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ENTREPRENEURIAL COMPETENCE AND BUSINESS GROWTH: A MODERATING ROLE OF CULTURE OF ALUMINUM ROOFING SHEET COMPANIES IN PORT HARCOURT, RIVERS STATE

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ABSTRACT

This study was to examine the relationship between entrepreneurial competence and business growth of Aluminum Roofing Sheet Companies, Port Harcourt, Rivers State. Most businesses lack the competencies that allow them to be competitive in the market; hence the alarming failure rates occur, especially during the first 5 years of their existence. The specific objectives among others focused in the study were: to determine the relationship between locus of control and financial strength of Aluminum Roofing Sheet Companies, Port Harcourt, Rivers State. The study was anchored on Human Capital theory and Resource Based theory. The study concluded that, in order to diminish the negative consequence of the challenging business environment it is important that the entrepreneurs act proactively within the environment. It was recommended among others that, there is need for entrepreneurs to take up a variety of tasks.

Keyword: Entrepreneurial Competence, Business Growth, Culture, Aluminum Roofing Sheet Companies

INTRODUCTION

Businesses generate major growth, wealth and well-being in many countries and this increase came about by the establishment of an environment which provides urge for both start-up and growth-oriented businesspersons. Thus, reducing the obstacles forced to existing businesses, and providing opportunities to learn from mistakes (Pyysiäinen *et al*., 2006). According to the studies of (Henry *et al*., 2003; Undiayaundeye, 2015) entrepreneurs are identified as the engine of economic progression and the creation of wealth, and they are important the quality of life by providing employment opportunities for both the educated and less educated. However, despite the rigorous contribution of this sector, the problems of unemployment are not totally resolved globally.

According to Global Entrepreneurial Monitor (2012), Nigeria is a world leader in entrepreneurial spirit, and they believe they have necessary competencies and knowledge. However, despite this report, the amount of failed SME has not reduced in recent years. The focus of research in entrepreneurship over the years is on building theory without the consideration or attention on what it takes for a venture to survive. The empirical studies of Bosire and Nzaramba (2013) in their findings, concluded that development of entrepreneurial skills could serve as a measure for improving the self-reliant of startups and established entrepreneurs. Similarly, (Coric *et al*., 2011) claims that entrepreneur's success depends on the connection of crucial entrepreneurial skills for starting businesses, as well as the survival and development in their early years. However, such study is still missing in Nigeria context to the best of the researcher knowledge. Additionally, the research of Undiayaundeye (2015) identified lack of entrepreneurial skills among graduates and thus, degenerate to failed entrepreneurial journey of business owners. As a result of the above discussions, this study, therefore, intends to examine the influence of these competencies on business growth will be considered, for the reason of exploring any the most efficient competencies used in a developed economy so that it can be a learning curve for business owners in Nigeria. This study aims to examine the weight of entrepreneurial competence and business growth of Aluminum Roofing Sheet Companies, Port Harcourt, Rivers State.

Concept of Entrepreneurial Competence

The concept of entrepreneurial competence has its foundation not only in the competency and competence literature, but also in the literature of entrepreneurship (Mitchelmore & Rowley, 2010). In accordance with Rudmann (2008), the term entrepreneurial skills can be interpreted as entrepreneurial qualities, competencies and/or values. Furthermore, the terms "skills", "expertise", "acumen" and "competency" are all interrelated and are sometimes used interchangeably in the literature. Thus, this study has used the term entrepreneurial competencies as a reference point. In a prior study, Bird (1995) suggests that entrepreneurial competencies are defined as underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills that result in venture birth, survival and/or growth. Man *et al.* (2002) defined entrepreneurial competencies as the total ability of the entrepreneur to perform a job role successfully. GuzmanCuevas *et al*. (2009) added that entrepreneurial competencies are also derived from certain entrepreneurial characteristics for examples, education, work experience and motivation (Santos & Bode, 2012).

Outsiders normally evaluate a business's ability based on its growth and performance (Bonn, 2010). This implies why growth is like a mirror to a business. The level of goal accomplishment generally defines a business's growth and performance (Achrol & Etzel, 2011). To Lin, Peng and Kao (2008), business performance is the outcome of operations, including the achievement of the business's internal or external objectives. Business growth and performance are normally related to the resource-based view (RBV) theory.

The RBV of the business has been frequently utilized in management literature over the past 20 years to understand the relationship between a business unit's resources/capabilities and its performance or profitability (Hansen & McAndrews, 2005). RBV states that business performance is achieved when the business has valuable resources and capabilities available as a source of sustainable competitive advantages (Mahoney, 1995). Its emergence as a model of business unit performance traces back to the economic theory of business growth developed by Penrose in 1959, who argued that business s who possessed competencies (productive resources) and capabilities to best exploit those competencies (managerial resources) would be rewarded with the highest levels of growth and profitability. Though its acceptance has been somewhat controversial (Priem & Butler, 2001), the RBV has been described as the dominant model by which managerial researchers have explained differences among businesses.

One of the most important studies in the field of entrepreneurial competencies was developed by Komarkova *et al*. (2015) to the European Commission in which authors synthesized a number of policies and initiatives in order to promote the development of entrepreneurship competencies. This report clustered the entrepreneurship competencies in three main conceptual areas: (i) operational and contextual, those referring to knowledge and skills for the creation of a new start-up; (ii) entrepreneurial, those relating to the process of identification, evaluation and exploration of a business opportunity; and (iii) conceptual and relationship, those referring to attitudes and action oriented skills. The report presents a long list of 292 competencies, of which 120 are related to skills, 102 to knowledge and 70 to attitudes. Another model published by the European Commission that can be used as reference for designing entrepreneurship curricula is the EntreComp, also known as Entrepreneurship Competence Framework (Bacigalupo et al., 2016). EntreComp organizes entrepreneurship competencies in a spiral composed of three spheres. The core sphere includes the ideas and opportunities (e.g., vision, creativity), the intermediate sphere includes resources (e.g., motivation and perseverance, mobilizing resources and others), and the outer layer is called into action (e.g., taking the initiative, learning through experience). The model of grouping the entrepreneurship competencies into several layers is one of the most used, which is also adopted by Mitchelmore & Rowley (2010) that identify attitudinal, behavioral, and managerial competencies.

Entrepreneurial competency for successful entrepreneur

The entrepreneurial competence being employed as an instrument in this research has been the entrepreneur competence which has been developed by Driessen (2005). This entrepreneur competence consists of characteristic and skill for becoming a successful entrepreneur. The successful entrepreneur is seen from the need of achievement, need of autonomy, need of power, social orientation, self-efficacy, endurance, and risk taking propensity. The skill to be had for becoming a successful entrepreneur is market awareness, creativity, and flexibility.

These ten entrepreneurial competency dimensions will be made clear as follows (Oosterbeek *et al.*, 2008): (1) need for achievement. Successful entrepreneurs score high on need for achievement by striving for performance adequately and competing, if necessary. They build their company with their professional goals in mind. They set high target levels and put in much effort to reach them. (2) Need for autonomy is often the (sub) conscious reason for being an entrepreneurs. Successful entrepreneurs score high on this competency that reflects independent decision making, the ability to resolve their problems and to bring activities to a successful end on their own. (3) The need for power is the need to have control over others, to influence their behavior. Successful entrepreneurs score high on this competency indicating that they know what they want and how to influence others to achieve their own goals. (4) Social orientation reflects the understanding (of successful entrepreneurs) that connections with others are required to realize their ideas. They make these connections easily and are driven by professional considerations in their social activities. They set their social needs aside and focus on their business. (5) Self efficacy reflects the belief in one's own ability, i.e., self-confidence. Successful entrepreneurs are usually convinced that they can bring every activity to a successful end.

Concept of Business growth

Business growth is a central topic in the literature on entrepreneurship, strategic management and industrial organization, among others. For an individual entrepreneurial business growth is an evidence of the return of the entrepreneur's investment and self-fulfillment. Growth is also a condition of survival for young and small businesses, as growing businesses are found less vulnerable to failure than non-growers (Stam *et al.*, 2006). The macroeconomic importance of business expansion was recognized in the 1980s, when the phenomenon of gazelles or high-growth business s was first described as those capable of intense size increases within a limited time span (Birch, 1981; Birch & Medoff, 1994; Birch *et al.*, 1994; Storey, 1994; Coad, 2009; Acs *et al.*, 2008). According to empirical research gazelles form a small fraction of business population. However, they represent a disproportionally large share in new job creation (Storey, 1994; Coad 2009; Stam *et al.*, 2006; Acs *et al.*, 2008). Growing business s are also more likely to generate innovations, specifically product innovations involving technological advancements (Coad, 2009; Schreyer, 2000; Storey, 1994; Smallbone *et al.*, 1995).

Both entrepreneurs and policy makers interested in expansion, focus on rapidly growing business s and on small and medium-sized enterprises. This interest in high-growth enterprises is justified by the observation that the remaining population either grows slowly or does not perform any expansion (Coad, 2009). At the same time, gazelles are predominantly young, small and medium-sized enterprises (SMEs). The dynamics and economic contribution of business s' growth are negatively associated with age and size, which corresponds to the observation that job losses are generated mainly by the established, large and non-growth business s (Acs *et al.*, 2008).

As business expansion and growth have proved to be a condition for competitive advantage both at the level of individual business s and at the level of the economy at large, the phenomenon of business growth has become a focus of research. One of the main purposes of this increasingly preeminent study stream is to provide recommendations for business management and for economic policy, undergoing the risks and challenges in achieving expansion. However, in order to provide these recommendations, there is need to better comprehend the entrepreneurial motivations and the attitudes towards growth, the stimuli and impediments to company growth, the potential mechanisms to business growth and modes of expansion. This special issue seeks to contribute to the knowledge base on the growth process of entrepreneurial business s, which is an emerging stream of research on business growth. This emerging stream complements existing perspectives on expansion, which are more focused on: 1) companies' internal adaptation mechanisms, as reflected in life cycle models, and on 2) determinants and predictors of business growth (Dobbs & Hamilton, 2006; McKelvie & Wiklund, 2010). The focus provided in this special issue as complementary to existing approaches, aiming also to contribute with new findings in addressing some yet underexplored areas. The emerging stream of growth refers to why and how growth is implemented through proactive entrepreneurial actions and decision-making processes, which are presented in complex organizational and environmental contexts, including cause-effect mechanisms in the history of company development. This holistic approach is a constituent feature of studies on the business growth.

Entrepreneurship and Business growth

Entrepreneurship is all about the identification of an opportunity, creation of new organization, and pursuing new ventures (Carton *et al.*, 1998). There are many studies done on entrepreneurship like external skills required in entrepreneurs. For example, Schumpeter (1934) has stated that an entrepreneur needs to be innovative, creative, and should be able to take risk. Wickham (2006) has also supported his views. Pajarinen et al. (2006) have said that entrepreneurs with higher academic background are more innovative and will use modern techniques and models to do business. Barringer and Bluedorn (1999) have described entrepreneurs as individuals who can explore the environment, discover the opportunities, and exploit them after proper evaluation. Kuratko (2009), in his book, distinguishes between entrepreneurs and business owners. He highlights that these two terms are often used interchangeably, but both have a lot of differences in their reaction under certain situations. An entrepreneur aggressively focuses on innovation profit and growth of the business.

On the other hand, a business owner's objective and focus is mostly on managing stable growth, sales, and profits. An entrepreneurial venture is successful if it is growing. Growth has various connotations. It can be defined in terms of revenue generation, value addition, and expansion in terms of volume of the business. It can also be measured in the form of qualitative features like market position, quality of product, and goodwill of the customers (Kruger, 2004). As stated earlier, growth is a vital indicator of a flourishing enterprise. There are many factors like characteristics of the entrepreneur, access to resources like finance, and manpower which affect the growth of the business and differentiate it from a non-growing enterprise. Gilbert et al. (2006) suggested how and where questions are important in the context of the growth of the business. It has been highlighted that growth is a function of the decisions an entrepreneur makes, like how to grow internally or externally and where to grow in domestic market or international market. There are many different theories on identifying the main factors underlying the growth of the business. They further added that the total assets which is one of the measure of the organization size has a direct impact on the sales revenue, but the number of employees, investment in R & D, and other intangible assets have not much influence on the organization's growth prospects. Lorunka *et al.*, (2011) have found that the gender of the founder, the amount of capital required at the time of starting the business, and growth strategy of the organization are very important factors in predicting growth in an organization. They have further highlighted that apart from human capital resources, the growth of an organization can be predicted on the basis of organizing competence of the person starting a new organization.

Corporate Culture

Corporate culture is one of the major issues in academic research and education, in organization theory as well as in management practice. There are good reasons for this: the cultural dimension is central in all aspects of organizational life. Even in those businesses where cultural issues receive little explicit attention, how people in a company think, feel, value and act is guided by ideas, meanings and beliefs of a cultural (socially shared) nature.

Whether managers think that culture is too soft or too complicated to bother about or whether there is no unique corporate culture does not reduce the significance of culture. Senior organizational members are always, in one way or another, 'managing culture' underscoring what is important and what is less so and framing how the corporate world should be understood. Businesses practicing intensive 'numbers management' may develop and reproduce a culture celebrating performance indicators and rituals around the handling of these. In most contemporary businesses, corporate culture receives a lot of attention and is seen as crucial. A key concern is that 'culture management aspires to intervene in and regulate being, so that there is no distance between individuals' purposes and those of the organization for which they work' (Grey, 2005). However, even in those cases where top managers have a strong awareness of the significance of culture, there is often a lack of a deeper understanding of how people and businesses function in terms of culture. High ambitions in attaining cultural control are seldom fully realized. Culture is as significant and complex as it is difficult to understand and 'use' in a thoughtful way. Awareness of and interest in culture vary between managers and companies. It is often difficult to attain a high level of cultural awareness to guide actions.

The interest in quick fixes in much management writing and thinking is unhelpful. Instead a well-elaborated framework and a vocabulary in which core concepts – culture, meaning, symbolism – are sorted out are necessary for understanding and for qualified organizational practice by consultants, managers and others. It is tempting to emphasize the significance of corporate cultures for performance, growth and success. At the beginning of the 1980s books identifying characteristics of excellent companies in the USA (Peters & Waterman, 1982) and the secrets behind the at-the-time highly successful Japanese companies (Ouchi, 1981) highlighted corporate culture. These books, in combination with journalistic writings, created a widespread belief in corporate cultures being perhaps the significant factor behind the performance of companies. This belief has been shaken by problems in many of the companies portrayed by Peters and Waterman as 'excellent' some years after the publication of their book as well as by a downturn in performance among Japanese companies in recent years. In addition, other more 'rationalistic' business recipes partly replaced culture and the focus on 'people' as the latest fashion for companies and managers during the first half of the 1990s. Some of the interest in culture has moved over to the nearby and overlapping field of organizational identity (Albert & Whetten, 1985; Ashforth *et al.*, 2010). Still, a strong case can be made for taking an interest in corporate culture in relation to performance. Managers frequently ascribe successes such as rapid growth to their culture. 'Companies win or lose based on the cultures they create', the chief executive officer (CEO) of CompUSA, the largest retailer in the USA of personal computers, says (Puffer, 1999). Many of the most influential management writers and academics agree. Kanter (2008) recognizes that talk about values is fashionable in corporate circles, but for 'the vanguard companies we studied, values truly are a primary consideration'. Pfeffer (1994) argues that the traditional sources of success – product and process technology, access to regulated markets, economies of scale, etc. – matter less today than in the past, 'leaving corporate culture and capabilities, derived from how people are managed, as comparatively more vital'.

Resource Based Theory

The resource-based theory was developed by Penrose in 1959. It seeks to explain why business performance differs within industries. The main argument of this theory is that sustainable competitive advantage stems from a business's possession of heterogeneous and immobile resources that are valuable, rare and inimitable. It therefore postulates that, differences in business performance within an industry are as a result of the business's specific resources that cannot be easily imitated by its competitors. The idea of competitive advantage is based on measuring the level of a business's success relative to its competitors.

Previous studies that used this theory include Conner (1991), who found that the greater the linkage of an input to the business's existing asset base (degree of an input's specificity), the greater the input's rent potential to that business. Tripsas (1997) also shows that, when incumbents experience a technological disadvantage in the face of competence-destroying technological change, the extent to which that disadvantage translates into a commercial disadvantage depends upon the other assets possessed by established businesses. Spanos and Lioukas (2001) confirmed this view by suggesting that industry and business specific effects are both important but explain different dimensions of performance. According to their results, industry forces influence market performance and profitability while business assets influence profitability via market performance (the direct influence of business assets on profitability is weak and insignificant). Coff (1999) proposed that resource-based view has a bargaining power model to predict when rents will be generated and who will appropriate them.

However, mere possession of business specific resources does not guarantee competitive advantage. For a business to perform successfully, it has to first identify business's specific resources and then develop strategies on how to manage the resources properly. This is supported by Brady *et al*. (2007) who argued that resources alone are not likely to produce a sustainable competitive advantage, rather resources must be managed appropriately in order to produce value. Hence, effective management of resources obliged the entrepreneur to be self-motivated, possess the appropriate skills in managerial functions and the required characteristics. It is therefore argued that the business's ability to perform and grow successfully depends upon the entrepreneurial competence which will enable the business to manage its available resources effectively and efficiently. In the case of SMEs, the entrepreneur is expected to be an agent for the management and to do that the entrepreneur needs the relevant motives, skills and characteristics.

CONCLUSION

A competent entrepreneur must have specific knowledge of the business, play social roles and remain skillful, creative, passionate, motivative, optimistic, persuasive, flexible, resourceful, assume risk, excellent planner, problem solver and the rest. Entrepreneurial competence can be learnable and possible to change through intervention such as selection and teaching of entrepreneurship. The environment is becoming ever more complex, entrepreneurs becoming more creative and innovative but without being competent the growth of any business will be truncated.

Therefore, in order to diminish the negative consequence of the challenging business environment it is important that the entrepreneurs act proactively within the environment. Entrepreneurial competencies are becoming more important but some entrepreneurs are not creative, not risk takers, not passionate about what they do, not proactive and not available or willing to learn new skills either because of lack of knowledge, or lack of information. This can only be achieved when the owners of the business themselves try as much as they can to be innovative, risk takers, passionate, dutiful, and ready to learn new skills that will make them competent. Entrepreneurs are challenged to step up their competencies in order to succeed in entrepreneurial actions.

RECOMMENDATIONS

From the findings of this study, it is recommended that;

1. Entrepreneurs must make sure they work hard to provide all their needs
2. Entrepreneurs must work hard for success and not depend on luck or faith
3. Business owners must have relationship with many other companies like banks, suppliers of raw materials, etc.

4. Business owners should collaborate with stakeholders
5. Companies must have a proper job designation and communication among workers is effective
6. Company channels of communication must be open
7. Companies should be able to purchase its needs and pay salaries regularly without borrowing from banks.
8. Company regular income from product sales must be enough to keep the business going
9. Company customer-base must increase continuously
10. Company volume of products and sales must be on the increase
11. Organizations must from time to time add some new types of products and services

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