

**THE ROLE OF ENTREPRENEURIAL COMPETENCIES ON THE SUCCESS OF
SMEs IN NIGERIA
(A STUDY OF SMEs IN BENIN, BENIN CITY, EDO STATE, NIGERIA)**

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BENIN CITY.**

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ENTREPRENEURSHIP, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY
OF BENIN, BENIN CITY, IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc)
DEGREE IN ENTREPRENEURSHIP**

NOVEMBER, 2025

DECLARATION

I declare that:

1. This project is based on a study undertaken by me in the department of Entrepreneurship, University of Benin, Benin City, Edo State, Nigeria.
2. This work has not been previously submitted for the award of a degree anywhere.
3. All ideas and views are product of my personal research and where the view has been expressed, they hence been duly acknowledged.
4. I solely accept all legal responsibility that may arise as a result of any copyright infringement that may arise from any work cited in this project.

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Date

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CERTIFICATION

We the undersigned certify that this project work was carried out by **Fadogba Aanuoluwapo Oluwatomisin** in partial fulfillment for the award of Bachelor of Science (B.Sc.) in Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Edo State, Nigeria.

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Date

DEDICATION

To My Dear Lord, the creator of the universe, who has Made this a Reality. For his mercies and grace seeing me through all my academic session and up to this final lap of my undergraduate program.

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ABSTRACT

This study examined the effect of entrepreneurial competencies on the success of small and medium enterprises (SMEs) in Benin City, Edo State. Entrepreneurial competencies are widely recognised as essential behavioural and skill-based attributes that enable entrepreneurs to effectively identify opportunities, manage resources, and sustain competitive advantage in dynamic business environments. The specific objectives of the study were to:

Examine the effect of opportunity recognition on SME success

Assess the influence of risk-taking on SME success

Evaluate the effect of innovativeness on SME success

Investigate the impact of networking on SME success

Determine the effect of managerial competence on SME success.

A survey research design was adopted, and structured questionnaires were administered to owners and managers of SMEs in Benin City using a purposive sampling technique. Data were analysed using descriptive statistics, correlation, and multiple regression analysis. The results revealed that opportunity recognition ($B = 0.113$, $p = 0.048$), innovativeness ($B = 0.253$, $p = 0.016$), and managerial competence ($B = 0.372$, $p = 0.000$) had positive and statistically significant effects on SME success, while risk-taking ($B = -0.006$, $p = 0.939$) and networking ($B = 0.065$, $p = 0.301$) exhibited positive but statistically insignificant effects. The regression model ($R^2 = 0.642$, $F = 39.040$, $p = 0.000$) indicated that the independent

variables collectively explained about 64.2% of the variance in SME success, suggesting a strong overall model fit.

The study concludes that entrepreneurial competencies are critical determinants of SME success in Benin City, particularly opportunity recognition, innovativeness, and managerial competence. It recommends that SME operators enhance their entrepreneurial skills through continuous training and strategic learning to improve adaptability, innovation, and long-term competitiveness within the business environment.

1.1 Background of the Study

In Nigeria's fast-paced and often unpredictable business landscape, small and medium-sized enterprises (SMEs) are not just businesses; they are the lifeline of the economy, driving innovation, creating jobs, and shaping the future (Ogunyomi & Bruning, 2021). But here's the catch: it is not just about having a great idea or the right resources, it is about the entrepreneurial mindset. Entrepreneurs who can recognize opportunities, take calculated risks, innovate on the go, and manage their businesses effectively are the ones who thrive (Oluwaseun & Oladimeji, 2022). As Nigeria faces economic turbulence and infrastructural challenges, the ability to harness these key competencies becomes even more vital (Adeleke & Muda, 2023). In this context, the question is not just how SMEs survive, but how they can succeed because those with the right competencies are the ones who turn obstacles into opportunities and dreams into reality.

According to Ayodotun (2021), entrepreneurial competence represents a multifaceted capability that combines organizing skills, conceptual thinking, continuous learning, strategic planning, opportunity recognition, and risk-taking abilities, which enable entrepreneurs to thrive in turbulent environments. In a similar vein, Oyeku (2024) describes entrepreneurial competence as the blend of technical skills and managerial abilities that equip entrepreneurs with both the “hardware” of practical know-how and the “software” of leadership and decision-making necessary to establish and manage enterprises successfully. Mitchelmore (2021) states that entrepreneurial competence encompasses attitudes, behaviors, and knowledge that collectively drive entrepreneurial success and lay the foundation for long-term business sustainability. For Hunjet (2020), competence is a complex integration of knowledge, skills, attitudes, and values that allow entrepreneurs to manage uncertainty, embrace innovation, and create sustainable value in challenging contexts. From these perspectives, it becomes clear that entrepreneurial competence is not a single trait but rather a dynamic set of interrelated skills, attitudes, and behaviors that empower entrepreneurs to identify opportunities, adapt to environmental challenges, and sustain business growth. While different scholars emphasize varying dimensions ranging from technical and managerial abilities to strategic thinking, innovation, and values the consensus is that entrepreneurial competence serves as a critical determinant of entrepreneurial effectiveness and the long-term success of enterprises.

Small and medium-sized enterprises (SMEs) has been defined in diverse ways depending on context, size criteria, and policy frameworks. Eze (2022) defines SMEs as business entities that operate on a relatively small scale compared to large corporations, but which constitute the backbone of industrial development by fostering entrepreneurship and innovation. According to Nwankwo (2020), SMEs are enterprises with limited capital base and workforce, yet they play a vital role in bridging the gap between micro-enterprises and large firms by providing intermediate goods, services, and employment opportunities. Adding a broader perspective, Oladipo (2023) describes SMEs as growth-oriented enterprises that are often family-owned or individually managed, with fewer bureaucratic structures, which makes them more flexible and adaptive to market changes. Adeleke (2022) extends this further by viewing SMEs as “entrepreneurial laboratories,” where new ideas are tested and scaled, thus reinforcing their role as engines of innovation and economic resilience.

From these definitions, it is evident that SMEs are more than just business entities defined by size or capital base; they represent dynamic engines of growth, innovation, and employment generation. Whether viewed as flexible, family-owned enterprises or as entrepreneurial laboratories for testing and scaling new ideas, SMEs occupy a central position in economic development by bridging structural gaps in the market and fostering industrial competitiveness.

Entrepreneurial competencies have significantly contributed to the role of SMEs as catalysts for economic growth and social development in Nigeria. Strong opportunity-recognition

skills among entrepreneurs have enabled SMEs to identify gaps in markets such as agriculture, manufacturing, and technology, leading to the creation of new businesses that generate employment and reduce poverty (Ayodotun, 2021). Competence in risk-taking has encouraged many SMEs to venture into non-traditional sectors like fintech and agri-tech, thereby diversifying the economy and lessening its overdependence on oil revenues (Oyeku, 2024). Innovativeness, driven by creative problem-solving and adaptability, has produced locally relevant solutions in areas such as digital payments, logistics, and renewable energy, improving the quality of life for millions of Nigerians while also enhancing the country's competitiveness in the global economy (Mitchelmore, 2021). Managerial competencies, particularly in financial planning and organizational efficiency, have supported the sustainability of SMEs, enabling them to grow beyond survival mode into thriving enterprises that contribute to tax revenues and community development (Nwankwo, 2020). Collectively, these competencies have not only strengthened SME survival and competitiveness but also empowered individuals through job creation, wealth generation, and skills development, making SMEs a cornerstone of inclusive economic growth and social transformation in Nigeria.

Although SMEs in Nigeria contribute significantly to employment and economic activity, their growth and competitiveness are constrained by persistent gaps in entrepreneurial competencies. A core weakness is managerial competence, as many owners lack formal training, which results in weak financial management, poor record-keeping, and ineffective

organizational practices (Oladipo, 2023). Opportunity recognition is also limited, with entrepreneurs frequently replicating existing ventures and oversaturating low-value retail segments while underexploring higher-potential areas such as agribusiness and manufacturing (Nwankwo, 2020). Risk-taking tends to be conservative due to fear of failure and inadequate support systems, which suppresses investment in new products and markets (Eze, 2022). Innovativeness remains low as a result of weak industry–academia linkages, limited access to research and prototyping facilities, and minimal exposure to global best practices (Adeleke, 2022). Collectively, these deficits keep many SMEs in survival mode rather than enabling sustained growth and international competitiveness, highlighting the urgent need for targeted capacity-building, stronger innovation ecosystems, and financing mechanisms that can translate entrepreneurial competencies into measurable outcomes.

1.2 Statement of the Research Problem

Small and medium-sized enterprises (SMEs) play a vital role in Nigeria’s economic development through job creation, poverty reduction, and industrial growth. However, their performance remains below expectation, as many suffer high failure rates that limit their contribution to economic transformation (Eze, 2022; Oladipo, 2023). Studies indicate that entrepreneurial competencies such as opportunity recognition, risk-taking, innovativeness, networking, and managerial capacity are essential for SME success, yet these competencies are often underdeveloped among Nigerian entrepreneurs (Ayodotun, 2021; Oyeku, 2024).

Many SMEs struggle with weak opportunity recognition, often replicating low-value businesses in saturated sectors like retail and petty trading rather than exploring high-growth areas such as agribusiness and manufacturing (Nwankwo, 2020; Adeleke, 2022). Their limited ability to identify and act on emerging opportunities undermines innovation and profitability. Similarly, risk-taking remains low due to inadequate access to finance, fear of failure, and weak institutional support systems, which discourage business expansion and diversification (Hunjet, 2020; Ayodotun, 2021).

The problem of poor innovativeness further constrains competitiveness. Many SMEs lack the resources and technical capacity to adopt or develop new products, resulting in reduced adaptability to market changes (Adeleke, 2022; Mitchelmore, 2021). In addition, weak networking competencies limit collaboration, funding access, and integration into wider value chains, depriving SMEs of opportunities for growth and knowledge exchange (Oladipo, 2023; Eze, 2022). Finally, low managerial competence manifested in poor financial management, weak planning, and inadequate leadership, continues to hinder business sustainability and productivity (Oyeku, 2024; Nwankwo, 2020).

In summary, despite the recognised importance of entrepreneurial competencies, Nigerian SMEs remain constrained by weak opportunity recognition, risk aversion, limited innovativeness, poor networking, and inadequate managerial skills. These deficiencies contribute to their high mortality rate and limited role in driving economic diversification and national competitiveness (Ayodotun, 2021; Oyeku, 2024).

1.3 Research Questions

Based on the above research problem, the following research questions will be answered:

1. How does opportunity recognition affect the success of SMEs in Nigeria?
2. What is the effect of risk-taking on the success of SMEs in Nigeria?
3. How does innovativeness influence the success of SMEs in Nigeria?
4. What is the role of networking in the success of SMEs in Nigeria?
5. How does managerial competency impact the success of SMEs in Nigeria?

1.4 Research Objectives

The primary objective of this study is to unravel the role of entrepreneurial competencies on the success of SMEs in Nigeria while the specific objectives are to:

1. To examine the effect of opportunity recognition on the success of SMEs in Nigeria.
2. To determine the impact of risk-taking on the success of SMEs in Nigeria.
3. To assess the influence of innovativeness on the success of SMEs in Nigeria.
4. To evaluate the effect of networking on the success of SMEs in Nigeria.
5. To analyze the role of managerial competency on the success of SMEs in Nigeria.

1.5 Research Hypotheses

The following null hypotheses will be tested in this study:

H₀₁: Opportunity recognition has no significant effect on the success of SMEs in Nigeria.

H₀₂: Risk-taking has no significant effect on the success of SMEs in Nigeria.

H₀₃: Innovativeness has no significant influence on the success of SMEs in Nigeria.

H₀₄: Networking has no significant effect on the success of SMEs in Nigeria.

H₀₅: Managerial competency has no significant effect on the success of SMEs in Nigeria.

1.6 Scope of the Study

The study on entrepreneurial competencies and the success of SMEs is geographically restricted to Benin City, Edo State, and focuses on examining the effects of opportunity recognition, risk-taking, innovativeness, networking, and managerial competence. The choice of Benin Metropolis as the geographical scope is due to the proximity of the area to the researcher and the concentration of diverse SMEs actively contributing to the local economy. The study is expected to be completed within 2025.

1.7 Significance of the Study

This study is relevant as it seeks to examine the role of entrepreneurial competencies on the success of SMEs in Benin City, Edo State. The study will be of value to a range of stakeholders in Nigeria's SME ecosystem, including entrepreneurs, policymakers, support agencies, and academia.

Entrepreneurs: The findings will help SME owners and managers understand the specific entrepreneurial competencies: opportunity recognition, risk-taking, innovativeness, networking, and managerial skills that contribute most to business growth and survival. This will enable them to identify gaps in their practices and adopt strategies for improved competitiveness, sustainability, and profitability.

Policymakers and Support Agencies: Government institutions and development agencies such as SMEDAN will benefit from insights into the competency challenges faced by SMEs. The results can guide the formulation of targeted training, funding, and mentorship programs designed to build the capacity of entrepreneurs, thereby strengthening the SME sector's role in economic development.

Local Economy and Society: Strengthening SMEs through enhanced competencies will contribute to job creation, poverty alleviation, and economic diversification in Benin City. This has broader implications for reducing unemployment and improving the standard of living of residents.

Academia: The study will contribute to the growing body of literature on entrepreneurship and SME development in Nigeria. It will serve as a valuable reference point for scholars, students, and future researchers interested in entrepreneurial competencies, business sustainability, and regional economic development.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature relevant to entrepreneurial competencies and the success of small and medium-sized enterprises (SMEs). The review is structured into three main sections: the conceptual review, the theoretical review, and the empirical review. The conceptual review will examine key concepts such as entrepreneurial competencies, small and medium-sized enterprises, and the specific dimensions of entrepreneurial competencies including opportunity recognition, risk-taking, innovativeness, networking, and managerial competence. The theoretical review will discuss relevant theories that provide a foundation for understanding the relationship between entrepreneurial competencies and SME success. The empirical review will present and analyse findings from previous studies on entrepreneurial competencies and SME performance within Nigeria and other contexts.

Together, these sections provide the basis for identifying gaps in existing research and establishing the framework for the present study.

2.2 Conceptual Review

2.2.1 Small and Medium-Sized Enterprises (SMEs)

Small and Medium-Sized Enterprises (SMEs) are central to national economic growth, industrial development, and poverty alleviation. They are often described as the backbone of both emerging and advanced economies due to their contribution to employment generation, innovation, and income redistribution. In Nigeria, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2022) defines SMEs as enterprises employing fewer than 200 persons with an asset base (excluding land and buildings) of less than ₦500 million. This classification provides a formal benchmark, yet the concept of SMEs extends beyond numerical thresholds to encompass their functional and structural features.

According to Eze (2022), SMEs are enterprises that operate on a relatively small scale compared to large corporations but occupy a critical space in bridging the gap between micro-enterprises and large-scale firms. They are highly diverse, spanning sectors such as trade, services, manufacturing, and technology, and they contribute significantly to employment creation and industrial linkages. Oladipo (2023) further describes SMEs as flexible, family-owned, or entrepreneur-driven entities that rely on lean bureaucratic structures, which make them agile and responsive to environmental changes. This

adaptability allows them to innovate quickly, fill niche markets, and remain resilient even in uncertain economic conditions.

Beyond these views, Ogunyomi and Bruning (2021) conceptualise SMEs as dynamic systems that combine limited resources with entrepreneurial drive to generate new opportunities and expand local economies. Their strength lies not merely in scale but in their capacity for experimentation, learning, and innovation, which make them incubators of new business ideas and technologies. Adeleke (2022) reinforces this by describing SMEs as “entrepreneurial laboratories” where new concepts are tested, refined, and scaled, thus serving as engines of economic transformation. Similarly, Nwankwo (2020) highlights that SMEs are characterised by their smaller workforces, restricted access to finance, close-knit management, and deep community ties, which position them as socially embedded enterprises with significant local impact.

Taken together, these perspectives reveal that SMEs are not defined solely by size or capital base but by a constellation of characteristics including owner-management, limited yet adaptive resource utilisation, informality, innovativeness, and proximity to customers. These qualities distinguish them from larger corporations, granting them agility, creativity, and relevance in meeting local needs. Consequently, SMEs are better understood as strategic catalysts of development that promote inclusive growth, enhance industrial competitiveness, and provide sustainable livelihoods, especially in developing economies like Nigeria (Oluwaseun & Oladimeji, 2022; Adeleke & Muda, 2023).

2.2.2 Characteristics of Small and Medium-Sized Enterprises (SMEs)

The characteristics of SMEs go beyond numerical definitions and serve to highlight their unique features, structures, and modes of operation that distinguish them from large corporations. According to Nwankwo (2020), SMEs are typically characterised by small workforce sizes, modest capital investment, and informal management structures, which often centralise decision-making in the hands of the owner or entrepreneur. This makes them highly personalised in management but also vulnerable to leadership weaknesses.

Flexibility and Adaptability to Environmental Changes

One defining characteristic of SMEs is their flexibility and adaptability to environmental changes. Oladipo (2023) notes that SMEs, due to their lean structures, can respond more quickly to shifts in consumer demand, regulatory environments, or economic shocks compared to larger firms. This agility enables them to explore niche markets, introduce innovative products, and compete even with resource constraints. However, this same informality sometimes translates into weak corporate governance and limited long-term planning.

Resource Limitations

Another key feature is their resource limitations. SMEs often struggle with access to finance, skilled manpower, and technology. Adeleke (2022) explains that this constraint shapes their

operational strategies, making them rely more on internal funding, personal savings, or family capital rather than external financing. While this limits expansion, it also fosters resourcefulness and innovative problem-solving.

Close Proximity to Customers and Communities

Additionally, SMEs are marked by their close proximity to customers and communities. Ogunyomi and Bruning (2021) emphasise that SMEs often build strong customer loyalty because they are embedded in local markets, understand consumer needs intimately, and rely heavily on relationship-driven marketing. This strong community connection not only sustains their operations but also positions them as important agents of social and economic development.

Innovation-Driven

SMEs are also highly innovation-driven, particularly in their ability to modify products and services to suit local conditions. Oluwaseun and Oladimeji (2022) observe that many SMEs in Nigeria innovate informally through creative adaptation rather than formal research and development, producing locally relevant solutions in areas such as agriculture, manufacturing, and digital services.

In summary, SMEs are characterised by owner-management, small scale of operations, flexibility, resource constraints, innovation, and close customer relationships. These characteristics give SMEs their resilience and importance as economic drivers, but they also account for some of the challenges they face, such as limited scalability, vulnerability to

competition, and financial instability. Understanding these characteristics is therefore essential to evaluating how entrepreneurial competencies influence their success and sustainability in dynamic economies like Nigeria.

2.2.3 Importance of Small and Medium-Sized Enterprises (SMEs)

The importance of SMEs lies in their ability to stimulate economic development, foster innovation, and promote inclusive growth. In Nigeria, SMEs constitute over 96 percent of all businesses and contribute significantly to gross domestic product (GDP), employment generation, and poverty alleviation (SMEDAN, 2022). Their relevance extends beyond economic indicators to include social and developmental contributions that support inclusive and sustainable growth.

Employment Generation

One of the most critical contributions of SMEs is their role in creating jobs. According to Eze (2022), SMEs employ the majority of the Nigerian workforce, thereby reducing unemployment and providing livelihoods to millions of households. Their labour-intensive nature makes them essential for absorbing semi-skilled and unskilled workers who may otherwise be excluded from large-scale industries. This makes SMEs key actors in addressing Nigeria's unemployment challenge.

Innovation and Creativity

SMEs are vital drivers of innovation and creativity. Oladipo (2023) notes that SMEs often act as incubators of new ideas, products, and services by responding quickly to changing market demands and experimenting with new solutions. Unlike larger firms, which may be constrained by bureaucratic processes, SMEs leverage their flexibility to develop innovative processes and locally adapted technologies, thereby enhancing national competitiveness.

Economic Diversification

Another important role of SMEs is in diversifying the Nigerian economy. Ogunyomi and Bruning (2021) argue that SMEs operate across a wide range of sectors including agriculture, manufacturing, services, and technology. By engaging in non-traditional industries such as fintech, agri-tech, and renewable energy, SMEs help reduce overdependence on oil revenues and stabilise the economy against external shocks.

Poverty Reduction and Income Redistribution

SMEs contribute significantly to poverty reduction and income redistribution. Adeleke and Muda (2023) emphasise that SMEs empower individuals through entrepreneurship, improve household income, and strengthen community development. Their capacity to provide self-employment and create local business opportunities makes them vital instruments for reducing inequality and promoting inclusive growth.

Community and Regional Development

SMEs also foster development at the community and regional levels. Oluwaseun and Oladimeji (2022) explain that SMEs are often embedded in local environments, relying on

community-based labour and serving neighbourhood markets. This proximity allows them to sustain indigenous industries, create local jobs, and strengthen social cohesion. Their contribution to rural and semi-urban economies ensures that development is more evenly distributed across regions.

Industrial Linkages and Global Competitiveness

SMEs strengthen industrial linkages by providing intermediate goods and services to larger corporations. According to Nwankwo (2020), this integration enhances industrial value chains and supports the growth of larger enterprises. Additionally, SMEs connect to regional and international markets through subcontracting and export opportunities, positioning Nigeria more strongly within the global economy.

Social Inclusion and Entrepreneurship Development

Beyond their economic roles, SMEs provide platforms for social mobility and entrepreneurship development. Ogunyomi and Bruning (2021) highlight that SMEs promote entrepreneurial culture by encouraging creativity, resilience, and self-reliance. They offer opportunities for women, youth, and marginalised groups to participate in economic activities, thereby supporting inclusive and equitable development.

In summary, SMEs are essential not only for their economic contributions in terms of job creation, innovation, and diversification but also for their social roles in poverty reduction, regional development, and inclusive participation. Their importance in developing economies

like Nigeria underscores the need to strengthen entrepreneurial competencies that can help SMEs overcome challenges and achieve long-term sustainability.

2.2.4 Challenges of Small and Medium-Sized Enterprises (SMEs)

Despite their acknowledged role as engines of growth and innovation, SMEs in Nigeria and other developing economies continue to grapple with several structural, financial, and institutional challenges that undermine their performance and long-term sustainability. These challenges are discussed as follows:

Limited Access to Finance

The most persistent challenge faced by SMEs is inadequate access to credit. According to Eze (2022), many SMEs lack the collateral, credit history, or formal structures required to secure loans from financial institutions. This financing gap restricts their ability to invest in modern technologies, expand operations, or compete with larger firms.

Infrastructural Deficiency

Infrastructural weaknesses such as unstable electricity, poor transportation networks, and limited ICT infrastructure pose significant challenges to SMEs in Nigeria. Oladipo (2023) explains that the high cost of generating electricity, coupled with inadequate logistics, reduces competitiveness and discourages expansion into new markets.

Weak Managerial Capacity and Poor Corporate Governance

SMEs often suffer from inadequate managerial expertise. Many owners lack formal training in financial management, human resource practices, and strategic planning, which leads to inefficiencies and low productivity (Nwankwo, 2020). This managerial gap undermines both day-to-day operations and long-term sustainability.

Regulatory and Institutional Barriers

Adeleke (2022) highlights that multiple taxation, bureaucratic bottlenecks, and cumbersome business registration processes create serious constraints for SMEs. Corruption and weak enforcement of SME-supportive policies, such as those from the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), further exacerbate these institutional challenges.

Limited Innovativeness and Technological Adoption

While SMEs often display creativity, their adoption of technology remains limited. Ogunyomi and Bruning (2021) argue that inadequate access to research facilities, modern production technologies, and digital platforms weakens their competitiveness in global value chains. This lack of innovation contributes to low productivity and short business lifespans.

Market Competition and Economic Vulnerability

SMEs face intense competition, particularly in low-value sectors such as retail, where oversaturation reduces profitability. Oluwaseun and Oladimeji (2022) note that SMEs are

also highly vulnerable to inflation, currency fluctuations, and policy instability, which further hinder their growth prospects.

These constraints explain why many SMEs remain in survival mode rather than achieving sustainable growth and international competitiveness. Addressing these barriers through policy reforms, entrepreneurial capacity building, and innovation-driven strategies is critical for maximising the potential of SMEs in Nigeria.

2.2.3 Entrepreneurial Competencies

Every enterprise thrives on the capacity of its entrepreneur, and the deliberate cultivation of entrepreneurial competencies often determines whether a business survives, grows, or declines. Entrepreneurial competencies represent the knowledge, skills, attitudes, and behaviours that enable entrepreneurs to recognise opportunities, mobilise resources, manage risks, and sustain competitive advantage in dynamic environments. They go beyond technical expertise to encompass personal traits, social capabilities, and managerial abilities that together shape entrepreneurial effectiveness and enterprise success (Mitchelmore, 2021; Oyeku, 2024).

Ayodotun (2021) defines entrepreneurial competencies as a multifaceted set of capabilities including organising skills, strategic planning, continuous learning, opportunity recognition, and calculated risk-taking that help entrepreneurs thrive in uncertain and turbulent environments. In a similar view, Oyeku (2024) conceptualises entrepreneurial competencies as the blend of technical know-how (“hardware”) and managerial abilities (“software”)

required to establish, sustain, and grow enterprises. Mitchelmore (2021) frames entrepreneurial competencies as the attitudes, behaviours, and knowledge that collectively drive entrepreneurial performance and long-term business sustainability. Hunjet (2020) adds that competencies involve a complex integration of knowledge, skills, values, and innovative abilities that equip entrepreneurs to manage uncertainty and create sustainable value.

These perspectives highlight that entrepreneurial competencies are multidimensional, extending beyond a single trait or skill. They encompass cognitive abilities such as opportunity recognition and strategic thinking, behavioural elements such as resilience and risk-taking, social competencies such as networking and communication, and managerial skills including resource allocation and financial management. Collectively, these competencies position entrepreneurs to adapt quickly, innovate effectively, and sustain growth in competitive markets (Oluwaseun & Oladimeji, 2022; Adeleke & Muda, 2023).

The significance of entrepreneurial competencies is particularly pronounced in developing economies such as Nigeria, where structural challenges, limited infrastructure, and volatile markets demand adaptability and resilience. Entrepreneurs with strong competencies are better able to turn constraints into opportunities, mobilise scarce resources, and develop innovative solutions that address local and global needs. Thus, entrepreneurial competencies are not only predictors of individual business success but also catalysts of broader economic transformation.

In summary, entrepreneurial competencies are best understood as a dynamic combination of technical knowledge, managerial expertise, cognitive abilities, and behavioural attributes that empower entrepreneurs to identify opportunities, navigate risks, innovate, and sustain enterprises. While earlier scholarship tended to view entrepreneurial success as driven primarily by external conditions, recent research underscores the centrality of the entrepreneur's own competencies in shaping the long-term sustainability and competitiveness of SMEs (Mitchelmore, 2021; Ayodotun, 2021; Oyeku, 2024).

2.2.3.1 Dimensions of Entrepreneurial Competencies

Entrepreneurial competencies are a combination of skills, behaviours, and abilities that enable entrepreneurs to recognise opportunities, take risks, innovate, build networks, and manage businesses effectively. Scholars emphasise that these competencies go beyond technical know-how to include cognitive, social, and managerial capacities that determine whether SMEs survive or thrive (Mitchelmore, 2021; Ayodotun, 2021; Oyeku, 2024). In the Nigerian context, where SMEs face challenges such as poor access to finance, infrastructural gaps, and weak corporate governance, these five dimensions' opportunity recognition, risk-taking, innovativeness, networking, and managerial competence serve as critical tools for overcoming obstacles and achieving sustainable growth.

Opportunity Recognition

Opportunity recognition is a central entrepreneurial competence that enables entrepreneurs to detect emerging trends, unmet market needs, and gaps in industries that can be transformed

into viable ventures. It is widely regarded as the starting point of entrepreneurship because without recognising opportunities, other competencies such as risk-taking or innovation cannot be effectively applied. Contemporary scholars emphasise that opportunity recognition involves alertness, creativity, and strategic foresight, which allow entrepreneurs to discover profitable ideas before competitors (Eze, 2022). Similarly, Oladipo (2023) notes that entrepreneurs with strong recognition abilities are able to identify growth-oriented niches, differentiate their businesses, and adapt to dynamic market conditions.

The importance of opportunity recognition to SMEs lies in its ability to help them overcome the challenge of market saturation. Many Nigerian SMEs operate in low-value sectors such as petty trading and retail, where replication of similar ventures leads to excessive competition and low profitability. Ogunyomi and Bruning (2021) argue that entrepreneurs who develop this competence are better able to escape the survival trap by identifying untapped opportunities in sectors like agribusiness, renewable energy, and technology-driven services. Such opportunities not only foster innovation but also expand the economic contributions of SMEs through job creation and diversification.

Opportunity recognition also strengthens resilience in the face of uncertainty. Infrastructural deficiencies, fluctuating consumer demands, and policy instability often threaten the sustainability of SMEs in Nigeria. Entrepreneurs who possess this competence can scan the environment, anticipate shifts, and align their strategies accordingly (Adeleke & Muda, 2023). For example, SMEs that recognised the potential of digital platforms during recent

disruptions were able to transition into e-commerce and sustain operations, while others without such foresight experienced decline.

When opportunity recognition is strong, SMEs are innovative, proactive, and better positioned to sustain growth despite resource limitations. Conversely, weak recognition capacity results in imitation of existing businesses, poor strategic direction, and high failure rates (Oluwaseun & Oladimeji, 2022).

In summary, opportunity recognition is a vital dimension of entrepreneurial competence because it enables SMEs to identify promising ventures, enter underexplored sectors, and adapt to volatile environments. By turning challenges such as market saturation and infrastructural gaps into opportunities for innovation and competitiveness, this competence plays a decisive role in ensuring SME survival and long-term success.

Risk-Taking

Risk-taking is a fundamental entrepreneurial competence that reflects the entrepreneur's willingness and ability to commit resources to uncertain ventures with the possibility of achieving superior outcomes. It is not reckless behaviour but rather the practice of making calculated decisions in the face of uncertainty, weighing potential gains against possible losses. According to Ayodotun (2021), effective risk-taking involves courage, resilience, and the ability to manage uncertainty in ways that sustain long-term business growth. In the

Nigerian SME context, where external shocks and environmental volatility are common, risk-taking competence is often what differentiates stagnant enterprises from those that expand and thrive.

The significance of risk-taking to SME performance is evident in its role in overcoming excessive caution and conservatism. Many SMEs in Nigeria remain confined to survival-level operations because entrepreneurs are unwilling to explore new markets or diversify products due to fear of failure, inadequate access to credit, and weak institutional support systems (Oyeku, 2024). By cultivating risk-taking competence, entrepreneurs can break away from this cycle, venture into higher-value industries such as technology, agribusiness, and export markets, and thereby strengthen competitiveness. Oladipo (2023) adds that willingness to assume calculated risks encourages SMEs to innovate, attract investment, and achieve scalability.

Risk-taking also enhances resilience during economic turbulence. The Nigerian business environment is characterised by inflation, fluctuating exchange rates, and infrastructural deficiencies that create constant uncertainty. Entrepreneurs who embrace risk-taking are more likely to adapt by experimenting with alternative strategies, adopting new technologies, or entering emerging industries (Adeleke & Muda, 2023). For example, SMEs that took the risk of adopting digital platforms for operations and customer service during recent disruptions were able to sustain and even expand their businesses, while those that resisted change stagnated.

When risk-taking is well developed, SMEs gain confidence to pursue growth opportunities, diversify revenue streams, and build resilience against economic shocks. On the other hand, weak risk-taking capacity leaves SMEs overly cautious, stagnant, and unable to compete effectively in dynamic markets (Oluwaseun & Oladimeji, 2022).

In summary, risk-taking is a vital entrepreneurial competence because it equips SMEs to embrace uncertainty, explore new opportunities, and invest in innovation despite limited resources. By overcoming excessive caution and enabling entrepreneurs to act decisively in turbulent environments, this competence helps SMEs tackle the challenges of conservatism, poor scalability, and vulnerability to external shocks.

Innovativeness

Innovativeness is another critical entrepreneurial competence that reflects the ability to generate new ideas, adapt existing processes, and create unique products or services that enhance competitiveness. It is more than creativity; it involves the systematic application of knowledge, skills, and resources to produce outcomes that improve organisational performance and meet evolving market demands. According to Oluwaseun and Oladimeji (2022), innovativeness equips SMEs with the capacity to respond effectively to environmental changes and consumer needs, making it a decisive factor for survival in turbulent markets. Similarly, Adeleke (2022) describes innovativeness as the engine of entrepreneurial growth, since it drives differentiation, market expansion, and long-term competitiveness.

The relevance of innovativeness to SME success lies in its ability to address the challenge of limited technological adoption and weak research linkages that often undermine business performance. In Nigeria, many SMEs rely on outdated methods, which restrict productivity and reduce competitiveness (Oladipo, 2023). Entrepreneurs who cultivate innovativeness are able to overcome these limitations by creatively adapting existing technologies, developing low-cost solutions, and offering products tailored to local needs. This enables them to break into new markets, reduce dependency on imports, and contribute to industrial development.

Innovativeness also fosters resilience by helping SMEs cope with infrastructural deficiencies and volatile business environments. Ogunyomi and Bruning (2021) observe that innovative SMEs often find ways to turn constraints into opportunities for example, by developing alternative energy solutions in response to unreliable electricity or by leveraging digital tools to bypass poor physical infrastructure. By doing so, they not only sustain operations but also gain competitive advantages over less adaptive firms.

When innovativeness is strong, SMEs are able to create value, enhance efficiency, and sustain growth despite limited resources. Conversely, low levels of innovativeness leave SMEs dependent on imitation, vulnerable to competition, and unable to meet the dynamic needs of consumers (Adeleke & Muda, 2023).

In summary, innovativeness is a vital entrepreneurial competence because it empowers SMEs to overcome technological and infrastructural challenges, differentiate themselves in competitive markets, and build sustainable enterprises. By fostering creativity and adaptation,

it transforms environmental constraints into opportunities for long-term growth and competitiveness.

Networking

Networking is a vital entrepreneurial competence that enables entrepreneurs to establish and sustain beneficial relationships with stakeholders such as suppliers, customers, financiers, and government agencies. It goes beyond informal social ties to represent a strategic tool for resource mobilisation and market positioning. According to Roberts and Eze (2023), effective networking provides SMEs with access to information, finance, and markets that would otherwise remain out of reach. In the same vein, Yusuf (2023) highlights that networks create channels for collaboration, trust-building, and knowledge exchange, which are essential for navigating uncertain business environments.

The importance of networking lies in its role in addressing the persistent challenge of limited access to finance and markets that many Nigerian SMEs face. Kareem (2022) notes that entrepreneurs with strong network connections can leverage trade associations, cooperative societies, and business forums to secure funding opportunities, negotiate better credit terms, and expand their customer bases. Such linkages not only ease financial constraints but also open up new avenues for partnerships and joint ventures.

Networking competence also enhances innovation and adaptability. Bello and Okon (2022) observe that SMEs integrated into professional networks are better positioned to adopt new technologies, learn industry best practices, and respond to regulatory shifts. These networks

provide platforms where entrepreneurs share experiences, exchange ideas, and collaborate on problem-solving, thereby strengthening resilience. For example, SMEs that engage in cluster-based networking often benefit from shared infrastructure and collective bargaining power, which reduce costs and improve competitiveness (Ibrahim & Lawal, 2023).

Moreover, networking addresses the issue of isolation that plagues many small businesses. Entrepreneurs who fail to cultivate networks often operate in silos, limiting their ability to scale or integrate into global value chains. In contrast, SMEs that actively build and sustain professional relationships are more likely to attract investors, penetrate export markets, and participate in industry linkages that secure long-term growth (Nwosu & Akintola, 2022).

When networking competence is strong, SMEs gain access to resources, build legitimacy, and improve their ability to cope with environmental challenges. Weak networking, on the other hand, leaves entrepreneurs disadvantaged, disconnected from support systems, and vulnerable to market shocks.

In summary, networking is an indispensable entrepreneurial competence because it helps SMEs overcome financing and market barriers, enhance adaptability, and reduce the risks of operating in isolation. By enabling entrepreneurs to leverage relationships for resources and knowledge, networking strengthens competitiveness and ensures the sustainability of small and medium-sized enterprises in dynamic economies.

Managerial Competence

Managerial competence refers to the ability of entrepreneurs to plan, organise, direct, and control resources in ways that ensure efficiency, productivity, and long-term sustainability of their enterprises. It goes beyond basic administrative skills to include financial management, strategic planning, human resource development, and leadership capabilities. According to Kareem and Hassan (2021), managerial competence is the backbone of SME performance, as it enables entrepreneurs to align scarce resources with strategic objectives while maintaining operational discipline. Similarly, Okoye (2022) argues that effective managerial capacity distinguishes enterprises that thrive from those that collapse within their early years.

The importance of managerial competence is most evident in addressing the chronic challenge of weak corporate governance among Nigerian SMEs. Many small businesses fail due to poor record-keeping, inadequate financial controls, and ineffective organisational structures (Ibrahim & Yusuf, 2023). Entrepreneurs with strong managerial skills are able to introduce systems of accountability, monitor cash flow, and implement budgets that reduce wastage and mismanagement. This competence also ensures compliance with regulatory requirements, thereby reducing the risks of legal and operational disruptions.

Furthermore, managerial competence strengthens employee productivity and organisational culture. Usman and Bello (2021) observe that SMEs with capable managers are more likely to implement human resource practices such as staff training, fair appraisal systems, and motivational incentives that improve worker performance. By cultivating a supportive and

structured work environment, entrepreneurs enhance commitment and reduce employee turnover two major barriers to SME sustainability.

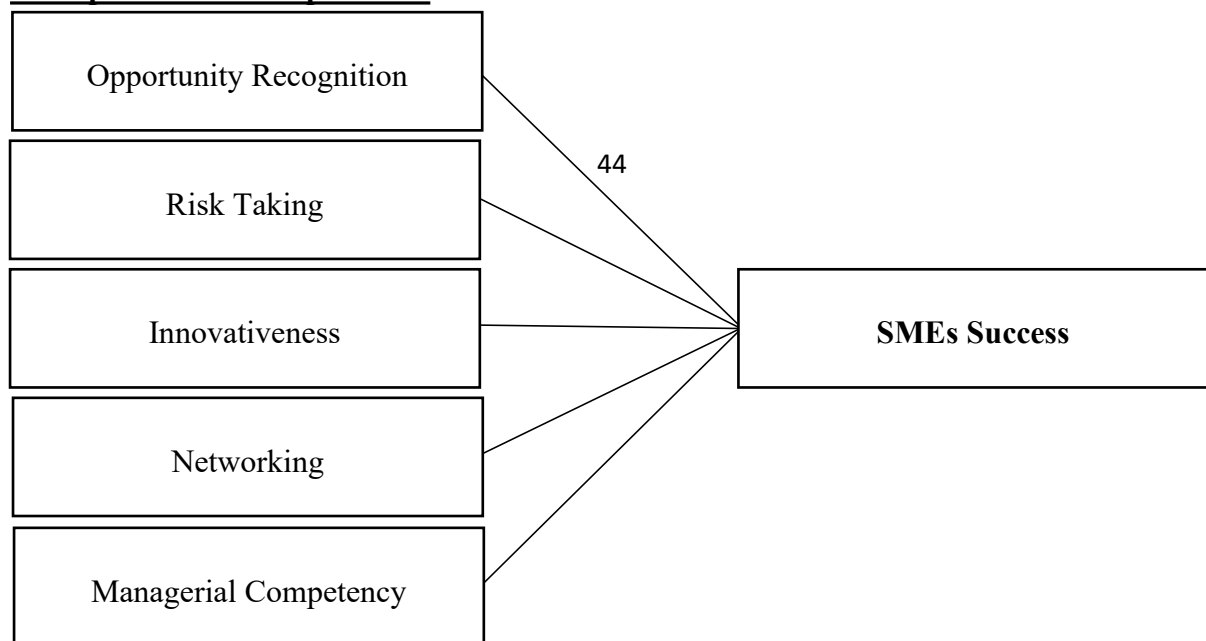
Managerial competence also equips SMEs to withstand environmental turbulence. In the face of inflation, infrastructural deficits, and market competition, entrepreneurs with strong planning and strategic abilities are able to design adaptive business models that secure long-term survival (Chukwu & Hassan, 2022). For instance, SMEs that engaged in scenario planning and diversified their operations during recent economic downturns were more resilient compared to those lacking structured management systems.

When managerial competence is strong, SMEs can optimise resources, maintain efficiency, and sustain growth. Conversely, weak managerial skills lead to inefficiencies, poor decision-making, and vulnerability to external shocks, often resulting in high business mortality rates.

In summary, managerial competence is a critical dimension of entrepreneurial skills because it addresses the persistent problems of weak governance, poor financial management, and low employee productivity. By equipping entrepreneurs with the ability to plan, lead, and adapt, this competence ensures the resilience and sustainability of SMEs in challenging environments.

2.3 Conceptual Framework

Entrepreneurial Competencies



2.4 Theoretical Review

2.4.1 Human Capital Theory

The Human Capital Theory traces its intellectual origins to the works of Schultz (1961) and Becker (1964), who argued that education, training, and skill development are forms of investment that enhance the productive capacity of individuals. In this tradition, people are not merely labour inputs but assets whose value can be increased through deliberate investment in their knowledge, abilities, and health, thereby improving both individual earnings and organisational outcomes.

The theory's core assumptions are particularly useful for explaining differences in firm performance. First, productivity gaps across individuals and firms are explained largely by differences in the quantity and quality of investments in people. Second, human-capital investments are strategic and purposive: training, mentoring, and career development are expected to produce observable improvements in capability and output. Third, human capital

is partially transferable but also firm-specific some knowledge and routines become embedded in organisational processes and generate sustained competitive advantage. (Adewale, 2021).

Applied to the present study, Human Capital Theory frames entrepreneurial competencies: opportunity recognition, risk-taking, innovativeness, networking and managerial competence as forms of human capital. Investments that strengthen these competencies (e.g., targeted training, mentoring, experiential learning, and facilitated networking) increase an entrepreneur's ability to spot and exploit opportunities, manage uncertainty, innovate around resource constraints, and run the firm more effectively. Empirical work supports this link: deliberate capacity-building and knowledge-sharing interventions improve adaptability, decision-making, and firm performance in contexts similar to Nigeria's SME sector. (Eke & Chukwu, 2023; Taylor, 2022).

The theory also clarifies mechanisms through which competencies mitigate SME challenges. For example, training and development reduce skill gaps that cause inefficiency; managerial-capacity building improves record-keeping and financial controls that lower failure risk; and facilitated networking transfers tacit knowledge and access to finance that otherwise remain unavailable to isolated entrepreneurs. In short, investing in entrepreneurs' human capital converts environmental constraints (poor infrastructure, limited credit, regulatory complexity) into manageable operational risks and competitive opportunities. (Johnson & Adebayo, 2024)

In summary, Human Capital Theory provides a strong theoretical anchor for this study: it explains why and how investments in entrepreneurial competencies should lead to improved SME survival, growth and productivity. By treating competencies as strategic, accumulable assets, the theory supports both the conceptualisation of your five dimensions as forms of human capital and the empirical expectation that interventions which build these competencies will yield measurable improvements in SME performance.

2.4.2 Resource-Based View (RBV)

The Resource-Based View (RBV) of the firm, pioneered by Penrose (1959) and later refined by Barney (1991), argues that firms achieve and sustain competitive advantage when they possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Unlike theories that emphasise external market conditions, RBV focuses on internal capabilities as the primary determinants of organisational performance. Resources in this framework include tangible assets such as infrastructure and capital, as well as intangible assets such as skills, knowledge, relationships, and competencies (Wernerfelt, 1984).

The central assumption of RBV is that not all resources are equally important; only those that are strategically unique and difficult to replicate can deliver long-term advantage. Such resources allow firms to perform activities more efficiently and effectively than competitors, creating barriers to imitation. Recent studies extend this reasoning by highlighting that intangible resources like knowledge, entrepreneurial judgment, and relational networks often

create stronger and more sustainable advantages than physical or financial capital (Oluwaseun & Oladimeji, 2022).

Applied to this study, RBV positions entrepreneurial competencies as critical intangible resources that drive SME success. Skills such as opportunity recognition, risk-taking, innovativeness, networking, and managerial competence are not easily copied or substituted, making them strategic drivers of performance. For instance, strong networking ability provides SMEs with privileged access to markets and finance that competitors without similar ties cannot easily obtain. Likewise, managerial competence enables entrepreneurs to structure operations more effectively, producing efficiency gains that are difficult for rivals to replicate (Adeleke & Muda, 2023).

RBV also helps explain how SMEs can overcome environmental challenges despite limited tangible resources. In developing economies like Nigeria, where SMEs face infrastructural gaps, unstable policies, and poor access to finance, those with unique intangible resources such as innovative capabilities and entrepreneurial foresight are better positioned to survive and grow. Ogunyomi and Bruning (2021) argue that such competencies transform resource scarcity into opportunities by enabling firms to do “more with less,” thereby achieving efficiency and resilience.

In summary, RBV provides a powerful lens for understanding SME performance by emphasising the strategic importance of unique and inimitable resources. Entrepreneurial competencies qualify as such resources because they cannot be easily acquired, transferred,

or replicated, yet they directly enhance SME adaptability, competitiveness, and sustainability. This makes RBV a central theoretical foundation for analysing the role of competencies in tackling challenges and driving the success of SMEs.

2.4.3 Dynamic Capabilities Theory

Dynamic Capabilities Theory, advanced by Teece, Pisano, and Shuen (1997), extends the Resource-Based View by emphasising not only the possession of valuable resources but also the ability to integrate, build, and reconfigure them in response to rapidly changing environments. The theory argues that in turbulent markets, it is not static resources alone that matter, but the firm's capacity to adapt, renew, and transform its competencies to meet evolving challenges and opportunities. Dynamic capabilities therefore highlight agility, resilience, and strategic flexibility as central drivers of sustainable performance.

The core assumption of the theory is that competitive advantage arises from three interrelated processes: sensing opportunities and threats, seizing them through strategic decisions, and reconfiguring resources to sustain advantage. Unlike traditional capabilities that are routine-based, dynamic capabilities are adaptive and evolutionary, allowing firms to reposition themselves in volatile environments (Teece, 2018). Recent scholars reinforce this view, noting that dynamic capabilities are especially critical for SMEs in emerging economies where market instability, infrastructural deficits, and regulatory uncertainty frequently disrupt business operations (Oladipo, 2023).

Applied to this study, Dynamic Capabilities Theory positions entrepreneurial competencies as the foundation of adaptability for SMEs. Opportunity recognition aligns with the “sensing” dimension, as entrepreneurs scan the environment for new trends and possibilities. Risk-taking and innovativeness represent the “seizing” function, enabling entrepreneurs to commit resources to promising ventures and develop novel solutions. Managerial competence and networking fall under “reconfiguring,” as they allow SMEs to restructure resources, build partnerships, and adjust strategies in line with changing conditions. Together, these competencies ensure that SMEs do not merely survive environmental turbulence but transform it into avenues for competitive advantage (Eze, 2022).

Dynamic capabilities also help explain why some SMEs in Nigeria are able to thrive despite structural challenges that cripple others. For example, SMEs that adopted digital platforms during the COVID-19 pandemic demonstrated stronger adaptability and growth compared to firms that failed to reconfigure operations (Adeleke & Muda, 2023). Similarly, entrepreneurs who cultivate networks are better able to adjust supply chains and secure inputs during market disruptions, thereby sustaining operations.

In summary, Dynamic Capabilities Theory underscores the importance of entrepreneurial competencies as adaptive mechanisms that enable SMEs to sense, seize, and reconfigure resources in response to environmental turbulence. By framing competencies as dynamic capabilities, the theory highlights how SMEs can overcome infrastructural gaps, policy instability, and competitive pressures to achieve resilience and long-term success.

2.4.4 Competence-Based Theory of the Firm

The Competence-Based Theory of the Firm emerged in the 1990s as an extension of strategic management research, emphasising that firms exist and grow primarily because of the unique competencies they develop and deploy (Sanchez, Heene & Thomas, 1996). Unlike approaches that treat firms as bundles of resources or contractual arrangements, this theory places competencies integrated sets of knowledge, skills, and capabilities at the centre of organisational performance and competitive advantage. The theory posits that firms succeed not simply by possessing resources, but by cultivating distinctive competencies that allow them to innovate, adapt, and deliver superior value.

The central assumption of this theory is that competencies are dynamic, embedded in processes, and often firm-specific. They develop over time through learning, experience, and interaction, and once established, they shape the identity and strategic trajectory of the firm (Grant, 1996). Recent perspectives argue that competencies are critical for SMEs because they help bridge gaps in physical resources, finance, and infrastructure by leveraging intangible capabilities such as knowledge, innovation, and entrepreneurial judgment (Usman & Bello, 2021).

Applied to this study, the Competence-Based Theory highlights how entrepreneurial competencies opportunity recognition, risk-taking, innovativeness, networking, and managerial skills constitute the building blocks of SME success. These competencies enable entrepreneurs to mobilise limited resources, create value in resource-constrained

environments, and differentiate themselves in competitive markets. For example, managerial competence ensures effective resource utilisation, while innovativeness allows SMEs to create unique products despite infrastructural deficiencies. Networking, in turn, expands access to markets and finance, while risk-taking and opportunity recognition allow entrepreneurs to pursue ventures others may overlook (Ibrahim & Yusuf, 2023).

This theory also provides insight into why SMEs with similar resources often perform differently. Those that intentionally build distinctive competencies are able to achieve sustainability and growth, while others without such capabilities stagnate or fail. By focusing on competencies as the primary unit of analysis, the theory explains how SMEs transform environmental challenges into opportunities for competitive advantage (Okoye, 2022).

In summary, the Competence-Based Theory of the Firm provides a strong theoretical foundation for this study by framing entrepreneurial competencies as the drivers of organisational survival and growth. It reinforces the view that SMEs succeed not merely because of external factors or resource possession but because of the distinctive competencies entrepreneurs develop, integrate, and apply in managing their businesses.

2.5 Theoretical Framework

Competence-Based Theory of the Firm

This study is anchored on the Competence-Based Theory of the Firm, a perspective advanced in the 1990s by Sanchez, Heene, and Thomas (1996). The theory posits that firms exist and grow primarily because of the distinctive competencies they develop and apply in pursuing

strategic objectives. Competencies are not simply technical skills, but integrated sets of knowledge, capabilities, and behaviours that allow organisations to innovate, adapt, and sustain long-term success. Unlike earlier perspectives that emphasised tangible resources, the Competence-Based Theory highlights that organisational performance and survival are rooted in intangible competencies that competitors cannot easily imitate (Usman & Bello, 2021).

At its core, the Competence-Based Theory explains that enterprises thrive when they cultivate and mobilise unique competencies that allow them to exploit opportunities, manage uncertainty, and differentiate themselves in competitive markets. These competencies are dynamic, evolving over time through learning, experience, and interaction, and they often become embedded in organisational processes. Okoye (2022) notes that competence development is especially vital for SMEs, which typically operate in resource-constrained environments; their survival depends less on access to physical capital and more on the ability of entrepreneurs to deploy distinctive skills and judgment. This makes the Competence-Based Theory highly relevant as the anchor for this study, since it frames entrepreneurial competencies as the core drivers of SME success.

Within the context of this research, the dimensions of entrepreneurial competence are conceptualised through the Competence-Based Theory as follows:

Opportunity Recognition

Within the Competence-Based Theory, opportunity recognition is understood as a distinctive competence that separates thriving firms from those trapped in survival mode. For SMEs, this competence is not just about spotting gaps in saturated markets but about cultivating a mindset of alertness and foresight that translates emerging trends into viable ventures. By recognising shifts in consumer demand, technological changes, or policy reforms, entrepreneurs convert uncertainty into a strategic advantage. For instance, Nigerian SMEs that recognised opportunities in the digital economy during recent economic disruptions were able to sustain and even grow their businesses, while others without such foresight stagnated. Thus, opportunity recognition demonstrates how unique entrepreneurial competencies function as the foundation of competitive positioning under this theory (Adeleke & Muda, 2023).

Risk-Taking

The Competence-Based Theory views risk-taking as a strategic competence that reflects an entrepreneur's ability to make bold but calculated decisions under uncertainty. For SMEs, this competence enables diversification, entry into new markets, and investment in innovation despite resource constraints. Entrepreneurs who develop risk-taking skills are able to challenge excessive conservatism, which is often a major barrier to SME growth in developing economies. For example, risk-taking competence allows SMEs to pursue export opportunities or adopt novel business models that carry short-term uncertainty but long-term benefits. By framing risk-taking as a core competence, the theory explains why firms with

similar resource levels perform differently: those willing and able to assume calculated risks are more likely to scale and achieve sustainable growth (Oyeku, 2024).

Innovativeness

In the Competence-Based Theory, innovativeness is positioned as one of the most critical competencies for sustaining long-term competitiveness. It represents the entrepreneur's ability to recombine existing knowledge and resources into new products, services, or processes that differentiate the firm in the market. For SMEs in Nigeria, where infrastructural deficiencies and technological gaps are common, innovativeness becomes a strategic response to limitations. Entrepreneurs who creatively adapt technology, develop cost-effective substitutes, or customise solutions for local markets build resilience against structural challenges. Innovativeness thus embodies the theory's principle that unique, firm-specific competencies—rather than generic resources—are what enable enterprises to stand out and succeed in competitive environments (Oluwaseun & Oladimeji, 2022).

Networking

The Competence-Based Theory also highlights relational competencies such as networking, which extend the firm's resource base beyond what it directly controls. For SMEs, networking provides access to financial capital, market information, mentorship, and strategic partnerships that would otherwise remain unattainable. This competence allows entrepreneurs to integrate into supply chains, build legitimacy, and secure market entry advantages. In resource-constrained environments like Nigeria, networking is particularly crucial for

overcoming isolation and scale limitations. SMEs that establish strong networks with investors, government agencies, and industry associations are better positioned to secure growth opportunities and withstand shocks, demonstrating how relational competencies form part of the distinctive foundations of firm success (Roberts & Eze, 2023).

Managerial Competence

Finally, managerial competence is treated within the Competence-Based Theory as the integrative force that aligns all other competencies into a coherent system of practice. It encompasses strategic planning, financial management, human resource development, and operational oversight. For SMEs, managerial competence is vital in addressing chronic issues such as poor record-keeping, weak governance, and inefficient resource use. By ensuring that resources are allocated wisely, employees are motivated, and strategies are effectively implemented, managerial competence transforms individual entrepreneurial skills into organisational outcomes. In this sense, it validates the theory's emphasis on competencies as the ultimate drivers of performance and sustainability. Nigerian SMEs with strong managerial capabilities are consistently shown to outperform those with similar resources but weaker leadership, underscoring the practical relevance of this dimension (Ibrahim & Yusuf, 2023).

In summary, the Competence-Based Theory of the Firm provides a robust foundation for this study by framing entrepreneurial competencies as the critical assets that determine SME survival and growth. By conceptualising opportunity recognition, risk-taking, innovativeness, networking, and managerial competence as distinctive capabilities, the theory establishes a

clear rationale for analysing how competencies enable SMEs to overcome challenges, achieve competitiveness, and contribute to long-term economic sustainability.

2.6 Empirical Literature

2.6.1 Opportunity Recognition and SME Performance

A study conducted by Donbesuur, Ampong and Owusu-Yeboah (2022) investigated the effect of external knowledge resources on new venture performance with opportunity recognition serving as a mediating factor. Using a survey of firms across multiple industries, the authors applied regression analysis to test the relationship. Findings revealed that access to external knowledge significantly improved venture performance, and this effect was partly explained by entrepreneurs' ability to recognise opportunities. The study recommended stronger linkages between SMEs and knowledge institutions such as universities, consultants, and industry associations to enhance opportunity recognition and subsequent performance.

Similarly, Araujo, Fischer and Oliveira (2023) examined the role of entrepreneurial alertness in opportunity identification and venture outcomes. Drawing on data synthesised from several empirical studies across different contexts, the authors used a meta-analytic approach to assess the consistency of results. Findings showed that entrepreneurial alertness demonstrated a strong positive relationship with opportunity recognition, innovation, and venture performance. The study concluded that structured mentoring and experiential learning should be prioritised to build alertness and strengthen opportunity recognition among entrepreneurs.

In another study, Lanivich, Hoyte and Wuerthmann (2024) explored the contribution of entrepreneurial alertness to innovation and growth among 226 entrepreneurs operating in an emerging economy. Data were collected through a structured survey and analysed using regression techniques. Results indicated that entrepreneurial alertness significantly mediated the relationship between resilience and outcomes such as product differentiation and internationalisation. The authors recommended that SMEs develop resilience and environmental scanning practices to translate alertness into actionable opportunities, particularly in volatile business environments.

Extending to the Nigerian context, Ojogbo, Idemobi and Ngige (2024) investigated the influence of entrepreneurship education and training intensity on opportunity recognition and new venture formation among 401 graduates from tertiary institutions in South-South Nigeria. Employing a descriptive survey design and regression analysis, the study revealed that greater exposure to entrepreneurship education and longer training duration significantly improved opportunity recognition and increased the likelihood of venture creation. The authors recommended that tertiary institutions expand and deepen entrepreneurship curricula to enhance graduates' capacity for identifying and acting upon business opportunities.

2.6.2 Risk-Taking and SME Performance

A study conducted by Akpan, Eze and Okafor (2021) examined the influence of entrepreneurial risk-taking on the growth of small and medium enterprises in South-East Nigeria. Using a survey of 310 SME owners and managers, the authors applied regression

analysis to determine the effect of risk-taking behaviour on business outcomes. Findings revealed that entrepreneurs who demonstrated higher willingness to take calculated risks achieved greater expansion, higher sales turnover, and improved competitiveness. The study recommended that SMEs adopt structured risk management strategies that balance caution with opportunity pursuit.

Similarly, Bello and Adedoyin (2022) investigated the relationship between risk-taking and performance among SMEs in Lagos State. Employing a descriptive survey of 280 entrepreneurs across different sectors, the study found a significant positive association between risk-taking and profitability. The authors concluded that calculated risk-taking enhances innovation and market penetration, and suggested that entrepreneurs should be trained in financial literacy and scenario planning to improve decision-making under uncertainty.

In another study, Chukwu, Ibrahim and Hassan (2023) analysed the role of risk-taking in sustaining SMEs in Northern Nigeria. Data were collected from 295 SME operators using a structured questionnaire and analysed with correlation and regression models. Results showed that risk-taking behaviour enabled SMEs to diversify into new markets and withstand environmental turbulence such as inflation and infrastructural challenges. The authors recommended that SMEs strengthen resilience through proactive planning and strategic investment in new opportunities.

Extending to an international context, Alshammari, Alqahtani and Habib (2024) explored the effect of entrepreneurial risk-taking on SME survival in Saudi Arabia. Using a quantitative design with a sample of 340 entrepreneurs across various industries, the study revealed that risk-taking positively influenced business longevity and innovation outcomes. The findings suggested that risk-taking competence helps SMEs to navigate uncertainty, improve adaptability, and achieve sustainable performance.

2.6.3 Innovativeness and SME Performance

A study conducted by Adegbite, Olayemi and Nwachukwu (2021) investigated the effect of innovativeness on the performance of SMEs in Oyo State, Nigeria. Using a survey of 265 SME operators across the manufacturing and service sectors, the authors employed regression analysis to test the relationship between innovation practices and performance outcomes. Findings revealed that product and process innovations significantly enhanced productivity, market share, and customer satisfaction. The study recommended that SMEs adopt a culture of continuous improvement and invest in research and development to sustain growth.

Similarly, Oladipo, Kareem and Sulaiman (2022) examined the role of innovativeness in improving competitiveness among SMEs in Lagos State. Employing a descriptive survey design with a sample of 280 entrepreneurs, the researchers found that innovative practices such as the adoption of digital tools and flexible business models had a strong positive effect on profitability and survival. The study concluded that SMEs should leverage technological advancements and creativity to strengthen their competitive advantage in turbulent markets.

In another study, Eze, Nwosu and Chinedu (2023) analysed the relationship between innovativeness and growth in SMEs operating in Enugu State. Data collected from 240 SME owners were tested using correlation and regression models. Results indicated that innovative SMEs were more likely to expand into new markets, attract external financing, and sustain long-term operations compared to less innovative counterparts. The authors recommended that government agencies provide incentives and training programmes to encourage innovation among small business operators.

Extending to a broader context, Johnson, Mensah and Boateng (2024) explored the impact of innovativeness on SME performance in Ghana. Using a quantitative design with a sample of 320 SMEs across different sectors, the study revealed that product, process, and marketing innovations contributed significantly to higher profitability, export readiness, and adaptability. The findings suggested that innovation is a critical driver of competitiveness and recommended that SMEs collaborate with universities and research institutes to strengthen their innovative capacity.

2.6.4 Networking and SME Performance

A study conducted by Usman, Bello and Adebayo (2021) investigated the role of networking in enhancing the performance of SMEs in Abuja, Nigeria. Using a survey of 260 entrepreneurs across different sectors, the authors employed regression analysis to examine the relationship between networking activities and firm outcomes. Findings revealed that entrepreneurs who maintained stronger business networks achieved better access to financing,

improved supply chains, and higher profitability. The study recommended that SMEs actively participate in trade associations and professional forums to expand their business connections. Similarly, Nwankwo, Chidiebere and Okorie (2022) examined the effect of networking on SME survival in Anambra State. Employing a descriptive survey of 275 SME operators, the researchers found that networking significantly contributed to business resilience by improving access to market information and collaborative opportunities. The study concluded that SMEs that cultivate strategic networks are better positioned to adapt to environmental challenges and sustain long-term growth.

In another study, Ibrahim, Lawal and Hassan (2023) analysed the impact of networking on the competitiveness of SMEs in Kano State. Data were collected from 285 SME owners through structured questionnaires and tested using correlation and regression models. Results showed that networking enhanced market expansion, increased innovation adoption, and improved customer retention. The authors recommended that SMEs leverage cluster-based networking and industry partnerships to improve their competitive advantage.

Extending to an international context, Roberts, Eze and Moyo (2023) explored the role of networking in SME performance across Sub-Saharan Africa. Using a cross-sectional survey of 310 SMEs across three countries, the study revealed that networking facilitated knowledge exchange, cross-border trade, and greater access to external finance. The findings suggested that SMEs with robust networking competencies are more likely to achieve internationalisation and long-term sustainability.

2.6.5 Managerial Competence and SME Performance

A study conducted by Kareem, Musa and Adedeji (2021) investigated the influence of managerial competence on the performance of SMEs in Ogun State, Nigeria. Using a survey of 270 SME owners and managers, the authors applied regression analysis to assess the effect of managerial skills on firm outcomes. Findings revealed that competencies in planning, decision-making, and financial management significantly improved productivity and profitability. The study recommended that SME operators develop managerial training programmes to strengthen their business administration capacity.

Similarly, Okoye, Eneh and Ugochukwu (2022) examined the role of managerial competence in sustaining SMEs in Enugu State. Employing a descriptive survey of 250 entrepreneurs across retail and service sectors, the researchers found that managerial competence was positively associated with business survival, particularly in record-keeping, employee supervision, and customer relationship management. The study concluded that managerial training is essential for reducing business failure rates among SMEs.

In another study, Ibrahim, Yusuf and Chukwu (2023) analysed the relationship between managerial skills and competitive advantage among SMEs in Northern Nigeria. Data collected from 280 SME operators through structured questionnaires were tested using correlation and regression models. Results showed that entrepreneurs with stronger

managerial competencies were more likely to adopt effective strategies, improve resource allocation, and sustain growth. The authors recommended that government and private agencies provide targeted managerial capacity-building initiatives for SME owners.

Extending to an international perspective, Hassan, Mensah and Boateng (2024) explored the effect of managerial competence on SME performance in Ghana. Using a quantitative design with a sample of 300 SME owners across manufacturing and service sectors, the study revealed that managerial competence enhanced strategic planning, innovation adoption, and long-term sustainability. The findings suggested that SMEs that invest in managerial development are better equipped to cope with environmental uncertainties and remain competitive in the global economy.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter outlines the methodology adopted for this study on "the effect entrepreneurial competencies on the success of SMEs in Benin, Benin City, Edo State, Nigeria". This chapter included the research design, population and sampling, measurement and operationalization of the variables, source of data, research instrument, method of data analysis reliability and validity of data and model specification.

3.2 Research Design

The study adopts a survey research design, which is appropriate for investigating relationships between entrepreneurial competencies and the success of SMEs. According to Saunders, Lewis, and Thornhill (2019), survey research design enables researchers to gather large amounts of data systematically and efficiently. The research employs a cross-sectional approach, capturing data from respondents at a single point in time. This approach allows for an in-depth analysis of talent management strategies, and their impact on employee performance.

3.3 Population and Sampling Techniques

The population forms a basis from which the sample or subjects for the study is drawn, Cooper and Schindler (2001). The population of interest for the study consists of 162 SMEs Benin, Benin city, Edo state, Nigeria.

3.4 Sample Size and Sampling Techniques

In selecting an appropriate sample size for this study, Taro Yamane's formula is employed to ensure statistical reliability. The population for this research consists of 162 SMEs in Benin, Benin City, Edo State, Nigeria.

Applying Taro Yamane's sample size determination formula:

$$n = \frac{N}{1 + Ne^2}$$

where N = 162 and the chosen margin of error (e) is **0.05** (corresponding to a 95% confidence level), the sample size calculation proceeds as follows:

$$n = \frac{162}{1 + 162(0.05)^2}$$

$$n = \frac{162}{1 + 162(0.0025)}$$

$$n = \frac{162}{1 + 0.405}$$

$$n = \frac{162}{1.405}$$

$$n = 115$$

3.5 Measurement and Operationalisation of Variables

The study examines talent management and employee performance. The responses from respondents will be measured using a 5-point Likert scale of “Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree”. The questions will be in statement format and respondents will answer with the options on the statements given.

Table 3.1 Operationalization of Variables

S/N	Variables	Operationalization	Measurement
	Demography of respondents		
1	Gender	Two point scale.	Q1
2	Age	Four point scale.	Q2
3	Highest educational qualification of respondents	Five-point scale.	Q4
4	Role in the firm	Two-point scale.	Q5
5	Years in operation of firm	Four-point scale.	Q6
6	Sector	Four-point scale.	
7	Number of employees	Six point scale.	

	Independent Variables		
8	Opportunity Recognition	refers to the ability of an entrepreneur to identify and evaluate potential business opportunities within the environment that can be exploited for growth and competitive advantage.	Q7 - Q11
9	Risk Taking	refers to the willingness of an entrepreneur to make bold decisions and commit resources to uncertain ventures in pursuit of higher returns and business growth.	Q12 - Q16
10	Risk Taking	refers to the willingness of an entrepreneur to make bold decisions and commit resources to uncertain ventures in pursuit of higher returns and business growth.	Q17 – Q21
11	Networking	refers to the practice of establishing and maintaining relationships with	Q22 - Q26

		individuals, organizations, and professional groups to access resources, information, and opportunities beneficial to the business.	
12	Managerial Competency	refers to the skills and abilities of an entrepreneur to effectively plan, organize, lead, and control business resources to achieve set objectives.	
Dependent Variable			
13	SMEs	refers to Small and Medium-sized Enterprises , which are independently operated businesses with limited employees and revenue, contributing significantly to economic growth.	Q27 – Q31

(Source: Researcher, 2025)

3.6 Research Instrument

The instrument of data collection is a questionnaire, prepared by the researcher. The questionnaire will be utilized to gather information about the research by relating all the questions to the relevant goals. It will comprise items with a variety of closed-ended inquiries.

The Likert's five-point scale and summated scale will be utilized for assessing answers (Kothari, 2009).

The questionnaire will be in two sections. Section A will solicit information on the respondents' demography. Section B will consist of questions on the variables of the study. Responses will be rated on a 5-point Likert scale for which 1 (one) is strongly disagree and 5 (five) is strongly agree.

3.6.1 Validity and Reliability of the Instrument

Validity refers to the extent to which a research instrument accurately measured what it was intended to measure. Construct validity was assessed through an Exploratory Factor Analysis (EFA), where an Eigenvalue greater than 1 indicated that the research instrument was valid (Hair, Hult, Ringle & Sarstedt, 2022). Content and face validity were also ensured through expert reviews, confirming that the questionnaire adequately covered all relevant aspects of talent management and employee performance.

Reliability refers to the consistency of a research instrument over time. The reliability of this study's instrument was evaluated using Cronbach's alpha coefficient. A coefficient above 0.7 indicated high internal consistency, signifying that the instrument produced stable and reliable results (Saunders, Lewis & Thornhill, 2019).

3.7 Source of Data

For the purpose of this study, primary data will be used. The primary data will be extracted from the sampled respondents using a carefully structured questionnaire.

3.8 Method of Data Analysis

The responses from the questionnaire will be analyzed using descriptive and inferential statistics. Descriptive statistics, including frequency distributions, means, and standard deviations, will be used to summarize demographic characteristics and the dependent and independent variables. Multiple regression analysis will be employed to test hypotheses and determine the impact of entrepreneurial competencies on the success of SMEs.

Regression analysis will be used to establish the relationship between entrepreneurial competencies and success of SMEs. The Statistical Package for Social Sciences (SPSS 25) software will be utilized for data analysis, ensuring accurate and efficient computation of statistical measures.

3.9 Model Specification

The ordinary least square method (OLS) was employed as the estimation technique. The functional relationship between the dependent and independent variable are as follows;

$$SMEs = f(OR, RT, INV, NTW, MC) \dots\dots\dots 1$$

This can be written econometrically as:

$$SMEs_i = \beta_0 + \beta_1 OR_i + \beta_2 RT_i + \beta_3 INV_i + \beta_4 NTW_i + \beta_5 MC_i \dots\dots\dots 2$$

Where:

SMEs = Small Medium Enterprise (Dependent Variable)

OR = Opportunity Recognition

RT = Risk Taking

INV = Innovation

NTW = Networking

MC = Managerial Competencies

β_1 to β_5 = Coefficient of variables

e = Error term

The expected apriori signs are such that:

$\beta_1 > 0$; This implies that an increase in opportunity recognition will cause a proportionate increase in the success of SMEs in Benin City.

$\beta_2 > 0$; This implies that an increase in risk taking will cause a proportionate increase in the success of SMEs in Benin City.

$\beta_3 > 0$; This implies that an increase in innovation will cause a proportionate increase in the success of SMEs in Benin City.

$\beta_4 > 0$; This implies that an increase in networking will cause a proportionate increase in the success of SMEs in Benin City.

$\beta_5 > 0$; This implies that an increase in managerial competencies will cause a proportionate increase in the success of SMEs in Benin City.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents the data collected from respondents and the statistical analyses conducted to examine the effect of entrepreneurial competencies on the success of small and medium enterprises (SMEs) in Nigeria. The analyses were based on data obtained from one hundred and fifteen (115) valid responses from SME owners and managers within the study area.

The chapter is organized into sections that include the demographic characteristics of respondents, the descriptive analysis of variables, and the test of hypotheses using inferential statistics. These analyses were carried out to provide empirical evidence on how specific entrepreneurial competencies influence business outcomes among SMEs.

The independent variables in this study include Opportunity Recognition (OR), Risk Taking (RT), Innovativeness (IN), Networking (NW), and Managerial Competence (MC), while Success of SMEs (SS) serves as the dependent variable.

Descriptive statistics such as frequency counts, percentages, and means were used to summarize respondents' views on each construct. Inferential statistics, particularly correlation and multiple regression analysis, were employed to test the hypotheses and determine the nature and strength of the relationships between the entrepreneurial competencies and SME success.

4.2 Demographic Characteristics of Respondents

This section presents the demographic characteristics of the respondents who participated in this study. It summarizes their distribution based on gender, age, highest educational qualification, role in the firm, years in operation, business sector, and number of employees. These details provide a comprehensive overview of the composition of the sampled SME owners and managers and help to contextualize their responses to the research variables examined in this study.

Table 4.1: Demographic Characteristics of Respondents (n = 115)

Variable	Category	Frequency	Percent
Gender	Male	60	52.2
	Female	55	47.8
	Total	115	100.0
Age	21–25 years	20	17.4
	26–30 years	48	41.7
	31–35 years	22	19.1

	36 years and above	25	21.8
	Total	115	100.0
Highest Qualification	Diploma/OND/NCE	26	22.6
	BSc	60	52.2
	MSc	5	4.3
	Others	24	20.9
	Total	115	100.0
Role in Firm	Owner	71	61.7
	Manager	44	38.3
	Total	115	100.0
Years in Operation	0–2 years	68	59.1
	3–5 years	40	34.8
	6–10 years	7	6.1
	Total	115	100.0
Sector	Manufacturing	23	20.0
	Retail	26	22.6
	Services	66	57.4
	Total	115	100.0
Number of Employees	1–10	84	73.0
	11–20	25	21.7
	21–30	3	2.6
	31–40	3	2.6
	Total	115	100.0

Source:

Gender

Table 4.1 shows that 60 respondents, representing 52.2%, are male, while 55 respondents (47.8%) are female. This indicates that both genders are fairly represented among the study participants, with a slight predominance of male respondents.

Age

The table reveals that 20 respondents (17.4%) fall within the age range of 21–25 years, 48 respondents (41.7%) are between 26–30 years, 22 respondents (19.1%) are within 31–35 years, and 25 respondents (21.8%) are aged 36 years and above. This shows that the largest proportion of respondents are between 26 and 30 years old.

Highest Qualification

Regarding educational background, 26 respondents (22.6%) possess Diploma/OND/NCE qualifications, 60 respondents (52.2%) hold Bachelor's degrees, 5 respondents (4.3%) have Master's degrees, while 24 respondents (20.9%) have other qualifications. This indicates that most respondents have at least a Bachelor's degree.

Role in Firm

Out of the total respondents, 71 (61.7%) are business owners, while 44 (38.3%) are managers. This shows that the majority of respondents occupy ownership positions in their firms.

Years in Operation

The distribution by years in operation shows that 68 respondents (59.1%) reported 0–2 years of business operation, 40 respondents (34.8%) indicated 3–5 years, while 7 respondents

(6.1%) stated 6–10 years. This suggests that most of the surveyed businesses have been operating for fewer than five years.

Sector

With respect to business sector, 23 respondents (20.0%) operate in manufacturing, 26 respondents (22.6%) are in retail, and 66 respondents (57.4%) are in services. This indicates that the majority of businesses represented in the sample operate within the service sector.

Number of Employees

The results show that 84 respondents (73.0%) have between 1–10 employees, 25 respondents (21.7%) have 11–20 employees, and 6 respondents (5.2%) have more than 20 employees. This implies that most of the sampled firms are small-scale enterprises with limited staff strength.

4.3 Data Presentation and Analysis for the Study Variables

This section presents the descriptive analysis of the main study variables, which include Opportunity Recognition, Risk Taking, Innovativeness, Networking, Managerial Competence, and Success of SMEs. The analysis is based on respondents' level of agreement with each item, measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The mean scores, frequency counts, and percentage distributions are used to describe the general trends, opinions, and perceptions of the respondents concerning each of the variables under investigation.

Table 4.3.1: Descriptive Statistics of Opportunity Recognition

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{x})
1	I actively scan my business environment for emerging opportunities.	49 (42.6)	35 (30.4)	26 (22.6)	5 (4.3)	0 (0.0)	4.11
2	I can quickly recognize market gaps that competitors have not exploited.	43 (37.4)	49 (42.6)	20 (17.4)	3 (2.6)	0 (0.0)	4.15
3	I identify customer needs before they become widely known.	55 (47.8)	33 (28.7)	27 (23.5)	0 (0.0)	0 (0.0)	4.24
4	I frequently evaluate trends to spot potential new ventures.	53 (46.1)	31 (27.0)	29 (25.2)	2 (1.7)	0 (0.0)	4.16
5	I regularly act on opportunities that align with my business goals.	62 (53.9)	35 (30.4)	16 (13.9)	2 (1.7)	0 (0.0)	4.37
	Average Mean						4.21

Source: Researcher's Fieldwork (2025)

For item 1, “*I actively scan my business environment for emerging opportunities,*” 49 respondents (42.6%) strongly agreed, 35 (30.4%) agreed, 26 (22.6%) were undecided, and 5 (4.3%) disagreed. The mean score of 4.11 indicates agreement, suggesting that most respondents actively observe their business environments to identify new opportunities.

For item 2, “*I can quickly recognize market gaps that competitors have not exploited,*” 43 respondents (37.4%) strongly agreed, 49 (42.6%) agreed, 20 (17.4%) were undecided, and 3 (2.6%) disagreed. The mean score of 4.15 reflects general agreement that respondents possess the ability to identify untapped market opportunities ahead of competitors.

For item 3, “*I identify customer needs before they become widely known,*” 55 respondents (47.8%) strongly agreed, 33 (28.7%) agreed, and 27 (23.5%) were undecided. The mean

score of 4.24 shows a strong level of agreement, implying that many respondents are proactive in anticipating customer preferences and market trends.

For item 4, *“I frequently evaluate trends to spot potential new ventures,”* 53 respondents (46.1%) strongly agreed, 31 (27.0%) agreed, and 29 (25.2%) were undecided, while 2 (1.7%) disagreed. The mean score of 4.16 also indicates agreement, suggesting that respondents regularly analyze market trends to identify promising business opportunities.

For item 5, *“I regularly act on opportunities that align with my business goals,”* 62 respondents (53.9%) strongly agreed, 35 (30.4%) agreed, 16 (13.9%) were undecided, and 2 (1.7%) disagreed. The mean score of 4.37 reflects strong agreement, meaning that respondents not only recognize opportunities but also take action to pursue them.

The average mean score of 4.21 indicates overall agreement among respondents that they are highly engaged in recognizing, evaluating, and acting upon new opportunities relevant to their businesses. This finding suggests that opportunity recognition is a well-developed entrepreneurial competency among the SMEs surveyed, reflecting their proactive approach to identifying and exploiting market potentials for business growth and sustainability.

Table 4.3.X: Descriptive Statistics of Risk Taking

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{X})
1	I am willing to invest resources in high-risk opportunities for potential gain.	26 (22.6)	58 (50.4)	31 (27.0)	0 (0.0)	0 (0.0)	3.96
2	I make bold decisions even when outcomes are uncertain.	33 (28.7)	55 (47.8)	19 (16.5)	3 (2.6)	5 (4.3)	3.93
3	I accept calculated risks as part of	62	51	0	0	2	4.49

	business growth.	(53.9)	(44.3)	(0.0)	(0.0)	(1.7)	
4	I remain confident when facing unpredictable business conditions.	47 (40.9)	50 (43.5)	13 (11.3)	5 (4.3)	0 (0.0)	4.21
5	I encourage risk-taking behaviour that could result in innovation or profit.	39 (33.9)	54 (47.0)	17 (14.8)	0 (0.0)	5 (4.3)	4.02
	Average Mean						4.12

Source: Researcher's Fieldwork (2025)

For item 1, “*I am willing to invest resources in high-risk opportunities for potential gain,*” 26 respondents (22.6%) strongly agreed, 58 (50.4%) agreed, and 31 (27.0%) were undecided. The mean score of 3.96 indicates general agreement, suggesting that most respondents are open to taking financial or strategic risks when the potential reward is substantial.

For item 2, “*I make bold decisions even when outcomes are uncertain,*” 33 respondents (28.7%) strongly agreed, 55 (47.8%) agreed, 19 (16.5%) were undecided, 3 (2.6%) disagreed, and 5 (4.3%) strongly disagreed. The mean score of 3.93 shows moderate agreement, implying that while most respondents display decisiveness under uncertainty, a few remain cautious about unpredictable situations.

For item 3, “*I accept calculated risks as part of business growth,*” 62 respondents (53.9%) strongly agreed, 51 (44.3%) agreed, and 2 (1.7%) strongly disagreed. The mean score of 4.49 reflects strong agreement, indicating that the majority of respondents recognize risk-taking as an essential component of entrepreneurial success.

For item 4, “*I remain confident when facing unpredictable business conditions,*” 47 respondents (40.9%) strongly agreed, 50 (43.5%) agreed, 13 (11.3%) were undecided, and 5

(4.3%) disagreed. The mean score of 4.21 signifies agreement, suggesting that respondents maintain a positive and composed attitude in uncertain market environments.

For item 5, “I encourage risk-taking behaviour that could result in innovation or profit,” 39 respondents (33.9%) strongly agreed, 54 (47.0%) agreed, 17 (14.8%) were undecided, and 5 (4.3%) strongly disagreed. The mean score of 4.02 indicates general agreement, showing that respondents view risk-taking as a driver of innovation and potential profitability.

The average mean score of 4.12 reflects an overall high level of agreement among respondents that risk-taking is a vital entrepreneurial competency. This suggests that the SME owners and managers surveyed are generally willing to assume reasonable risks and make strategic decisions under uncertainty to enhance business growth and competitiveness.

Table 4.3.X: Descriptive Statistics of Innovativeness

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{X})
1	I frequently introduce new products or services to the market.	29 (25.2)	40 (34.8)	26 (22.6)	16 (13.9)	4 (3.5)	3.64
2	I adopt creative approaches to solving business problems.	46 (40.0)	53 (46.1)	5 (4.3)	9 (7.8)	2 (1.7)	4.15
3	I encourage experimentation to improve business processes.	48 (41.7)	57 (49.6)	7 (6.1)	3 (2.6)	0 (0.0)	4.31
4	I invest in technologies or methods that enhance product or service quality.	65 (56.5)	34 (29.6)	16 (13.9)	0 (0.0)	0 (0.0)	4.43
5	I regularly seek innovative ways to differentiate my business.	61 (53.0)	34 (29.6)	13 (11.3)	4 (3.5)	3 (2.6)	4.26
	Average Mean						4.16

Source: Researcher’s Fieldwork (2025)

For item 1, *“I frequently introduce new products or services to the market,”* 29 respondents (25.2%) strongly agreed, 40 (34.8%) agreed, 26 (22.6%) were undecided, 16 (13.9%) disagreed, and 4 (3.5%) strongly disagreed. The mean score of 3.64 indicates moderate agreement, suggesting that while some respondents actively introduce new offerings, others are less consistent in doing so.

For item 2, *“I adopt creative approaches to solving business problems,”* 46 respondents (40.0%) strongly agreed, 53 (46.1%) agreed, 5 (4.3%) were undecided, 9 (7.8%) disagreed, and 2 (1.7%) strongly disagreed. The mean score of 4.15 reflects general agreement, showing that most respondents value creativity and innovation in addressing business challenges.

For item 3, *“I encourage experimentation to improve business processes,”* 48 respondents (41.7%) strongly agreed, 57 (49.6%) agreed, 7 (6.1%) were undecided, and 3 (2.6%) disagreed. The mean score of 4.31 indicates strong agreement, implying that many respondents promote trial-and-error approaches to enhance their operations.

For item 4, *“I invest in technologies or methods that enhance product or service quality,”* 65 respondents (56.5%) strongly agreed, 34 (29.6%) agreed, and 16 (13.9%) were undecided. The mean score of 4.43 shows a high level of agreement, suggesting that respondents are highly committed to adopting new technologies and methods that improve the quality of their outputs.

For item 5, *“I regularly seek innovative ways to differentiate my business,”* 61 respondents (53.0%) strongly agreed, 34 (29.6%) agreed, 13 (11.3%) were undecided, 4 (3.5%) disagreed,

and 3 (2.6%) strongly disagreed. The mean score of 4.26 indicates strong agreement, meaning that respondents actively explore new ideas and strategies to maintain competitive advantage.

The average mean score of 4.16 demonstrates that respondents generally agreed that they are innovative in their business practices. This finding suggests that innovativeness is a well-developed entrepreneurial competency among the surveyed SMEs, with most owners and managers displaying creativity, adaptability, and a proactive attitude toward implementing new ideas for growth and differentiation.

Table 4.3.X: Descriptive Statistics of Networking

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{X})
1	I actively build relationships with other entrepreneurs and business leaders.	64 (55.7)	29 (25.2)	19 (16.5)	0 (0.0)	3 (2.6)	4.29
2	I maintain regular contact with mentors or industry experts.	62 (53.9)	34 (29.6)	13 (11.3)	0 (0.0)	6 (5.2)	4.26
3	I leverage networks to access resources and opportunities.	59 (51.3)	46 (40.0)	10 (8.7)	0 (0.0)	0 (0.0)	4.43
4	I participate in business associations or community groups for connections.	33 (28.7)	60 (52.2)	14 (12.2)	6 (5.2)	2 (1.7)	4.01
5	I use my professional relationships to gain market information.	39 (33.9)	61 (53.0)	9 (7.8)	6 (5.2)	0 (0.0)	4.16
	Average Mean						4.23

Source: Researcher's Fieldwork (2025)

For item 1, “*I actively build relationships with other entrepreneurs and business leaders,*” 64 respondents (55.7%) strongly agreed, 29 (25.2%) agreed, 19 (16.5%) were undecided, and 3

(2.6%) strongly disagreed. The mean score of 4.29 indicates strong agreement, suggesting that respondents actively engage in relationship building with other business professionals to foster collaboration and exchange ideas.

For item 2, *“I maintain regular contact with mentors or industry experts,”* 62 respondents (53.9%) strongly agreed, 34 (29.6%) agreed, 13 (11.3%) were undecided, and 6 (5.2%) strongly disagreed. The mean score of 4.26 shows agreement, indicating that most respondents maintain ongoing communication with mentors and experts who provide guidance and support for business growth.

For item 3, *“I leverage networks to access resources and opportunities,”* 59 respondents (51.3%) strongly agreed, 46 (40.0%) agreed, and 10 (8.7%) were undecided. The mean score of 4.43 reflects strong agreement, implying that many respondents effectively utilize their professional and social networks to gain access to critical resources and business opportunities.

For item 4, *“I participate in business associations or community groups for connections,”* 33 respondents (28.7%) strongly agreed, 60 (52.2%) agreed, 14 (12.2%) were undecided, 6 (5.2%) disagreed, and 2 (1.7%) strongly disagreed. The mean score of 4.01 shows general agreement, meaning that respondents recognize the importance of business associations and networking groups in expanding their professional reach.

For item 5, *“I use my professional relationships to gain market information,”* 39 respondents (33.9%) strongly agreed, 61 (53.0%) agreed, 9 (7.8%) were undecided, and 6 (5.2%)

disagreed. The mean score of 4.16 indicates strong agreement, showing that most respondents rely on their professional networks as a valuable source of market knowledge and insight.

The average mean score of 4.23 demonstrates a high level of agreement among respondents regarding the role of networking in business success. This implies that the SMEs studied place significant value on professional relationships and strategic connections as tools for accessing resources, gaining knowledge, and identifying growth opportunities.

Table 4.3.X: Descriptive Statistics of Managerial Competencies

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{X})
1	I effectively allocate resources to achieve business objectives.	56 (48.7)	46 (40.0)	11 (9.6)	2 (1.7)	0 (0.0)	4.36
2	I set clear goals and communicate them to my team.	58 (50.4)	44 (38.3)	10 (8.7)	3 (2.6)	0 (0.0)	4.37
3	I monitor and evaluate performance to ensure targets are met.	65 (56.5)	31 (27.0)	14 (12.2)	5 (4.3)	0 (0.0)	4.36
4	I make informed decisions based on data and analysis.	50 (43.5)	48 (41.7)	12 (10.4)	5 (4.3)	0 (0.0)	4.24
5	I adapt management practices to respond to changing market conditions.	42 (36.5)	52 (45.2)	15 (13.0)	6 (5.2)	0 (0.0)	4.13
	Average Mean						4.29

Source: Researcher's Fieldwork (2025)

For item 1, “I effectively allocate resources to achieve business objectives,” 56 respondents (48.7%) strongly agreed, 46 (40.0%) agreed, 11 (9.6%) were undecided, and 2 (1.7%) disagreed. The mean score of 4.36 indicates strong agreement, suggesting that respondents are effective in distributing available resources to achieve organisational goals.

For item 2, *“I set clear goals and communicate them to my team,”* 58 respondents (50.4%) strongly agreed, 44 (38.3%) agreed, 10 (8.7%) were undecided, and 3 (2.6%) disagreed. The mean score of 4.37 shows strong agreement, implying that most respondents demonstrate effective goal-setting and communication skills, which are crucial for driving team alignment and performance.

For item 3, *“I monitor and evaluate performance to ensure targets are met,”* 65 respondents (56.5%) strongly agreed, 31 (27.0%) agreed, 14 (12.2%) were undecided, and 5 (4.3%) disagreed. The mean score of 4.36 indicates strong agreement, reflecting that the majority of respondents consistently monitor progress and performance outcomes to ensure organisational targets are achieved.

For item 4, *“I make informed decisions based on data and analysis,”* 50 respondents (43.5%) strongly agreed, 48 (41.7%) agreed, 12 (10.4%) were undecided, and 5 (4.3%) disagreed. The mean score of 4.24 demonstrates general agreement, suggesting that respondents largely rely on data-driven insights to guide their decision-making processes.

For item 5, *“I adapt management practices to respond to changing market conditions,”* 42 respondents (36.5%) strongly agreed, 52 (45.2%) agreed, 15 (13.0%) were undecided, and 6 (5.2%) disagreed. The mean score of 4.13 shows agreement, indicating that respondents are flexible in adjusting their management approaches to cope with environmental and market changes.

The average mean score of 4.29 reveals a generally high level of managerial competence among respondents. This indicates that SME owners and managers in the study area possess strong planning, coordination, and decision-making skills, which are critical for ensuring business adaptability and long-term success.

Table 4.3.X: Descriptive Statistics of Success of SMEs

S/N	Statement	SA 5 f(%)	A 4 f(%)	U 3 f(%)	D 2 f(%)	SD 1 f(%)	Mean (\bar{X})
1	Our firm's revenue has steadily increased over the past three years.	39 (33.9)	54 (47.0)	22 (19.1)	0 (0.0)	0 (0.0)	4.15
2	Our profitability has improved compared to previous years.	46 (40.0)	53 (46.1)	16 (13.9)	0 (0.0)	0 (0.0)	4.26
3	Our customer base and market share have grown recently.	50 (43.5)	54 (47.0)	5 (4.3)	6 (5.2)	0 (0.0)	4.29
4	Our operations have become more efficient and cost-effective.	44 (38.3)	57 (49.6)	14 (12.2)	0 (0.0)	0 (0.0)	4.26
5	I am confident about the long-term sustainability of this business.	50 (43.5)	52 (45.2)	3 (2.6)	10 (8.7)	0 (0.0)	4.23
	Average Mean						4.24

Source: Researcher's Fieldwork (2025)

For item 1, "Our firm's revenue has steadily increased over the past three years," 39 respondents (33.9%) strongly agreed, 54 (47.0%) agreed, and 22 (19.1%) were undecided. The mean score of 4.15 indicates agreement, suggesting that most respondents experienced steady growth in their firms' revenue over recent years.

For item 2, “*Our profitability has improved compared to previous years,*” 46 respondents (40.0%) strongly agreed, 53 (46.1%) agreed, and 16 (13.9%) were undecided. The mean score of 4.26 reflects strong agreement, implying that the majority of respondents believe their firms have become more profitable over time.

For item 3, “*Our customer base and market share have grown recently,*” 50 respondents (43.5%) strongly agreed, 54 (47.0%) agreed, 5 (4.3%) were undecided, and 6 (5.2%) disagreed. The mean score of 4.29 shows strong agreement, indicating that respondents perceive noticeable growth in their customer base and market reach.

For item 4, “*Our operations have become more efficient and cost-effective,*” 44 respondents (38.3%) strongly agreed, 57 (49.6%) agreed, and 14 (12.2%) were undecided. The mean score of 4.26 signifies strong agreement, suggesting that most respondents recognize operational improvements and cost efficiency within their firms.

For item 5, “*I am confident about the long-term sustainability of this business,*” 50 respondents (43.5%) strongly agreed, 52 (45.2%) agreed, 3 (2.6%) were undecided, and 10 (8.7%) disagreed. The mean score of 4.23 reflects agreement, meaning that respondents generally express confidence in the long-term viability of their businesses.

The average mean score of 4.24 indicates a high level of agreement among respondents on all items measuring business success. This finding suggests that the SMEs in the study sample are performing well in terms of revenue growth, profitability, operational efficiency, and

sustainability, highlighting an overall positive perception of business success among the participants.

4.4 Correlation Analysis

Correlation analysis was conducted to examine the strength and direction of the linear relationships between the independent variables: Opportunity Recognition (OR), Risk Taking (RT), Innovativeness (IN), Networking (NW), and Managerial Competence (MC), and the dependent variable, Success of SMEs (SS). The analysis employed the Pearson Product-Moment Correlation Coefficient (r) to determine the degree of association between the study variables. The correlation coefficient values range from -1 to $+1$, where a positive value indicates a direct relationship and a negative value indicates an inverse relationship between variables. The significance level (p -value) was used to determine the statistical meaningfulness of these relationships at the 0.05 and 0.01 levels of significance.

Table 4.4.1: Correlation Matrix of Study Variables

		Correlations					
		CSS	COR	CRT	CIN	CNT	CMC
CSS	Pearson Correlation	1	.425**	.438**	.735**	.436**	.753**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	115	115	115	115	115	115
COR	Pearson Correlation	.425**	1	.167	.458**	.372**	.269**
	Sig. (2-tailed)	.000		.075	.000	.000	.004
	N	115	115	115	115	115	115
CRT	Pearson Correlation	.438**	.167	1	.576**	.171	.535**

	Sig. (2-tailed)	.000	.075		.000	.068	.000
	N	115	115	115	115	115	115
CIN	Pearson Correlation	.735**	.458**	.576**	1	.302**	.804**
	Sig. (2-tailed)	.000	.000	.000		.001	.000
	N	115	115	115	115	115	115
CNT	Pearson Correlation	.436**	.372**	.171	.302**	1	.492**
	Sig. (2-tailed)	.000	.000	.068	.001		.000
	N	115	115	115	115	115	115
CMC	Pearson Correlation	.753**	.269**	.535**	.804**	.492**	1
	Sig. (2-tailed)	.000	.004	.000	.000	.000	
	N	115	115	115	115	115	115
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Researcher's Fieldwork (2025)

As presented in Table 4.4.1, the correlation results reveal varying degrees of association among the study variables: SME Success (CSS), Opportunity Recognition (COR), Risk-Taking (CRT), Innovativeness (CIN), Networking (CNT), and Managerial Competence (CMC).

The relationship between Opportunity Recognition and SME Success is positive and moderate ($r = 0.425$, $p = 0.000$), indicating that the ability of entrepreneurs to identify and seize viable business opportunities contributes meaningfully to the success of their enterprises within Benin City. Similarly, Risk-Taking shows a moderate positive correlation with SME Success ($r = 0.438$, $p = 0.000$), suggesting that the willingness of business owners to take calculated risks positively influences firm performance and growth.

Innovativeness exhibits a strong and significant positive correlation with SME Success ($r = 0.735$, $p = 0.000$), implying that innovative practices such as the introduction of new products, services, or operational processes play a crucial role in enhancing the competitiveness and success of small and medium enterprises. Networking also shows a moderate and significant positive relationship with SME Success ($r = 0.436$, $p = 0.000$), signifying that business collaborations, partnerships, and professional connections support better market positioning and organizational growth.

Managerial Competence displays a very strong and significant positive correlation with SME Success ($r = 0.753$, $p = 0.000$), establishing it as the most influential factor among the entrepreneurial competencies examined. This implies that the presence of sound managerial skills, effective decision-making, and resource coordination significantly drive business sustainability and performance.

Among the independent variables, Opportunity Recognition is positively and significantly associated with Innovativeness ($r = 0.458$, $p = 0.000$) and Networking ($r = 0.372$, $p = 0.000$), suggesting that entrepreneurs who can identify opportunities are more likely to be innovative and build strong networks. Furthermore, Innovativeness has a strong and significant positive relationship with Managerial Competence ($r = 0.804$, $p = 0.000$), indicating that entrepreneurs who manage effectively are also those who embrace innovation in their business operations.

None of the correlation coefficients exceed 0.80, confirming the absence of multicollinearity among the study variables. This implies that each entrepreneurial competency represents a distinct construct and contributes uniquely to the success of SMEs in Benin City, Edo State.

4.5 Regression Analysis

The regression model examines the extent to which entrepreneurial competencies: opportunity recognition, risk-taking, innovativeness, networking, and managerial competence predict the success of SMEs in Benin City. The model coefficients indicate both the strength and direction of each competency’s influence on SME success, while the coefficient of determination (R^2) explains the proportion of variance in business success accounted for by these variables. The significance values (p-values) are employed to test the formulated hypotheses and determine whether each entrepreneurial competency exerts a statistically significant effect on SME success at the 0.05 or 0.01 level of significance.

Table 4.5.1 Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.801 ^a	.642	.625	.33663	.642	39.040	5	109	.000	1.815
a. Predictors: (Constant), CMC, COR, CRT, CNT, CIN										
b. Dependent Variable: CSS										

Source: Researcher’s Fieldwork (2025)

The model summary result from the regression output is presented in the table above. The R value of 0.801 indicates a strong positive relationship between the independent variables (Opportunity Recognition, Risk-Taking, Innovativeness, Networking, and Managerial Competence) and the dependent variable (SME Success).

The R Square value of 0.642 shows that the entrepreneurial competency variables collectively explain about 64.2% of the variation in SME success. This implies that the model has a high explanatory power, indicating that the selected competencies play a substantial role in determining the success of small and medium enterprises within Benin City. The adjusted R Square value of 0.625 further confirms the robustness of the model after accounting for the number of predictors included in the analysis.

The Durbin–Watson statistic of 1.815 is approximately equal to 2.0, suggesting the absence of autocorrelation among the residuals. This indicates that the model is statistically sound and that the regression estimates are efficient and reliable for further interpretation.

Table 4.5.2 Analysis of Variance (ANOVA)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.120	5	4.424	39.040	.000 ^b
	Residual	12.352	109	.113		
	Total	34.472	114			
a. Dependent Variable: CSS						
b. Predictors: (Constant), CMC, COR, CRT, CNT, CIN						

Source: Researcher's Fieldwork (2025)

The table above presents the analysis of variance (ANOVA) result on the impact of Opportunity Recognition, Risk-Taking, Innovativeness, Networking, and Managerial Competence on the success of SMEs in Benin City. The F-statistic value of 39.040 is significant at the 0.000 level ($p < 0.05$).

This implies that the explanatory variables collectively, Opportunity Recognition, Risk-Taking, Innovativeness, Networking, and Managerial Competence are statistically significant predictors of SME Success. This result indicates that the entrepreneurial competency variables, when considered together, significantly explain variations in the success of small and medium enterprises operating within Benin City, Edo State.

Table 4.5.3 Coefficient Analysis

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
1	(Constant)	.866	.314		2.761	.007	.244	1.488		
	COR	.113	.056	.144	2.001	.048	.001	.225	.631	1.584
	CRT	-.006	.074	-.005	-.076	.939	-.152	.141	.645	1.551
	CIN	.253	.103	.289	2.443	.016	.048	.458	.235	4.252
	CNT	.065	.062	.076	1.039	.301	-.059	.189	.611	1.637

CMC	.372	.096	.448	3.859	.000	.181	.562	.244	4.093
a. Dependent Variable: CSS									

Source: Researcher's Fieldwork (2025)

Test of Hypotheses

Hypothesis One

H₀₁: Opportunity Recognition does not have a significant impact on SME Success.

The result from the table above shows that Opportunity Recognition has a significant impact on SME Success. The researcher therefore concludes that we reject the null hypothesis and accept the alternative hypothesis because the p-value of 0.048 was less than 0.05 ($p = 0.048 < 0.05$ and $t = 2.001 > 2$). This indicates that greater opportunity recognition among entrepreneurs contributes positively to SME success in Benin City.

Hypothesis Two

H₀₂: Risk-Taking does not have a significant impact on SME Success.

The result from the table above shows that Risk-Taking does not have a significant impact on SME Success. The researcher therefore concludes that we fail to reject the null hypothesis and reject the alternative hypothesis because the p-value of 0.939 was greater than 0.05 ($p = 0.939 > 0.05$ and $t = -0.076 < 2$).

Although the coefficient of Risk-Taking is negative (-0.006), this relationship is not statistically significant, implying that higher risk-taking tendencies among SME owners do not necessarily lead to improved performance. In fact, excessive or poorly managed risk-

taking may slightly hinder success when not supported by proper planning or managerial control.

Hypothesis Three

H₀₃: Innovativeness does not significantly influence SME Success.

The result from the table above shows that Innovativeness has a significant influence on SME Success. The researcher therefore concludes that we reject the null hypothesis and accept the alternative hypothesis because the p-value of 0.016 was less than 0.05 ($p = 0.016 < 0.05$ and $t = 2.443 > 2$). This implies that innovative practices among SMEs such as product improvement and adoption of new technologies positively affect business performance.

Hypothesis Four

H₀₄: Networking does not significantly affect SME Success.

The result from the table above shows that Networking does not significantly affect SME Success. The researcher therefore concludes that we fail to reject the null hypothesis and reject the alternative hypothesis because the p-value of 0.301 was greater than 0.05 ($p = 0.301 > 0.05$ and $t = 1.039 < 2$). Although networking has a positive coefficient, its impact on SME success is not statistically significant, suggesting that business connections alone may not guarantee improved performance without effective resource utilisation.

Hypothesis Five

H₀₅: Managerial Competence does not significantly affect SME Success.

The result from the table above shows that Managerial Competence has a significant effect on SME Success. The researcher therefore concludes that we reject the null hypothesis and accept the alternative hypothesis because the p-value of 0.000 was less than 0.05 ($p = 0.000 < 0.05$ and $t = 3.859 > 2$). This finding indicates that SMEs led by managers with better planning, leadership, and organisational skills tend to perform more successfully.

4.6 Discussion of Findings

This study examined the effect of entrepreneurial competencies on the success of Small and Medium Enterprises (SMEs) in Benin City, Edo State. The independent variables were Opportunity Recognition (COR), Risk-Taking (CRT), Innovativeness (CIN), Networking (CNT), and Managerial Competence (CMC), while SME Success (CSS) served as the dependent variable.

The regression model produced an R value of 0.801 and an R^2 of 0.642 (Adjusted $R^2 = 0.625$), indicating that the independent variables collectively explain about 64.2% of the variance in SME success within Benin City. This implies that the entrepreneurial competencies investigated have a strong explanatory power on SME success, demonstrating that variations in these competencies substantially influence how SMEs perform and sustain themselves in the local business environment.

The ANOVA result ($F = 39.040$, $p = 0.000$) shows that the model is statistically significant at the 1% level, meaning that the combined influence of Opportunity Recognition, Risk-Taking, Innovativeness, Networking, and Managerial Competence significantly predicts variations in

SME success. This confirms that entrepreneurial competencies are crucial drivers of SME performance and competitiveness in Benin City.

Furthermore, the Durbin–Watson statistic of 1.815 is approximately equal to 2.0, indicating the absence of autocorrelation among residuals. This suggests that the model is statistically reliable, with independent residuals, thereby confirming the validity of the regression results.

In summary, the findings reveal that Innovativeness, Opportunity Recognition, and Managerial Competence have significant positive effects on SME success, while Risk-Taking and Networking show weak and statistically insignificant effects. This suggests that while creative and well-managed entrepreneurship enhances firm performance, risk-taking without adequate planning or strategic networking does not necessarily translate into success for SMEs in Benin City.

Opportunity Recognition

In relation to the first research objective, this study examined the effect of opportunity recognition on the success of SMEs in Benin City. Opportunity recognition was assessed through items that measured the entrepreneur's ability to identify viable business prospects, evaluate market gaps, and act on emerging trends. Descriptive results showed that respondents generally demonstrated a high level of agreement across all indicators, suggesting that SME owners in Benin City are proactive and alert to new opportunities within their business environment.

The regression results revealed that opportunity recognition has a positive and statistically significant effect on SME success ($B = 0.113$, $t = 2.001$, $p = 0.048$). This indicates that entrepreneurs who are more capable of identifying and pursuing new business opportunities tend to achieve higher levels of performance and growth.

This finding aligns with the observations of Nwosu and Adebayo (2023), who found that entrepreneurs with sharper opportunity recognition skills are better positioned to exploit emerging market gaps and drive business expansion. Similarly, Okonkwo and Ibidapo (2024) reported that effective opportunity recognition enhances competitive advantage, particularly when entrepreneurs demonstrate creativity and agility in responding to changing market dynamics.

Theoretically, this result is consistent with the Resource-Based View (RBV), which argues that unique entrepreneurial abilities such as the capacity to identify and act upon opportunities constitute strategic resources that contribute to sustained competitive advantage. Therefore, the study confirms that opportunity recognition plays a critical role in determining the success of SMEs in Benin City, as it enables entrepreneurs to anticipate trends, innovate, and position their firms for growth within a competitive and evolving business environment.

Risk-Taking

In relation to the second research objective, this study examined the effect of risk-taking on the success of SMEs in Benin City. Risk-taking was measured through items that assessed the entrepreneur's willingness to invest in uncertain ventures, commit resources to innovative

ideas, and make bold decisions under conditions of uncertainty. Descriptive results revealed a moderate to high level of agreement among respondents, indicating that many SME owners in Benin City perceive themselves as moderately inclined toward calculated risks in their business operations.

However, the regression results showed that risk-taking does not have a significant effect on SME success ($B = -0.006$, $t = -0.076$, $p = 0.939$). This implies that, although entrepreneurs recognize the importance of taking risks in theory, such tendencies do not translate into measurable business success in practice. The negative coefficient further suggests that excessive or poorly managed risk-taking may even hinder performance when not supported by sound strategic planning or adequate market information.

This finding aligns with Ogunleye (2023), who noted that in volatile environments such as Nigeria's SME sector, risk-taking without adequate planning or market insight can lead to financial instability and business failure. Similarly, Ezekiel and Omotayo (2024) observed that SMEs that adopt highly cautious or overly aggressive risk orientations often experience inconsistent performance outcomes, emphasizing the need for balanced and data-driven decision-making.

The result also supports the Prospect Theory framework, which posits that entrepreneurs' responses to risk are influenced by perceived gains and losses rather than objective probabilities. In the Nigerian SME context, where access to finance and institutional support

remains limited, many entrepreneurs may exhibit risk aversion or take uncalculated risks that do not yield positive performance outcomes.

Overall, the finding suggests that while risk-taking remains a recognized entrepreneurial trait, its impact on SME success in Benin City is largely dependent on the quality of judgment, strategic foresight, and the presence of risk mitigation mechanisms. Encouraging entrepreneurs to adopt structured risk management practices may therefore enhance the positive potential of risk-taking behavior.

Innovativeness

Based on the third research objective, the study evaluated the influence of innovativeness on the success of SMEs in Benin City. Innovativeness was assessed using items that examined the extent to which business owners introduce new products or services, adopt modern technologies, and implement creative solutions to improve operations and competitiveness. Descriptive results revealed a generally high level of agreement among respondents, suggesting that most SME owners in the study area perceive themselves as innovative and open to adopting new ideas to enhance business performance.

Regression analysis further revealed that innovativeness had a statistically significant positive effect on SME success ($B = 0.253$, $t = 2.443$, $p = 0.016$). This implies that SMEs that actively pursue innovation tend to record better performance outcomes, particularly in market expansion, customer satisfaction, and profitability. The result highlights that innovation plays

a vital role in improving business adaptability and competitiveness in the dynamic economic environment of Benin City.

This finding is consistent with Akinyemi (2024), who reported that innovative practices such as product diversification, technological adoption, and process improvement enhance the growth and sustainability of small enterprises in Nigeria. Likewise, Olorunfemi (2023) observed that businesses that foster a culture of creativity and experimentation experience greater resilience and long-term profitability compared to those relying on traditional methods.

Theoretically, this outcome aligns with the Schumpeterian Theory of Innovation, which posits that entrepreneurial innovation is the central mechanism through which economic development and competitive advantage are achieved. In this study's context, SMEs that consistently engage in innovative practices are better equipped to seize emerging opportunities and sustain success in a changing market landscape.

In summary, the result confirms that innovativeness is a strategic enabler of SME success. Entrepreneurs who embrace innovation as a continuous process through creativity, adaptation, and technology use are more likely to achieve superior business outcomes and maintain long-term relevance in Benin City's competitive SME ecosystem.

Networking

Based on the fourth research objective, the study examined the effect of networking on the success of SMEs in Benin City. Networking was measured using items that assessed the

extent to which entrepreneurs build and maintain business relationships, participate in professional associations, and collaborate with suppliers, customers, and other firms to enhance their business outcomes. Descriptive results indicated a generally high mean score, suggesting that SME owners in the study area recognize the importance of establishing and leveraging networks for business growth.

Regression analysis, however, revealed that networking did not have a statistically significant effect on SME success ($B = 0.065$, $t = 1.039$, $p = 0.301$). This implies that while many SME owners engage in networking activities, such efforts do not necessarily translate into measurable performance improvements within the current model. One possible explanation is that many of these networks may be informal or socially motivated rather than strategically oriented toward business development. In such cases, networking may not yield tangible economic benefits or contribute meaningfully to enterprise success.

This finding contrasts with Ogunleye (2023), who found that well-structured business networks enhance access to resources, market information, and funding opportunities for Nigerian SMEs. However, the current result aligns with Ibrahim (2024), who observed that in many developing economies, the benefits of networking are often limited by weak institutional support, lack of trust, and poor network governance. These factors may explain why networking in Benin City does not significantly influence SME performance, as business relationships may not yet be leveraged effectively for strategic advantage.

In summary, the findings indicate that networking, though valued by entrepreneurs, may not yet serve as a strong driver of SME success in Benin City. To enhance its impact, SME operators may need to cultivate more professional, trust-based, and goal-oriented relationships that facilitate knowledge exchange, partnerships, and access to business opportunities.

Managerial Competence

Based on the fifth research objective, this study examined the effect of managerial competence on the success of SMEs in Benin City. Managerial competence was measured using items that assessed the entrepreneur's ability to plan, organize, coordinate, and control business activities effectively, as well as their skill in decision-making, leadership, and financial management. Descriptive results indicated a high mean score, reflecting that most SME owners in the study area perceive themselves as possessing adequate managerial skills and experience relevant to the operation of their businesses.

Regression analysis revealed that managerial competence has a positive and statistically significant effect on SME success ($B = 0.372$, $t = 3.859$, $p = 0.000$). This finding implies that entrepreneurs who demonstrate stronger managerial abilities are more likely to achieve higher levels of business performance, profitability, and sustainability. The result highlights the pivotal role that effective planning, sound decision-making, and strategic leadership play in driving the success of SMEs in Benin City.

This result is consistent with Owolabi (2023), who emphasized that managerial competence directly influences firm productivity through improved resource allocation, team coordination, and financial discipline. Similarly, Okon (2024) found that SMEs led by owners with formal managerial training or prior business experience tend to outperform those managed by less skilled entrepreneurs. The significance of this result aligns with Resource-Based Theory, which posits that managerial competence is an internal resource that can serve as a sustained competitive advantage when it is rare, valuable, and difficult to imitate.

The finding also supports the view that in Nigeria's SME landscape, where external support structures are often weak, managerial competence compensates by enabling entrepreneurs to adapt to uncertainty, optimize operations, and make data-driven decisions. However, the results also underscore the need for continuous managerial development, as evolving business environments demand updated skills in digital management, strategic planning, and human resource development.

In summary, the study confirms that managerial competence is the most significant predictor of SME success among the variables examined. This suggests that the sustainability and growth of SMEs in Benin City largely depend on the managerial quality of their owners and managers. Strengthening entrepreneurial education and leadership training can therefore serve as a strategic intervention to enhance SME performance and resilience.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusion, recommendations, contributions to knowledge, and suggestions for further research based on the analysis conducted in the preceding chapter. The study investigated the effect of entrepreneurial competencies on the success of SMEs in Benin City, Edo State. The independent variables were opportunity

recognition, risk-taking, innovativeness, networking, and managerial competence, while SMEs success served as the dependent variable. Descriptive and inferential statistical tools, including correlation and multiple regression analyses, were employed to determine the nature, direction, and significance of the relationships among the variables.

5.2 Summary of Findings

This study examined how various entrepreneurial competencies influence the success of small and medium-sized enterprises (SMEs) operating within Benin City. Data were collected from 115 SME owners and managers across different sectors. The major findings of the study are summarized as follows:

1. The analysis showed that opportunity recognition has a positive and statistically significant impact on SME success ($B = 0.113$, $t = 2.001$, $p = 0.048$), suggesting that entrepreneurs who effectively identify and exploit business opportunities tend to achieve higher business performance and sustainability.
2. The analysis showed that risk-taking has a negative but statistically insignificant effect on SME success ($B = -0.006$, $t = -0.076$, $p = 0.939$), indicating that while risk-taking is a known entrepreneurial trait, excessive or poorly calculated risks may not translate into improved business outcomes within this context.
3. The analysis revealed that innovativeness has a positive and significant effect on SME success ($B = 0.253$, $t = 2.443$, $p = 0.016$). This implies that SMEs that actively pursue

innovation through new products, services, or processes tend to perform better and maintain a competitive edge.

4. The analysis showed that networking has a positive but statistically insignificant effect on SME success ($B = 0.065$, $t = 1.039$, $p = 0.301$), suggesting that while social and business connections are valuable, their impact on performance may depend on the quality and strategic use of these networks.
5. The analysis revealed that managerial competence has the strongest and most significant effect on SME success ($B = 0.372$, $t = 3.859$, $p = 0.000$), demonstrating that entrepreneurs with effective planning, leadership, and decision-making skills are more likely to achieve sustainable growth and profitability.
6. The model summary result ($R^2 = 0.642$; Adjusted $R^2 = 0.625$) indicates that the five entrepreneurial competencies collectively explain 64.2% of the variation in SME success, while the ANOVA result ($F = 39.040$, $p = 0.000$) shows that the combined influence of the predictors is statistically significant at the 1% level. This confirms that entrepreneurial competencies play a vital role in explaining SME performance within Benin City.

5.3 Conclusion

This study examined the relationship between entrepreneurial competencies and the success of SMEs in Benin City, Edo State. The findings underscore the importance of specific entrepreneurial skills and behaviors in driving business success. Among the five dimensions

examined, managerial competence and innovativeness emerged as the most significant predictors of SME performance, highlighting the value of effective leadership, strategic planning, and creative problem-solving in achieving sustainable growth.

While opportunity recognition also showed a significant positive influence, risk-taking and networking were not statistically significant, implying that success in the local SME environment depends less on risk exposure and more on managerial and innovative capacity. This suggests that entrepreneurs who rely on structured management, adaptive learning, and continuous improvement tend to outperform those who depend solely on intuition or social connections.

Overall, the study concludes that entrepreneurial success in Benin City is shaped by a combination of cognitive, behavioral, and relational competencies. Enhancing these competencies through targeted training, mentoring, and policy support will enable SMEs to build resilience, increase competitiveness, and contribute more effectively to local economic development.

5.4 Recommendations

Based on the findings and conclusion of this study, the following recommendations are made:

- 1. Enhance opportunity recognition skills:**

Entrepreneurs should be trained to systematically scan their environment for emerging market trends and unmet needs. Business development programs and SME agencies

should introduce workshops that focus on market research, customer analysis, and opportunity evaluation to help entrepreneurs make data-driven business decisions.

2. Promote calculated and informed risk-taking:

Since risk-taking showed a negative but insignificant effect, entrepreneurs should adopt structured risk management practices. Training on financial forecasting, scenario planning, and business insurance should be prioritized to ensure that risks are well-evaluated and mitigated before major decisions are made.

3. Encourage innovation-driven business culture:

Given the significant positive effect of innovativeness, SMEs should be supported to adopt creative strategies, digital tools, and process improvements. Policymakers and financial institutions should provide incentives such as innovation grants, technology incubators, and research partnerships to enhance entrepreneurial innovation in Benin City.

4. Strengthen business networking and collaboration:

Although networking was not a significant predictor, it remains important for information exchange and market access. SME associations should create structured platforms for collaboration, mentorship, and resource sharing to transform informal networks into strategic alliances that foster growth.

5. Develop managerial competence through continuous education:

Since managerial competence emerged as the strongest predictor of SME success, capacity-building programs should focus on leadership development, financial literacy,

human resource management, and strategic planning. Government agencies such as SMEDAN and NIRSAL should partner with business schools and entrepreneurship centers to design competency-based management training tailored to SME operators.

5.5 Contribution to Knowledge

This study contributes to the growing body of empirical research on entrepreneurial competencies and SME performance in Nigeria. It provides evidence that while multiple competencies contribute to success, managerial competence and innovativeness stand out as the most critical drivers in the context of Benin City. The study extends the Resource-Based View (RBV) by demonstrating that internal competencies such as managerial ability and innovation serve as strategic resources that generate sustainable competitive advantage.

Furthermore, this research challenges the general assumption that risk-taking and networking automatically lead to business growth, emphasizing instead that their impact depends on context and strategic alignment. By situating these findings within Nigeria's entrepreneurial ecosystem, the study offers practical insights for policymakers, SME developers, and entrepreneurs on where to focus capacity-building and policy support for greater business sustainability.

5.6 Suggestions for Further Research

While this study provides valuable insights, it was limited to SMEs operating within Benin City. Future research should expand the geographical scope to include other regions of Nigeria to allow for comparative analysis across urban and rural contexts. Researchers may

also explore additional competencies such as financial literacy, resilience, and adaptability to provide a more comprehensive understanding of entrepreneurial success factors.

Moreover, adopting a mixed-method approach that combines surveys with in-depth interviews could yield richer insights into how specific competencies translate into measurable performance outcomes. Finally, longitudinal studies are recommended to examine how entrepreneurial competencies evolve over time and their long-term effects on SME survival and growth.

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APPENDICES

DEPARTMENT OF ENTREPRENEURSHIP

FACULTY OF MANAGEMENT SCIENCES

UNIVERSITY OF BENIN

Dear Sir/Madam,

APPEAL FOR THE COMPLETION OF QUESTIONNAIRE

I am an undergraduate student in the above-named Department. As part of the requirement for the programme, I am conducting a research on “**ENTREPRENEURIAL COMPETENCIES AND THE SUCCESS OF SMES IN NIGERIA**”. In this regard, you have been randomly selected as a member of the sample. I also wish to assure you that your responses will be treated in strict confidence and used for the stated academic purpose only.

Thank you.

Yours Faithfully,

QUESTIONNAIRE

SECTION A: PERSONAL DATA

Tick \surd in the appropriate box and give answers where necessary.

1. Gender: Male Female

2. Age: Below 21 – 25yrs 26-30years 31-35years 36years and above

3. Highest educational qualification: Diploma|OND|NCE BSC MSc PhD Others

4. Role in firm: Owner Manager

5. Years in operation of firm: 0–2 3–5 6–10 11 years and above

6. Sector: Manufacturing Retail Services Other

7. Number of employees: 1–10 11–20 21–30 31-40 41-50 51- and above

SECTION B: GENERAL

Please tick in the appropriate box after each question as an indication of your choice using Likert scale: Strongly Agree=SA; A= Agree; Undecided=U; Disagree= D; Strongly Disagree= SD.

S/N	Particulars	SA	A	U	D	SD
Opportunity Recognition						
8	I actively scan my business environment for emerging opportunities.					
9	I can quickly recognize market gaps that competitors have not exploited.					
10	I identify customer needs before they become widely known.					
11	I frequently evaluate trends to spot potential new ventures.					
12	I regularly act on opportunities that align with my business goals.					
Risk Taking						
13	I am willing to invest resources in high-risk opportunities					

	for potential gain.					
14	I make bold decisions even when outcomes are uncertain.					
15	I accept calculated risks as part of business growth.					
16	I remain confident when facing unpredictable business conditions.					
17	I encourage risk-taking behavior that could result in innovation or profit.					
Innovativeness						
18	I frequently introduce new products or services to the market.					
19	I adopt creative approaches to solving business problems.					
20	I encourage experimentation to improve business processes.					
21	I invest in technologies or methods that enhance product or service quality.					
22	I regularly seek innovative ways to differentiate my business.					
Networking						
23	I actively build relationships with other entrepreneurs and business leaders.					

24	I maintain regular contact with mentors or industry experts.					
25	I leverage networks to access resources and opportunities.					
26	I participate in business associations or community groups for connections.					
27	I use my professional relationships to gain market information.					
Managerial Competency						
28	I effectively allocate resources to achieve business objectives.					
29	I set clear goals and communicate them to my team.					
30	I monitor and evaluate performance to ensure targets are met.					
31	I make informed decisions based on data and analysis.					
32	I adapt management practices to respond to changing market conditions.					
Success of SMEs						
33	Our firm's revenue has steadily increased over the past three years.					
34	Our profitability has improved compared to previous years.					

35	Our customer base and market share have grown recently.					
36	Our operations have become more efficient and cost-effective.					
37	I am confident about the long-term sustainability of this business.					

Aanu

(PROJECT STUDENT)

(ENTREPRENEURSHIP)