

# Does Management Characteristics of an Entrepreneur Affect Small and Medium Enterprises Performance (SMES) in Abuja Nigeria

SALEH MUSA SA'AD  
STUDENT NUMBER: DBA/2022/000940  
DEPARTMENT OF MANAGEMENT SCIENCE FACULTY OF  
BUSINESS AND ECONOMICS  
THE UNIVERSITY OF AMERICA CURACAO,  
WILLEMSTAD, CURACAO  
UNITED KINGDOM OF NETHERLANDS

CO AUTHOR: TOKUNBO AMELIA MELAYE  
STUDENT NO: PHD/000920

**Abstract:-** This study investigated the impact of entrepreneurial management on the performance of Abuja's small and medium-sized enterprises (SMEs). The study utilized a descriptive research design with a survey methodology. A sample of 299 out of a population of 1180 SMEs in Abuja, Nigeria, was used to obtain the data. Using multiple regression analysis, the study's hypotheses were evaluated. The findings demonstrated that managerial skills and managerial structure had a favorable and significant impact on SME performance. While managerial orientation demonstrated a positive but negligible effect on the performance of SMEs, this effect was insignificant. The study recommended that policy-makers and other related agencies and institutions that are major stakeholders in the development of small and medium-sized enterprises (SMEs) in Nigeria equip current and future entrepreneurs with the skills and knowledge to make them self-reliant through workshops and seminars that improve the orientation and structure of SMEs' managerial skills.

**Keywords:-** Entrepreneurial Management, Skills, Orientation, Structure, SMEs Performance.

## I. INTRODUCTION

Small and Medium Enterprises (SMEs) are a source of economic growth and national development because as they grow, so do the economy and other social institutions. Researchers and professionals agree that SMEs reduce poverty and create jobs. SMEs produce employment in a way that assures equitable income distribution in this new era of industrialization, when nations' prosperity is evaluated by how well they provide for their population. SMEs provide a spectrum of work that doesn't respect bigger economic gaps and doesn't concentrate wealth to very few persons, providing an alternative to exploitative Large Scale Enterprises.

Small and medium-sized businesses (SMEs) in Nigeria haven't done as well as they should have because they haven't played the important role expected in the country's economic growth. Also, the small and medium-sized enterprises (SMEs) aren't doing enough to influence apprentices, speed up job creation, and fight poverty in order to help the economy grow and develop. Also, Muktar, Gambo, and Mukhtar (2015) said that consumers have a strong preference for imported goods and that the country imports more than it exports. Okpara (2011) said that low performance in the SME sector is caused by things like not having enough money, corruption, bad management, bad infrastructure, bad management skills, and low demand for products and services.

Management that takes an entrepreneurial approach begins with the presumption that entrepreneurial businesses are driven and motivated by opportunities, that they seize those opportunities regardless of the resources they have, and that they prefer to rent resources if they must. The argument made by Kuhn, Sassmannshausen, and Zollin (2010) is that EM practices can assist businesses in maintaining their vitality and can contribute to the performance of SMEs as well as the generation of value at the societal level. They cultivate supporting features like as expertise, organizational structure, cultural norms, and individual members of the group in order to accomplish these goals.

Survival and superior SME performance depend on entrepreneurial management traits that drive and develop a country's SME sector. A study of entrepreneurial management characteristics and SMEs' performance should examine SMEs' management from the perspectives of managerial abilities, managerial orientation, and managerial structure. The effectiveness of these managements on SME performance will reflect in success/failure.

Empirical literature on entrepreneurial management (EM) shows that it can help enterprises remain relevant and improve SME performance (Gürbüz & Aykol, 2010; Abdul Majid, Ismail, & Cooper, 2011; Umi, Rash & Rosli 2016; Kabir, Hazril, & Khairul 2017; Yushau & Solomon 2018). On the other hand, few research have explored the effects of entrepreneurial management (EM) component of managerial talent, managerial orientation, and managerial structure on SMEs performance in Abuja. This research filled literature gaps. It's hypothesized that managerial characteristics ( skill, orientations and structure) has no significant effect on performance SMEs in Abuja, Nigeria.

**II. LITERATURE REVIEW**

Omolara (2018) investigated the impact of Entrepreneurial management skills performance of Small and Medium Enterprise (SMEs): A comparative examination of Nigerian entrepreneurs and Minority entrepreneurs in the United Kingdom. The study found that managerial abilities have a considerable impact on the performance of small and medium-sized enterprises.

Aliyu (2017) investigated the effect of entrepreneurial ability on the performance of small and medium-sized enterprises (SMEs) in the Zaria local government area of Kaduna state. The study found that skill have a considerable favorable effect on the performance of small and medium-sized enterprises. Ajani and Oluymi (2016) used Yaba Local Government Area in Lagos state as a case study. This study used a survey to collect data from 92 entrepreneurs in diverse industries. Analyses employed simple regression. Results showed that managerial orientation affects Nigerian SMB performance positively. Wickramaratne, Kiminami, and Yagi (2014) studied entrepreneurial tea enterprises. Entrepreneurial abilities and business performance are linked by many studies. Entrepreneurial skills improve entrepreneurship. Early-stage entrepreneurs handle opportunity, strategic competency, organizing, connection competency, commitment competency, and conceptual competency well. Work experience improved business performance. Work experience can strengthen an entrepreneur's talents. Izaidin, Kamariah, and Sarah (2011) studied entrepreneurial management in Malaysia. This study used secondary and primary data. Management orientation improves SME performance, according to research.

**III. METHODOLOGY**

A survey-based descriptive research approach was used for this study. The study's population is made up of all SMEs operating in Abuja, Nigeria, for the period of 2022. The Taro Yamane formula was used to estimate the sample size. n is equal to the population size N divided by one.

e is the margin error

l=constant

e= 0.05%

$$n = \frac{1180}{1 + 1180(0.05)^2}$$

$$n = \frac{1180}{1 + 1180(0.0025)}$$

$$n = \frac{1180}{3.95}$$

$$n = 299$$

In order to obtain primary data for the study, a questionnaire was used. For all of the variables, we utilized a five-point likert rating system. Respondents' ratings ranged from 1 to 5, with 1 denoting a bad rating and 5 denoting a high rating. The assumption in section one was tested using multiple regression analysis.

➤ *Model Specification*

$$SMEP = \alpha + \beta_1MS + \beta_2MO + \beta_3MS + \epsilon$$

Where:

SMEP= SMEs Performance

MS= Managerial Skills

MO= Managerial Orientation

MS= Managerial Structure

$\alpha$ = Constant (value of the dependent variable when the independent variable is zero)

$\beta$  = Regression Coefficient

$\epsilon$ = Error Term

i= Cross section

**Table 1: Reliability Result**

| Variable               | Number of Items | Cronbach Alpha |
|------------------------|-----------------|----------------|
| SMEP                   | 4               | 0.7568         |
| Managerial Skill       | 4               | 0.8466         |
| Managerial Orientation | 4               | 0.8474         |
| Managerial Structure   | 4               | 0.9596         |

Source: Questionnaire, 2022

The results of the Cronbach Alpha Coefficient, which are provided in table 1, provide evidence that the research's real data did not disrupt the scales' pre-existing internal consistency, as expected.

**IV. RESULT AND DISCUSSION**

**Table 2: Multicollinearity Test**

|          | VIF  | 1/VIF    |
|----------|------|----------|
| MS       | 1.21 | 0.828569 |
| MO       | 1.16 | 0.861091 |
| MST      | 1.10 | 0.906375 |
| Mean VIF | 1.85 |          |

Table 2 multicollinearity test indicated all VIF values are less than 10 and tolerance values aren't less than 0.1. Table 2 mean VIF is 1.85. No multicollinearity was found among explanatory factors.

**Table 3. Heteroscedasticity Test**

|               |        |
|---------------|--------|
| chi2(1) =     | 0.76   |
| Prob > chi2 = | 0.5810 |

For the study, the chi2 value is 0.76 and the p-value of chi2 is 0.5810, which indicates that heteroscedasticity does not exist.

**Table 4: Summary of Regression Result**

|            | Coef.    | t    | P> t  |
|------------|----------|------|-------|
| MS         | .0953488 | 2.47 | 0.016 |
| MO         | .2333404 | 0.95 | 0.343 |
| MST        | .7612205 | 3.17 | 0.002 |
| Cons       | .2652227 | 0.75 | 0.456 |
| R-squared  | 0.2566   |      |       |
| F( 2, 295) | 26.58    |      |       |
| =          |          |      |       |
| Prob > F   | 0.0000   |      |       |
| =          |          |      |       |

The R-square value indicated how well the explanatory variables explained the dependent variable. Table 8 displays the R-square value to be 0.2566. This indicates that the entrepreneurial management factors in the study explained 26% of the SME performance (SMEP). The F-statistic value is 26.58, and the probability of chi2 is 0.000. At 1%, the likelihood of chi2 is substantial, indicating that the model is appropriate.

Table 4 demonstrates that managerial ability has a t-value of 2.47 and a coefficient of 0.953488, which is statistically significant at the 5% level. This indicates a considerable positive correlation between managerial abilities and SME performance. On the basis of the study's findings, the null hypothesis was rejected.

Moreover, the t-value for management orientation is 0.95, indicating that it has no bearing on the performance of small and medium-sized businesses in Abuja. A large amount of data were gathered in this investigation that does not support rejecting null hypothesis 2. Findings by Wickramaratne, Kiminami, and Yagi were all at odds with the new data.

Lastly, the t-value in table 4 shows that managerial structure has a coefficient of .7612205 of 3.17, which is statistically significant (0.002) at the 5% level of significance. This means that a 1% change in management structure has a 76% impact on a company's overall performance. The positive correlation demonstrated that the performance of small and medium-sized enterprises (SMEs) is projected to increase as management structure increases. This research suggests that one of the characteristics affecting the performance of SMEs is the managerial structure. Furthermore, the study rejects the null hypothesis number three.

## V. CONCLUSION AND RECOMMENDATIONS

The research objectives and hypotheses guided the study's conclusions. Finding suggests managerial skills positively affect SMEs in Abuja, Nigeria. The study concludes that entrepreneurs who develop planning, organizing, leading, and regulating skills can increase their success. According to the study, management orientation has a small positive effect on SME performance. According to this study, SMEs' performance is greatly improved. Not a significant driver of SMEs' performance in Abuja during the reviewed period. The study shows that managerial structure affects SME performance positively. The study concludes that managerial structure affects SMEs' performance in Abuja, Nigeria. The study recommended that policy-makers and other related agencies and institutions that are major stakeholders in the development of small and medium-sized enterprises (SMEs) in Nigeria equip current and future entrepreneurs with the skills and knowledge to make them self-reliant through workshops and seminars that improve the orientation and structure of SMEs' managerial skills.

## REFERENCES

- [1]. Agbim, K. C. (2013). The relative contribution of management skills to entrepreneurial success: A survey of small and medium enterprises (SMEs) in the trade sector. *International Organization of Scientific Research Journal of Business and Management*, 7(1), 08-16.
- [2]. Ajani, A.O & Oluyemi A. (2016). Relationship between Entrepreneurial Characteristics and Performance of Small and Medium Scale Enterprise (A Study of SMEs in Yaba LCDA). *International Journal of Business and Social Science. Vol. 7, No. 9*
- [3]. Aliyu, M.S. (2017) Entrepreneurial Competencies and the Performance of Small and Medium Enterprises (SMEs) in Zaria Local Government Area of Kaduna State. *International Journal of Entrepreneurial Development, Education and Science Research* Volume 4, Number 2
- [4]. Aruwa, S.A.S (2006). *Entrepreneurial development, small and medium enterprises*, Kaduna: Entrepreneurship Academy Publishing
- [5]. Ayanda, A. M., & Laraba, A. S. (2011). Small and medium scale enterprises as a survival strategy for employment generation in Nigeria. *Journal of Sustainable Development*, 4(1), 200.
- [6]. Barney, J. B., (1991). Firm Resources & Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120.
- [7]. Bradley, S., Wiklund, J., & Shepherd, D. (2011). Swinging a double-edged sword: The effect of slack on entrepreneurial management and growth. *Journal Of Business Venturing*, 26(5), 537-554.

- [8]. Brown, T., Davidsson, P., & Wiklund, J. (2001). An Operationalization Of Stevenson's Conceptualization Of Entrepreneurship As Opportunity-Based Firm Behavior. *Strategic Management Journal*, 22(10), 953-968.
- [9]. Coric, G., Katavic, I., & Kopecki, D., (2011). Sustainable growth of SMEs in Croatia through development of entrepreneurial skills, pp. 207-242.
- [10]. Davood, G., & Morteza, M. (2012). Knowledge Management capabilities and SMEs organizational performance. *Journal of Chinese Entrepreneurship*, 4 (1), 35-49.
- [11]. Davis, S. & Albright, T. (2004), "An investigation of the effect of balanced scorecard implementation on financial performance", *Management Accounting Research*, Vol. 15 No. 2, pp.
- [12]. Grant, R. M., (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *Knowledge and Strategy* (Ed. M. Zack), 3-23.
- [13]. Gürbüz, G., & Aykol, S. (2009). Entrepreneurial management, entrepreneurial orientation and Turkish small firm growth. *Management Research News*, 32(4), 321–336. doi:10.1108/01409170910944281
- [14]. Hassim, A.A, Asmat N, Abdul T & Abdul, R, (2011) The Effects of Entrepreneurial Orientation on Firm Organisational Innovation and Market Orientation Towards Firm Business Performance, *International Conference on Sociality and Economics Development*, Vol. 10,, 280284.
- [15]. Hoque, A.S.M.M., & Awang, Z. (2019). Does gender difference play moderating role in the relationship between entrepreneurial marketing and Bangladeshi SME performance? *Accounting*, 5(1), 35-52.
- [16]. Hoque, A.S.M.M., Siddiqui, B.A., Awang, Z., & Baharu, S.M.A.T. (2018f). Exploratory Factor Analysis of Entrepreneurial Orientation in the Context of Bangladeshi Small and Medium Enterprises (SMEs). *European Journal of Management and Marketing Studies*, 3(2), 81-94.
- [17]. Hult, G.T.M., Hurley, R.F. and Knight, G.A. (2004), "Innovativeness: Its antecedents and impact on business performance", *Industrial Marketing Management*, Vol. 33 No. 5, pp. 429–438. Ibrahim, A.B. and Ellis, W.H. (1993), *Entrepreneurship and Small Business Management: Text*,
- [18]. Inegbenebor, A.U. (2006). You can be an entrepreneur. In Inegbenebor, A.U. (ed). *The fundamentals of entrepreneurship* (israd), pp. 1-4, Lagos: Malthouse Press Limited
- [19]. Izaidin, A.M., Kamariah, I., & Sarah, C (2011). Prevalence of entrepreneurial management practices in technology-based firms in Malaysia. *African Journal of Business Management* Vol.5 (6), pp. 2075-2082
- [20]. Jemi, A. (2013). Acceptance Speech by Jemi-Alade during the swearing in Ceremony as the chairman elect of the national association of small & medium enterprises (NASME). Lagos State Branch at Akinrele Auditorium, Federal Institute of Industrial Research Oshodi, Lagos on 21st November, 2013 (Unpublished).
- [21]. Klein, H.J., Joseph, J.T. and Monahan, C.A. (2013), "Goal commitment", in Locke, E.A. and Latham, G.P. (Eds.), *New Developments in Goal Setting and Task Performance*, Routledge, New York, NY, pp. 65–89.
- [22]. Ketchen, D. J. (2003). From the special issue edition: Entrepreneurship: Past accomplishments and future challenges. *Journal of Management*, 29(3): 282283.
- [23]. Kuhn, B., Sassmannshausen, S. P., & Zollin, R. (2010). "Entrepreneurial management" as a strategic choice in firm behavior: Linking it with performance. In *High technology Small Firms Conference (HTSF)*. University of Twente, NL
- [24]. Li, T Jing-W H.& Mey-Tien T, (2008)Entrepreneurial Orientation and Firm Performance: The Role of Knowledge Creation Process, *Industrial Marketing Management* (38), 440-449.
- [25]. Lowden, J. S. (2009). *Managerial skills for the entrepreneur*. Kirkcaldy College of Technology, Scotland.
- [26]. Ng, H. S., Kee, D. M. H., & Ramayah, T. (2016). The role of transformational leadership, entrepreneurial competence and technical competence on enterprise success of owner-managed SMEs. *Journal of General Management*, 42(1), 23-43.
- [27]. Nurlina, T. (2014). The Effect of Management Capabilities and Entrepreneurship Orientation to Innovation and Implication on Business Performance: Study at Embroidery Motifs SMEs in Aceh-Indonesia. *Journal of Economics and Sustainable Development*. Vol.5, No.26, 2014
- [28]. Nwafor, P. Z. (2007). *Practical approach to entrepreneurship: Small and medium scale enterprises*. Enugu: Precision Publishers Ltd.
- [29]. Nur, S. & Zulkifli, A. (2014), "Business performance for SMEs: subjective or objective measures?", *Review of Integrated Business & Economics Research*, Vol. 3 No. 1, pp. 371–381.
- [30]. Obiwuru, T.C., Okwu, A.T., Akpa, V.O., & Nwankwere, I.A. (2011). Effects of Leadership Style on Organizational Performance: A survey of selected Small Scale Enterprises in IKOSI\_KETU council development area of Lagos State, Nigeria. *Australian Journal of Business and Management Research*, 1(7), 100-111.
- [31]. Omolara, E.A (2018) Entrepreneurial skills and growth of Small and Medium Enterprise (SMEs): A comparative analysis of Nigerian entrepreneurs and Minority entrepreneurs in the UK. *Munich Personal RePEc Archive*
- [32]. Osamwonyi, I. O., & Tafamel, A. E. (2010). Options for sustaining small and medium scale enterprises in Nigeria: Emphasis on Edo State. *African Research Review*, 4(3).
- [33]. Papulová, Z. (2007). Importance of management skill and knowledge in management for small entrepreneur. *E-Leader, Prague*.

- [34]. Trkman, P. (2009). The critical success factors of business process management. *International Journal of Information Management*, 30(2), 125-134.
- [35]. Umi, K.R, & Rosli M (2016). The Effects of Entrepreneurial Management and Ethics On The Women-owned SMEs Business Performance in Malaysia. *Journal for Studies in Management and Planning*
- [36]. Wickramaratne A., Kiminami A. and Yagi H. (2014), Entrepreneurial Competencies and Entrepreneurial Orientation of Tea Manufacturing Firms in Sri Lanka, *Asian Social Science*, 10(18).
- [37]. Wiklund, J & Shepherd D, (2005) Knowledge Based Resources, Entrepreneurial Orientation and The Performance of Small and Medium Sized Business, *Strategic Management Journal*, (24),, 1307-1314.
- [38]. Yushau, A., & Solomon M., (2018). Impact of Entrepreneurial Competencies on the performance of Small And Medium Enterprises In Kaduna Metropolis, *Nigeria. Online Journal of Arts, Management and Social Sciences (OJAMSS); Vol.3 No.2, August*