the input includes factors of production, like labor, capital and technology (Singh, Garg, and Deshmukh, 2008). Thus, organizational performance is how well the organization is managed and the value the organization delivers for customers and other stakeholders (Moulin, 2003). It is also the measurement of the effectiveness and efficiency of both the organization and the workers. Measurement provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, helps to identify areas of strengths and weaknesses, and decides on future initiatives, with the goal of improving organizational performance (Amaratunga and Baldry, 2002). There are two broad measures used in evaluating the performance or success of an enterprise, namely financial and non-financial measures. Performance measurement can be financial (customer satisfaction, employee's satisfaction, environmental performance, social performance, sales volume, Customers' satisfaction; referrals by customers, market share; growth rate, employees' turnover;

and market share) and non- financial (profitability, growth rate, market value, total asset turnover, current asset turnover, revenues over expenses ratio, ROA, return on equity (ROE), ROCE (Return on Capital Employed), revenue per employee, earnings before taxes per employee, labor costs per employee). A business organization could measure its performance using the financial and nonfinancial measures. However, recognizing the limitations of relying solely on either the financial or non-financial measures, owners-managers of the modern SMEs have adopted a hybrid approach of using both the financial and non-financial measures. These measures serve as precursors for course of actions. Since the majority of SMEs are controlled and managed by owners, they are against providing detailed accounting data on the firms' performance because this information is regarded as confidential, and/or, at times, there are no proper records of such information (Fatoki, 2014). Hence qualitative techniques are often used in evaluating performance making use of ranked or scaled variables (based on individual perceptions) which are predominantly non-financial in nature. In addition, entrepreneurs avoid reporting accurate financial data so as to minimize their tax obligations. Laguna, Wiechetek and Talik (2012) contend that entrepreneur's personal motivation, goals and aspirations are non-financial measures used in determining the success of SMEs. According to Parida, Westerburg and Frishammar (2012), SMEs prefer non-financial measures because financial measures fail to respond to developments in the technological and competitive environment, with the result that internal accounting information is frequently inaccurate and misleading. This was further supported by Sorensen and Chang (2006), sales volume, revenue, sales growth, revenue growth, and organizational growth. For Lee and Tsang (2013), business performance was measured by three indicators, namely sales growth, profit growth and capital growth. The dimensions of performance measurement used in SMEs studies are growth, profitability, and productivity. Given the fact that the availability of financial data concerning these performance indicators in small business settings is limited, relying on the financial measure can be misleading despite its objectivity. Therefore, three indices including two financial and one non-financial measure were used in this study based on the manager's perception of growth in sales, growth in profit and customer satisfaction.

2.1.5 Customer Satisfaction

Customer satisfaction plays an important role in business strategy and acts as a key factor in the sustainable development of companies. Many studies define the concept of satisfaction. The level of customer satisfaction is assessed by comparing a perception of a product/service in relation to the expectation of customers. Many studies have proven the relationship between entrepreneurial characteristics and customer satisfaction (Abdullahi, Abubakar, Aliyu, and Umar, 2015; Al-Dhaafri, Yusoff, and Al-Swidi, 2013). In addition, these studies have agreed that corporate image has a positive effect on perceived value and customer satisfaction. In addition, suggestions were made that perceived value positively influences customer satisfaction.

2.1.6 Profitability

Profitability is the primary goal of all business ventures. Without profitability, the business will not survive in the long run. Profitability is measured with income and expenses and normally divided into gross profit and net profit. Gross profit as a marketing metric refers to the profit generated by a firm (Pandey, 2005). It is calculated as the total sales minus the cost of those sales. The net profit is a financial metric that is equally important to the marketing manager. It is synonymous with bottom line and indicates whether, after all the expenses of the firm have been taken into consideration, the company is still making profit. The net profit margin is the marketing metric that represent the ultimate profitability of the firm expressed in percentage and it is useful in comparing one period against another or comparing one company with another. Return on assets provides a measure for assessing the overall efficiency with which the assets are used to produce net income from operations. It also is indicative of management's effectiveness in deploying capital, because it is certainly possible to be efficient and yet poorly positioned in terms of how capital is being utilized. Return on assets, is calculated by dividing profit after tax (PAT) and interest by total assets which can be interpreted as a ratio of income to its total assets. Return on assets is probably the single best overall measure of operating performance. It ties together the results of operations with the resources used to produce those results. It is also relatively easy to interpret (Pandey, 2005)

2.1.7 Communication Skills and Customer Satisfaction

Communication skills can be defined as the ability to share ideas and feelings effectively. Good communication helps us better understand people, situations/happenings/events. Developing communication skills can help us avoid conflicts and also help in better decision-making (Arnaout and Esposito, 2018). Strong communication skills can be of a more significant impact on a small and medium enterprise. Great communicators bring solutions, drive change, and motivate and inspire their colleagues. Improving communication skills will lead to better employee engagement, teamwork, decision-making, and interdepartmental communication in the work environment. Effective communication within a small or medium enterprise will result in more productivity, consistency in the workflow, and strong business relations between the employer and employee. Also, it will lead to better control of the enterprise, an advanced professional image that will attract many customers, better response from all stakeholders, quick problem solving, and strong decision making (Pisicchio and Toaldo, 2021). Communication skills are the soft critical skills employers are looking for in their employees. These communication skills include listening attentively and having the ability to communicate. Listening attentively would enable you as an entrepreneur to better understand what the customer is communicating, build relationships, mediate problems and negotiate with other business persons (Arnaout and Esposito, 2018). The entrepreneur needs to be able to communicate orally and via written word as it will be important when conveying information to customers who purchase their goods via the internet/ online and those with hearing

disabilities. Communication skills related to how the small and medium enterprises handle their customers, impacting the enterprises' performance. Entrepreneurs should treat their customers and suppliers as they deserve as clients and will always want to be treated with dignity. (Pisicchio and Toaldo, 2021). Clients will always want to return to where they were treated with respect, and there is a high probability of the customers referring their family members or friends to purchase goods from your business. As an entrepreneur, you should clearly state what you expect from your clients, as this will enable the clients to do what is right. Good communication skills are critical to a successful enterprise.

2.1.8 Risk Taking and Profitability

Risk taking encompasses taking courageous steps, measures and commitment of financial and non-financial resources by gambling into an uncertain business environment or activities. Adisa, Adeoye and Okunbanjo (2016) opined that risk-taking involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments. It is the willingness and readiness to commit resources (own or borrowed) to pursue identified market opportunities that have a reasonable possibility of losses. Risk taking in business environments as it is noted by Adisa et al., (2016) is not about taking extreme or uncontrollable risks but taking moderate and calculated risk. According to Keh, Nguyen and Ng (2007) and Wiklund and Shepherd, (2005) as contained in Taylor (2013), risk taking refers to a tendency of an SME to take bold steps such as entering unknown new markets, committing a large portion of the firm's resources to undertakings with uncertain outcomes and/or borrowing heavily. Past studies such as MarfoYiadom and Yeboah (2012), Arshada, Raslib, Arshadc and Zainc (2013) revealed that risk taking has positive relationship and significant effect on business performance. Avlonitis and Salavou (2007) put it that firms with strong entrepreneurial behavior are attracted to projects of higher level of risk to get higher level of return. On the divergent view, a risk-averse firm or entrepreneurs will not engage on activities or avoid venture that its outcome is unsure especially in a changing environment. This behavior will result in weaker performance as the firm is not willing to capture market opportunities (Hughes & Morgan, 2007). Adisa et al., (2016) concluded that there is no positive association with entrepreneurs' financial compensation. Based on this, the hypothesis is therefore formulated that risk taking has no positive effect on SME profitability.

2.2 Theoretical Review

The theoretical framework of this study was based on Social Innovation Theory, Resource Dependency Theory, Resource Based Theory, Cognitive Theory and Human Capital Theory

3.0 Methodology

The study adopted the survey design. The population of the study comprised staff of the selected small and medium sized enterprises in South-East, Nigeria. A sample size of 363 was determined using the statistical formula for determining sample size. While proportionate stratified random sampling technique was adopted to determine the allocation of questionnaire. Primary data were collected through the administration of questionnaire. The questionnaire was structured in five-point Likert scale. Face and content validity were determined by three experts from the Department of Management, University of Nigeria, Enugu Campus. Cronbach Alpha coefficient testing tool was used to test the reliability of the research instrument with a reliability coefficient of 0.7. Data were presented in tables and the corresponding values expressed in percentages while simple linear regression was used to test the hypotheses at 5 % level of significance.

4.0 Results and Interpretation

Hypothesis One

Ha₁: Communication skills has positive effect on customer satisfaction of SMEs.

H0₁: Communication skills has no positive effect on customer satisfaction of SMEs.

Entrepreneurs' communication skills had a positive effect on customer satisfaction of SMEs ($\beta = 0.754$); ($p < 0.05$). Therefore, the model is statistically positive; thus, the alternative hypothesis is therefore accepted

Hypothesis Two

Ha₂: Risk taking has positive effect on profitability of SMEs.

H0₂: Risk taking has no positive effect on profitability of SMEs.

Entrepreneurs' risk taking had a positive effect on profitability of SMEs ($\beta = 0.752$); ($p < 0.05$). The model is statistically positive; thus, the alternative hypothesis is therefore accepted

5.0 Conclusion and Recommendations

5.1 Conclusion

This study has demonstrated that entrepreneurial skills are crucial in enhancing performance of small and medium scale enterprises (SMEs) in South-East, Nigeria. Entrepreneurs that neglect improving the skills needed for day to day running of the business activities, which encompasses various dimensions such as communication, risk taking, innovativeness, competitive aggressiveness, and competency, does that at their own peril.

Communication skills have been identified as crucial in conveying information timely and convincingly to the customers about new products, processes, or services, thereby enhancing satisfaction. Moreover entrepreneurs who take calculated risk by venturing into the unknown, ends up achieving high profitability.

5.2 Recommendations

Based on the results of this research work, the following recommendations were made:

- I. It is recommended that SMEs invest in training programs focused on enhancing entrepreneurs' communication skills, as effective communication can significantly improve customer satisfaction and foster long-term relationships with clients.
- II. Entrepreneurs should be encouraged to participate in workshops that teach risk management strategies, enabling them to make informed decisions that can lead to increased profitability while mitigating potential downsides.

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Hypothesis One

Table 4.2.1.1 Model Summary for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754 ^a	.568	.567	.674

a. Predictors: (Constant), Communication Skills

Table 4.2.1.2 ANOVA^a for Hypothesis One

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	211.336	1	211.336	464.950	.000 ^b
	Residual	160.451	353	.455		
	Total	371.787	354			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Communication Skills

Table 4.2.1.3 Coefficients^a for Hypothesis One

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.667	.112		14.911	.000
	Communication Skills	.624	.029	.754	21.563	.000

a. Dependent Variable: Customer Satisfaction

Hypothesis Two**Table 4.2.2.1 Model Summary for Hypothesis Two**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752 ^a	.566	.564	.702

a. Predictors: (Constant), Risk Taking

Table 4.2.2.2 ANOVA^a for Hypothesis Two

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	226.484	1	226.484	459.523	.000 ^b
	Residual	173.982	353	.493		
	Total	400.466	354			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Risk Taking

Table 4.2.2.3 Coefficients^a for Hypothesis Two

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.549	.117		13.249	.000
	Risk Taking	.649	.030	.752	21.436	.000

a. Dependent Variable: Profitability