

RELEVANCE OF ENTREPRENEURIAL SKILLS IN THE GROWTH AND DEVELOPMENT OF SMALL-SCALE ENTERPRISES

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Abstract

This paper focused on the relevance of entrepreneurial skills in the growth and development of small-scale enterprises in Aba Metropolis of Abia State. A survey research design was employed in the study. The population for the study was 70 male and female entrepreneurs dealing on clothing and other textile materials. The entire population was used in the study because the population was small and manageable. Two research questions with 25 questionnaire items guided the study. Two hypotheses were formulated for the study. The mean with standard deviation was used to answer the research questions while the Z-test was used to test the two null hypotheses. The instrument was validated by three experts; two from department of Technology and vocational education and one from measurement and evaluation in Enugu state university of science and Technology. Cronbach alpha reliability method was used to determine the internal consistency of the instrument which yielded an overall coefficient of .68. Data analysis revealed that all the 25 items were agreed on by the respondents. The study revealed that entrepreneurial skills are needed by entrepreneurs for growth and development of small-scale enterprises. Based on the findings, it was recommended that the federal and state ministries of Trade, Commerce and Industry should organize workshop/seminars towards creating awareness on the relevance of entrepreneurial skills for all prospective entrepreneurs.

Introduction

The place of entrepreneurship in today's business world is important since every unemployed person might decide to become self-employed. Entrepreneurship involves the acquisition of skills, ideas and managerial abilities necessary for personal self-reliance. There is need to apply this entrepreneurial skills in the growth and development of small-scale enterprises in Nigeria. Kirzner (1982) stated that economics suggests that unexploited profit opportunities exists when resources have been misallocated, resulting in some kind of social "waste". A profit opportunity implies pre-existing waste, and entrepreneurship is seen as a mechanism

for correcting this waste. Given the current economic challenges facing many countries across the globe, the notion of engendering greater entrepreneurial activity has become a prominent goal for many national governments (Cooney, 2012). However, it is important to note that no government of any nation would be able to eradicate unemployment, since the resources to do so are limited. This situation is left with no better ideas rather than to inculcate and develop entrepreneurial skills of individuals which will in turn bring about growth and development of small scale enterprises.

Nwoye (2011) stated that entrepreneurship is any attempt at a venture–creation such as a new business start-up, expansion of an existing business by an individual, or team, or a corporate body. Obayi, Obi and Okafor (20012) opined that entrepreneurship can also be regarded as the efforts to create purposeful focused change in a firm's economic and social potential. In a similar vein, Onoh (2013) stated that entrepreneurship is regarded as a process of exploring the opportunities in the market place and arranging resources required on exploiting those opportunities for a long term gain.

Furthermore, entrepreneurship concepts and philosophy of the National Directorate of Employment (NDE, 1988) in Igbongidi (2004) described the entrepreneur as the man who perceives business opportunities and takes advantage of the scarce resources to use them profitably. According to this concept and philosophy, it is not sufficient to be a business man just managing a small scale enterprise rather the entrepreneur must be an originator of profitable business ideas; possess the ability to gain command of and combine the resources in a new way which will be profitable and be prepared to risk his personal energy and financial resources to achieve unpredictable results. According to Steinhof and Burges (1993) in Igbongido (2004), entrepreneurship is the spirit behind small scale enterprise, which is at the root of the British and American industrialization which begun in great Britain from 1750, popularly known as the Industrial Revolution and the second revolution led by the United States from 1950. Schumpeter (1984) in Onoh (2013) remarked that entrepreneurial actions are the ultimate cause of business cycles and economies development. In fact, as a matter of seriousness, world economies owe their enrichment and sustenance to small business entrepreneurship. Observations have shown that major innovations are likely to come from small business than from big business. For instance, the small firms and individuals invented the personal computer and the stainless steel razor blade, the transistor radio, the photocopying machine, the jet engine etc.

From the above, it is evident that the relevance of entrepreneurship and its skills therein cannot be understated in the pursuance of growth and development of small scale enterprises in Nigeria. All entrepreneurs have their own individual styles of owning and managing their businesses. They are generally action oriented, highly motivated individuals who take risks to achieve goals, innovators, creative and seize every opportunity around them. According to Obayi, Obi and Okafor (2012), these

traits are: sociability, self-insight, ambition and integrity. In a similar vein, Otth (2000) pointed out that other traits which are dominantly prevalent in entrepreneurs include: decision-making ability, good use of time and good planning ability. Apart from these traits, entrepreneurs stand out from the rest of business owners with their distinct skills. Sternhoff and Burges (1993) in Igbongidi (2004) stated that it takes special skills to succeed as an entrepreneur. These skills include entrepreneurship knowledge and attitudes. An entrepreneur does not wake up one morning and decides to go into business. He must possess attributes and skills that will enable him to succeed in the business. According to Onoh (2013) these attributes needed by entrepreneurs are technical competence which deals with intimate knowledge of physical products, job skills, manufacturing process. Second to it, is system competency which is skills in fitting all the pieces of the desired future. Third, is interpersonal competence a category that includes most of the role traits desired by the respondents, which include being emphatic, trusting, loyal and supportive. More so, Nwoye (2011) noted that successful business takes more than the knowledge of products. Cooney (2012) asserted that it is clearly evident from a review of current entrepreneurship literature that entrepreneurship involves more than business start-up, and that it also includes the development of skills to grow a business together with the personal competences to make it a success.

All over the world, it has been identified that the most pragmatic solution to the problem of unemployment is through the encouragement and promotion of small scale enterprises (Enemuo, 2011). He further noted that small scale enterprises are business portfolios having a capital layout of between N100,000 and N250,000 excluding plants and machinery. In a similar vein, Nwoye (2011) pointed out that small scale enterprise is an enterprise with a total cost, including working capital but excluding cost of land above N1m but not exceeding N40m with a labour size of between 11 and 35 workers. Furthermore, these small establishments play a vital role as they not only produce for national consumption, their products are also exported to the international market where scarce foreign exchange is earned (Enemuo, 2011). It is quite unequivocally true that among the industrialized nations in the world, small scale enterprises play a pivotal role in eradicating unemployment, poverty and at the same time developing the economy. In business world today, one can not downgrade the activities and contributions of small scale enterprises, as it is the back bone of the economy.

Statement of the Problem

The focal point of every business venture is to survive and maximize profit. Most businesses in Nigeria fail before they even get started. A number of reasons are responsible for their failures, namely: lack of education, lack of experience, inadequate skills and lack of financial resources. All these have link to inability of entrepreneurs to acquire relevant skills. Many small-scale enterprises had collapsed in the past due to negligence or absence of these entrepreneurial skills thus bringing with it

economic down turn and hardship in Nigeria. Absence of entrepreneurial skills have made many entrepreneurship efforts to go underground and unnoticed thus resulting to complete loss of all investments and the collapsed enterprises. Furthermore, absence of entrepreneurial skills is one of the factors responsible for the stunted growth in the growth and development of small-scale enterprises. Specifically, this study attempted to examine the relevance of entrepreneurial skills in the growth and development of small scale enterprises with particular interest in Aba metropolis of Abia State.

Purpose of the Study

The main purpose was to determine the relevance of entrepreneurial skills in the growth and development of small-scale enterprises in Aba metropolis of Abia State. Specifically, the study sought to:

1. Determine the entrepreneurial skills needed by entrepreneurs for the growth and development of small-scale enterprises.
2. Determine the benefits in acquiring entrepreneurial skills for the growth and development of small-scale enterprises.

Research Questions

The following research questions guided the study:

1. What are the entrepreneurial skills needed by entrepreneurs for the growth and development of small scale enterprises?
2. What are the benefits in acquiring entrepreneurial skills for the growth and development of small-scale enterprises?

Research Hypotheses

H₀₁: There is no significance difference between male and female entrepreneurs regarding entrepreneurial skills for growth and development of small-scale enterprises

H₀₂: There is no significance difference between male and female entrepreneurs concerning the benefits acquired for growth and development of small-scale enterprises.

Methodology

Survey research design was adopted for the study. The population of the study consisted of 70 entrepreneurs in the area of the study. This study was conducted in Aba metropolis of Abia State. A structured questionnaire made up of 25 items was developed from the two research questions with a five point response category of Strongly Agree (SA), Agree (A), Undecided (UD), Disagree (D) and Strongly Disagree (SD), with corresponding values of 5, 4, 3, 2, and 1 respectively. The instrument was validated by three experts, two from the Department of Technology and Vocational Education (TVE) and one in measurement and evaluation from Enugu State University of Science and Technology. The reliability of the instrument was established using the Cronbach Alpha analysis. The reliability co-efficient value

yielded .68 which was considered adequate for the study. The researcher administered 70 copies of the questionnaire to respondents with the help of a research assistant within four weeks. The data were analysed using mean with standard deviation. Any item with a mean 3.00 and above was regarded as agreed while items with mean below 3.00 were regarded as disagreed. A Z-test statistic was used to test the research hypothesis at 0.05 levels of significance.

Results

Research Question 1

What are the entrepreneurial skills needed by entrepreneurs for the growth and development of small scale enterprises?

Table 1: Mean ratings of the respondents on the entrepreneurial skills needed by entrepreneurs for the growth and development of small scale enterprises.

S/N	Item Statement	N	Mean	SD	Interpretation
1	Ability to draw up a business plan for a new venture	70	4.40	1.16	Agreed
2.	Ability to sell a new idea	70	4.34	0.86	Agreed
3.	Ability to market a new product	70	4.86	0.35	Agreed
4.	Awareness of intellectual property	70	3.34	1.42	Agreed
5.	Awareness of existing patent laws	70	3.56	1.24	Agreed
6.	Ability to make market contacts	70	3.76	1.30	Agreed
7.	Ability to work under pressure	70	3.83	0.83	Agreed
8	Ability to manage time	70	4.14	1.19	Agreed
9	Ability to manage people	70	4.79	0.41	Agreed
10	Ability to work independently	70	4.43	1.04	Agreed
11	Ability to work as a team	70	4.71	0.61	Agreed
12	Ability to make market supplies	70	3.87	0.06	Agreed
13	Book keeping skills	70	4.37	0.98	Agreed
14	Knowledge of preparing simple accounting	70	3.49	1.32	Agreed
15	Knowledge of business finance opportunities	70	4.81	1.32	Agreed
16	Ability to seek out investment opportunities	70	4.36	1.20	Agreed
	Grand mean/standard deviation	70	4.19	0.96	Agreed

Table 1 reveals the mean ratings of the respondents on the entrepreneurial skills needed by entrepreneurs for the growth and development of small scale enterprises. The table also reveals that their mean values range from 3.34 to 4.79 and standard deviation ranged from 0.35 to 1.42 indicating that the respondents are not too far from the opinion of one another in their responses.

Research Question 2

What are the benefits in acquiring entrepreneurial skills for the growth and development of small-scale enterprises

Table 2: Mean ratings of the respondents on the benefits in acquiring entrepreneurial skills for the growth and development of small scale enterprises.

S/N	Item Statement	N	Mean	SD	Decision
17	People became self reliant	70	4.86	0.35	Agreed
18	Enhances creativity and innovation	70	3.59	1.46	Agreed
19.	Boosts economic activities	70	4.29	1.10	Agreed
20	Increases sales	70	3.83	1.12	Agreed
21	Brings Job creation	70	4.81	0.39	Agreed
22	Provide entrepreneurs insight	70	4.01	1.11	Agreed
23	Local raw materials will be exploited	70	4.24	0.69	Agreed
24	Increases job performance	70	4.10	1.35	Agreed
25	Stimulates economic activities at the rural area	70	3.30	1.40	Agreed
	Grand mean/standard deviation		4.11	0.99	Agreed

The data presented in Table 2 reveal that all the nine items have their mean values range from 3.30 to 4.86, indicating that the respondents were not too far from the opinion of one another they overwhelmingly agreed that the benefits are numerous with a high grand mean and grand standard deviation of 4.11 and 0.99 respectively.

Research Hypothesis 1: There is no significant, difference between male and female entrepreneurs regarding entrepreneurial skills for growth and development of small-scale enterprises.

Table 3: Z-test of significant differences between the ratings of male and female entrepreneurs regarding entrepreneurial skills for growth and development of small-scale enterprises

Gender	N	X	SD	Df	Z calculated	Z critical	p	Decision
Male	40	4.79	0.22	68	0.27	1.96	.05	Do not reject
Female	30	4.57	0.88					

Table 3 reveal that Z-calculated value of 0.27 is less than Z-critical of 1.96 with 68 degree of freedom at 05 level of significance. Therefore, null hypothesis is not rejected; that is, there is no significant difference in the mean ratings of male and female entrepreneurs regarding entrepreneurial skills for growth and development of small-scale enterprises in Aba metropolis of Abia State.

Research Hypothesis 2

There is no significant, difference between male and female entrepreneurs concerning the benefits for growth and development of small-scale enterprises

Table 4: Z-test of significant differences between the ratings of male and female entrepreneurs concerning the benefits for growth and development of small-scale enterprises

Gender	N	X	SD	Df	Z calculated	Z critical	P	Decision
Male	40	4.78	0.29	68	0.01	1.96	.05	Do not reject
Female	30	4.22	0.82					

Table 4 reveals that Z-calculated value of 0.01 is less than Z-critical of 1.96 with 68 degree of freedom at 0.05 level of significance. Therefore, null hypothesis is not rejected; that means there is no significant difference in the mean ratings of male and female entrepreneurs concerning the benefits acquired for growth and development of small-scale enterprises.

Discussion of Findings

On research question one for entrepreneurial skills needed by entrepreneurs for the growth and development of small-scale enterprises, it was obvious that the respondents agreed that the items were skills that should not be ignored by any potential entrepreneur hoping to be successful in his small-scale enterprise. This is in line with what Onoh (2013) stated that information available from more advanced countries of the world confirms the fact that there are desirable qualities which every person who aspires to be self-employed must possess before success can be achieved. Therefore, small-scale enterprise owners should be adequately exposed to the entrepreneurial skills. However, gender had no significant influence in respondents' need regarding entrepreneurial skills for growth and development of small-scale enterprises. Hence, the null hypothesis was not rejected.

The result of research question two, which sought to find out the benefits in acquiring entrepreneurial skills for the growth and development of small-scale enterprise with a grand mean of 4.11. The overwhelming agreement by the respondents is in line with Ilo (2005), Ilo (2007) and Lawson (2007) in Onoh (2011) posited that more jobs would be created, productivity and placement of adequate food on the tables of the poor ones in the society will be guaranteed, harnessing of available human and material resources will be achieved, sustenance and stimulation of economic dynamism and growth in all sectors of the economy will be benefits of acquiring employable skills. Tested hypothesis on the benefits in acquiring entrepreneurial skills for growth and development of small-scale enterprises showed that gender had no significant differences in their mean responses. Therefore, H_0 was not rejected.

Conclusions

This study investigated the relevance of entrepreneurial skills in the growth and development of small-scale enterprise. It can therefore be concluded that entrepreneurial skills are crucial to the success, survival, growth and development of a

small-scale enterprises. The success, growth and development of a small-scale enterprise to a large extent is determined by entrepreneurial skills acquired. These entrepreneurial skills will go along way in improving the lives of entrepreneurs and their enterprises, which will in turn become the back bone of the nation's sustainable economic development.

Recommendations

Consequent upon the findings and conclusion of this study, the following recommendations were advanced:

1. The federal and state ministries of trade, commerce and industry should organize work shops/seminars towards creating awareness on the relevance of entrepreneurial skills for all prospective entrepreneurs.
2. Government should build entrepreneurship centres across the length and breath of Nigeria where all prospective entrepreneurs and small scale enterprise owners can acquire entrepreneurship skills.
3. Entrepreneurial skills learnt and acquired from entrepreneurship centres should be taken serious by all entrepreneurs so as to ensure growth and development of small-scale enterprises.
4. For more effective entrepreneurship skill development, philanthropists, well meaning Nigerians and private successful entrepreneurs should be involved in the training so that they can share their practical experiences with prospective entrepreneurs on their entrepreneurship start-up and progress.
5. Entrepreneurship Education and its relevance should be geared towards practical orientation in both secondary and tertiary Institutions.

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