

Entrepreneurial Competence as Mediator Between Entrepreneurial Proactiveness, Innovativeness and Risk-taking, and Performance of SMEs

Buba Musa Pulka^{1*}, Yagana Babakura Imam², Yakaka Gamama²

¹ Division of General Studies, University of Maiduguri – Nigeria.

² Faculty of Management Sciences, Department of Marketing, University of Maiduguri – Nigeria.

* Corresponding author: bubapulka@unimaid.edu.ng

Abstract

The study examined the mediating effects of entrepreneurial competencies on the relationship between entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance of 470 SMEs. In resource-based view, it is explained that SMEs performance depends on the bundles of resources that SMEs possess which include competencies and entrepreneurial orientation. However, there is a scarcity of studies that have examined the dimensionality of the entrepreneurial orientation, mediating role of competencies on SMEs financial and strategic performance, particularly in SMEs. Thus, this study filled in these gaps in the in previous studies by developing a conceptual framework and providing empirical evidence that could lead to a better SMEs performance. The data was collected from 470 SMEs and employed SPSS 24 and PLS 3.0 in the analysis of the data. The results revealed that proactiveness, innovativeness and entrepreneurial competencies directly affect financial performance. Similarly, innovativeness and risk-taking directly affect SMEs performance. Furthermore, the results revealed that proactiveness and innovativeness directly affect entrepreneurial competencies. Moreover, entrepreneurial competencies mediated the relationship between proactiveness, innovativeness and financial performance. On the contrary, entrepreneurial competencies did not mediate the relationship. Equally, entrepreneurial competencies mediated the relationship between innovativeness and financial performance. On the contrary, entrepreneurial competencies did not mediate the relationship between proactiveness, innovativeness, risk-taking and strategic performance.

Keywords: Competencies, Proactiveness, Innovativeness, Risk-taking, SMEs performance

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Introduction

Entrepreneurial orientation (EO) is also one of the vital resources of the SMEs. This is because firms with high EO tends to perform better than SMEs with low EO (Covin & Slevin, 1989). Several studies have pointed out that the EO enhances the survival of and overall SMEs performance (Al-Swidi & Mahmood, 2012; Amran Awang, Ab Aziz Yusof, Kamsol Mohamed Kassim, Mohammad Ismail, Rosihana Shekh Zain, 2009; Fatoki, 2014; Idar & Mahmood, 2011; Moorthy et al., 2012). They also argue that SMEs that have the risk-taking propensity, are innovative and proactive have chances of improving its performance. EO also enable SMEs in sighting and exploration of new opportunities (Lumpkin & Dess, 1996). According to Kraus, Rigtering, Hughes and Hosman (2012) and Laukkanen, Nagy, Hirvonen, Reijonen and Pasanen (2013) stress the need for EO in the SMEs, because of its ability to improve on competitive advantage and overall performance. Lyon, Lumpkin and Dess (2000) maintain that SMEs' entrepreneurial orientation behaviour is part and parcel of the SMEs. This made Aminu (2015) to ascertain that SMEs need to be entrepreneurial to enable it to perform credibly, efficiently and effectively especially in dynamic, diverse, complex and uncertain EE. Miller (1983) explained that EO enables SMEs' to achieve products/service innovation, take part in risky undertakings and be proactive and innovative. EO helps SMEs to meet the needs of customers, introducing new product/services or modifying existing ones, initiating new and beneficial ideas to the

SMEs, help in business process management and improving on the SMEs practices (Jia, Wang, Zhao, & Yu, 2014; Lumpkin & Dess, 1996). Therefore, dimensions of EO are discussed in the next section.

Even though many studies have been conducted on entrepreneurial orientation, but most of the studies did not consider the multidimensionality of the EO. For example, studying the effect of entrepreneurial proactiveness, entrepreneurial innovativeness and entrepreneurial risk-taking. Therefore, this is the first gap that this study attempted to fill. Moreover, there is also dearth studies on the entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance particularly in the Nigerian context. The study area is grossly underrepresented in the published literature regarding this subject. Therefore, there is need to replicate the studies in this context provide empirical evidence. This represent the second gaps that this study attempts to fill.

Equally, numerous studies have assisted in understanding how entrepreneurial competencies impact SMEs performance, these studies did not provide adequate empirical support for the theoretical argument on the mediating role of entrepreneurial competencies on the relationship between entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs financial and strategic performance. This is the third gap that the study intends to fill. Similarly, majority of studies on SMEs performance used only financial performance measurement, while neglecting strategic



performance measurement. This study fills in this gap by using the SMEs performance by Brito and Santos (2012) that is made up of financial and strategic SMEs performance measurement. Also, the need to replicate the studies on entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance to get a better understanding of the how these determinants are associated with SMEs performance. Also, to know about the validities and reliabilities of the instrument used in this study in a different context. Therefore, the study will provide the results and findings on the reliabilities and validities of all instruments used in the study.

Similarly, there is lack of studies that has reported scientific data on northeastern geopolitical zone of Nigeria regarding the effects of entrepreneurial network on performance of the SMEs (Creswell, 2014). Thus, in this paper it is argued that entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking as explained in the RBV offers a vital and under explored region of study that could shed more light on how some SMEs could benefit from entrepreneurial competencies and entrepreneurial orientation to achieve a better SMEs performance.

Consequently, the study contributes to the existing body of knowledge on entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance. Firstly, the study contributes current knowledge on the relationship between entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance. Secondly, it provides understanding of the moderating role of entrepreneurial competencies on the relationship between entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs performance. Thirdly, it provides empirical evidence from Nigeria which is grossly underrepresented in the literature. Fourthly, it provides the understanding on the validities and reliabilities of instrument used in the study in the context of a developing country. Lastly, it contributes by developing a conceptual framework for achieving better SMEs performance. As a result, the structure of the study after the introduction, the next section presented the literature and the hypothesis, followed by methodology, results, and discussion conclusions and implications.

Literature Review and Hypothesis Development

In this section of the paper, entrepreneurial proactiveness, entrepreneurial innovativeness, risk-taking, entrepreneurial competencies and SMEs performance are discussed.

Entrepreneurial Proactiveness

Proactiveness refers to the ability of entrepreneurs/SMEs to scan and forecast into future for possible changes that might affect the SMEs either positively or negatively, and deployment of necessary decision tools and resources to deal with such emerging trend (Hughes & Morgan, 2007). It can also be understood as the process by which SMEs respond to customers and take advantage of being pioneer SMEs to introduce a product or service into the market (Certo, Moss, & Short, 2009; Lumpkin & Dess, 2001; Lyon et al., 2000). In the words of Aminu (2015) "proactiveness is defined as the ability of SMEs to think ahead of competitors and predict future business and customers' needs; make the first move; be a fast follower in new or existing markets, and harness the opportunities in the market".

H1: there is positive and significant effect of entrepreneurial proactiveness on financial performance

H2: there is positive and significant effect of entrepreneurial proactiveness on strategic performance.

Entrepreneurial Innovativeness

Certo, Moss, and Short (2009) defined innovation as the process of improving existing techniques, skills, methods or processes of acquiring entrepreneurial skills and process of changing from obsolete competencies, skills and ideas to new by ones SMEs. Innovation is a strategically planned introduction and use of new or improved ideas into the SMEs that improves the quality and effectiveness of the process, products, services and procedures for doing things that are related, important and enable the SMEs to improve its performance (Farr & West, 1990).

Equally, Wood, Holt, Reed, and Hudgens (2008) stated that innovation deals with the creation of products, services, and ideas that are of value to the SMEs to attain superior SMEs performance. Crossan and Apaydin (2010) highlight that innovation is the process of creating and or accepting, adapting and utilising new or improved methods or strategies that add value and novelty to trade and industry, helps in regeneration and expansion of products, services and markets. Orlikowski (2010), Tsoukas and Chia (2002) and Wierdsma (2004) stated that "innovation is the process of development of new outcome by adopting new ways of working and product development". Ismail and Jenatabadi (2014) argue that the main aim of innovation in any SMEs is the improvement of working method, products, services and achieving a better SMEs performance, and this can be achieved through the SMEs competencies. This means for any firm to survive and attain superior performance; it has to be innovative. This has to come in different dimensions, for example, positive changes in methods of production and processing, accompanied by a change in skills and knowledge of employees and owner/managers, changes in customer relationship management and many other related activities. That is why innovation in the SMEs keeps receiving much attention (Wierdsma, 2004; Yuan, Zhongfeng & Yi, 2010).

Entrepreneurs/SMEs are always being confronted by varieties of challenges resulting from the volatile EE. Because entrepreneurs/SMEs have to find ways of dealing with such changes if it manifests as threats to their businesses. One of such strategies is to be innovative. Innovation to the SMEs can be coming out with new or modified methods or strategies for sourcing raw materials, processing, ideas, production, and distribution, technology and marketing programmes that are geared towards attaining high SMEs performance (Covin & Miller, 2014; Lumpkin & Dess, 1996; Lyon et al., 2000). Therefore, innovation is of two folds, either introducing new products/services and or a new way of doing something or modifying an existing method. Hence, innovation helps the SMEs in product/service differentiation and strategically positioning product/service in the market (Hughes & Morgan, 2007).

H3: there is positive and significant effect of entrepreneurial innovativeness on financial performance

H4: there is positive and significant effect of entrepreneurial innovativeness on strategic performance

Entrepreneurial Risk Taking

Risk taking is the propensity, willingness and ability of an entrepreneur/SMEs to accept, take, endure and bear risks resulting from running the SMEs. According to Begley (1995), it refers to the willingness to take moderate risks. Shane (2003) view risk taking as the ability to and willingness to engage in risky activities. Diet (2007) maintains that risk-taking is the extent to which there is uncertainty about whether potentially significant and or disappointing outcomes of a decision will be realised. Similarly, Koh (1996) explains it as the orientation towards taking chances in uncertainty decision making context. Carri (2012) asserted that entrepreneurs/SMEs prefer to take moderate risks in situations where they have some degree of control for risks in achieving profits. Cunningham and Lischeron (1991) and Arzubagi, Iturralde and Maseda (2012) argued that risk-taking is a key factor that distinguishes entrepreneurs from the non-entrepreneurs. Lyon, Lumpkin and Dess (2000) view it as the SMEs that are ready to marshal and invest resources in the face of risks.



H5: there is positive and significant effect of entrepreneurial risk-taking on financial performance

H6: there is positive and significant effect of entrepreneurial risk-taking on strategic performance

SMEs Performance

SMEs performance is defined as the abilities of the SMEs to harness, integrate and utilize various internal and external resources with timely and right reconfiguration to achieve targeted set of objectives and performance capable of providing employment opportunities, growth of GDP, export and to uplift the standard of living of the society (Pulka, 2019). Therefore, SMEs performance is considered as a two-dimensional construct comprising financial and strategic performance (Santos & Brito, 2012). Financial performance indicators include profitability, growth and market value. While strategic performance indicators include customer satisfaction, employee satisfaction, environmental performance and social performance (Santos & Brito, 2012).

The Mediating Effects of Entrepreneurial Competencies

Similarly, Brown (1993) defined entrepreneurial competencies as possession of personal characteristics and proper application of knowledge necessary for superior entrepreneurial behaviour. Spencer and Spencer (1993) see entrepreneurial competencies “as an underlying characteristic of an individual that is related to criterion-referenced effective and superior performance in a job or situation”. Man, Lau and Chan (2002) argued that for SMEs to excel the entrepreneurs/managers must possess the ability to perform their tasks successfully. UNIDO (2002) defined entrepreneurial competencies as “competencies is a set of skills, related knowledge and attributes that allow an individual to successfully perform a task or activity within a specific function or job”. Bird (1995) viewed entrepreneurial competencies are the distinctive characteristics possessed by individuals which are related to the creation of new businesses, their survival, and growth. These attributes according to Bird (1995) are knowledge, skills, motives, self-image, traits and roles. While Kuratko and Hodgetts (2001) contended that EC of entrepreneurs include attitude, value, belief, knowledge, skills, abilities, personality, wisdom, expertise, mindset and behaviours that are capable of enabling the entrepreneurs to achieve success and sustainable entrepreneurial activities in any given economy.

Hence, according to the findings from previous studies by Al Mamun, Subramaniam, Nawi, and Zainol (2016), Barazandeh, Parvizian, Alizadeh, and Khosravi (2015), Sarwoko, Surachman, and Hadiwidjojo (2013) and Tehseen and Ramayah (2015), the relationship between EC and SMEs performance is positive and significant. Unfortunately, studies by Dubey and Ali (2011) and Yazdanfar, Abbasian and Hellgren (2014) found the relationship between EC and SMEs performance is negative. While the studies by Dubey, Singh, Ali, Venkatesh, and Gupta (2014) and Oo (2013) found mixed results. These studies revealed that the relationship between EC and SMEs performance is inconsistent and that makes it inconclusive.

H7: there is positive and significant effect of entrepreneurial competencies on financial performance

H8: there is positive and significant effect of entrepreneurial competencies on strategic performance

H9: there is positive and significant effect of entrepreneurial proactiveness on entrepreneurial competencies

H10: there is positive and significant effect of entrepreneurial innovativeness on entrepreneurial competencies

H11: there is positive and significant effect of entrepreneurial risk-taking on entrepreneurial competencies

H12: there is positive and significant mediating effects of entrepreneurial competencies on the relationship between entrepreneurial proactiveness and financial performance

H13: there is positive and significant mediating effects of mediating effects of entrepreneurial competencies on the relationship between entrepreneurial proactiveness and strategic performance

H14: there is positive and significant mediating effects of mediating effects of entrepreneurial competencies on the relationship between entrepreneurial innovativeness and financial performance

H15: there is positive and significant mediating effects of mediating effects of entrepreneurial competencies on the relationship between entrepreneurial innovativeness and strategic performance

H16: there is positive and significant mediating effects of mediating effects of entrepreneurial competencies on the relationship between entrepreneurial risk-taking and financial performance

H17: there is positive and significant mediating effects of mediating effects of entrepreneurial competencies on the relationship between entrepreneurial risk-taking and strategic performance

Conceptual Framework and Underpinning Theory

The conceptual framework consists of entrepreneurial proactiveness, entrepreneurial innovativeness and entrepreneurial risk-taking as independents variables. While entrepreneurial competencies serve as a mediator and SMEs performance as the dependent variable. Thus, Resource-based view (RBV) is one of the prevailing theories being used in entrepreneurship and management studies. According to RBV, firms need to possess a unique package of resources to achieve better performance. The theory proposed that the resources of the need to have unique qualities and characteristics. The qualities of the resources include value, rare, inimitable, and non-substitutable (Barney, 2017; Barney, 1991; Connor, 2002).

Furthermore, the resources of the firms are categorised into two forms; the tangible and intangible resources (Barney, 1991; Wernerfelt, 1984). The intangible resources are nonphysical resources of the firms that enable them to achieve competitive advantage and better performance. The intangible resources of the firms include experience, skills, capabilities, competencies and other intangible resources (Barney, 1991; Barney, Wright, & Ketchen, 2001; Talaja, 2012). Therefore, the entrepreneurial orientation and entrepreneurial competencies of the SMEs could serve as unique and VRIN resources that might positively and significantly impact on the SMEs performance (Talaja, 2012). Therefore figure 1 present the conceptual framework of the study.

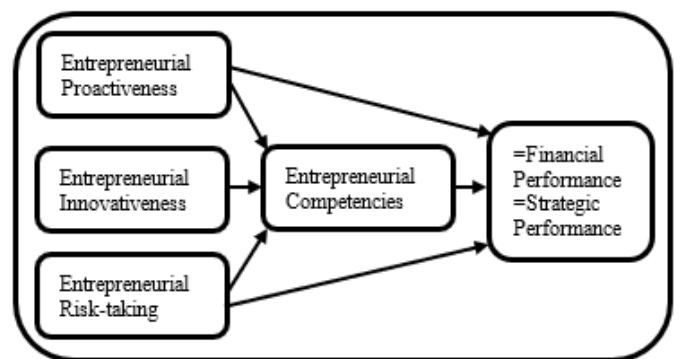


Figure 1. Conceptual Framework for the Study

Methodology

Sample and Sample Size

The sample of the study consist of 470 owners/managers of SMEs operating in north eastern Nigeria. Multistage sampling technique was used to compose the sample from the population of the study. Firstly, the SMEs were grouped into six clusters according the six existing states in the geopolitical zone using data from (SMEDAN, 2012; SMEDAN & NBS, 2013). Secondly, proportional to size simple random sampling was used in determining the number of subsamples in each cluster. Thirdly, simple random sampling technique was employed in selecting the SMEs that participated in the survey.



Therefore, the data was subjected to analysis using SPSS 24 and PLS 3.0. Specifically, SPSS was used for testing preliminary analysis, while PLS 3.0 was used for testing the hypotheses of the study.

Measurement

This study utilized a cross-sectional research design and collected data with the aid of structured questionnaire to measure the entrepreneurial competencies, entrepreneurial proactiveness, entrepreneurial innovativeness and entrepreneurial risk-taking and SMEs performance of SMEs operating in northeastern Nigeria. The study used instruments adapted from previous studies to measure all the variables used in the study on 5-point Likert scale ranging from strongly disagree to strongly agree. The measurement of entrepreneurial competencies is adapted from Man (2001). The measurement of entrepreneurial orientation was adapted from Covin and Slevin (1989). The measurement of entrepreneurial of SMEs performance is adapted from Brito and Santos (2012). All the variables in the study were operationalized as one dimension.

Analysis and Results

The research work examined the mediating effect of entrepreneurial competencies on the relationship between proactiveness, innovativeness, risk-taking and SMEs performance. The study employed the internal consistency approach to determine the reliabilities of all the items of the constructs used in the study (Hair, 2017). Therefore, table 1 and figure 1 present the standardised item loadings, Cronbach’s alpha, composite reliability and average variance extracted. All the values of the standardised loading values of the items are above 0.5, this signifies acceptable level. Similarly, the Cronbach’s alpha indicated that all the constructs of the study have coefficient values of more than 0.7. This indicates that the construct has reliability. Moreover, the composite reliability results also revealed that the coefficient values of all the constructs are within acceptable limits (Hair, Hult, Ringle, & Sarstedt, 2017; Meng, Reyes, Xu, & Shen, 2017; Nunnally & Bernstein, 1994). Furthermore, the values of the average variance extracted (AVE) have surpassed the threshold of 0.4, therefore, all the results indicated that the standardised loading, Cronbach’s’s alpha, composite reliability and AVE showed acceptable values(Hair et al., 2017).

The validity of the constructs of the study were tested following suggestion made by (Chin, 1998; Fornell & Larcker, 1981). The validity results revealed that all the constructs of the study have achieved the coefficient values of the acceptable levels of values. The first approach is the Fornell-Larcker criterion which is used to assess the discriminant validity by comparing the square root of the average variance estimate (AVE) values with that of the latent variable correlations (Hair et al., 2017). It means that reflective constructs have discriminant validity when the square root of its AVE is higher than its correlation compares to other reflective latent constructs in the same model of research work (Fornell & Larcker, 1981).

Table 1: Loadings, Cronbach's Alpha, Composite Reliability and AVE

Items	Standardised Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Proactiveness		0.817	0.880	0.648
PR1	0.694			
PR2	0.837			
PR3	0.805			
PR4	0.872			
Entrepreneurial Innovativeness		0.878	0.908	0.623
IN1	0.833			
IN2	0.849			
IN3	0.745			
IN4	0.759			
IN5	0.720			
IN6	0.822			
Entrepreneurial Risk-taking		0.841	0.893	0.678
RT1	0.807			
RT2	0.903			
RT3	0.786			
RT4	0.791			
Entrepreneurial Competencies		0.877	0.901	0.505
EC1	0.647			
EC10	0.613			
EC13	0.789			
EC16	0.678			
EC2	0.801			
EC4	0.632			
EC5	0.631			
EC6	0.807			
EC9	0.762			
Financial Performance		0.828	0.873	0.500
FP1	0.633			
FP2	0.559			
FP3	0.797			
FP5	0.814			
FP6	0.698			
FP7	0.805			
FP8	0.596			
Strategic Performance		0.794	0.866	0.619
SP5	0.720			
SP6	0.769			
SP7	0.816			
SP8	0.838			





Figure 1: Measurement Model of the Study

Table 2: Validity

Latent Variables	EC	EI	EP	ER	FP	SP
EC	0.711					
EI	0.620	0.789				
EP	0.558	0.710	0.805			
RT	0.575	0.765	0.749	0.823		
FP	0.453	0.323	0.366	0.285	0.707	
SP	0.335	0.497	0.404	0.485	0.157	0.787

PLS Path Analysis for Direct Relationships

The study employed PLS 3.0 in the main analysis of the data to test the hypotheses of the study. Firstly, the results from table 1 revealed that entrepreneurial proactiveness is positively and significantly related to financial performance ($\beta = 0.323, t = 3.270$ and $P = 0.01$). Secondly, entrepreneurial proactiveness has insignificant effect on strategic performance ($\beta = 0.051, t = 0.643$ and $P = 0.260$). Thirdly, entrepreneurial innovativeness is positively and significantly related to financial performance ($\beta = 0.230, t = 1.831$ and $P = 0.034$). Fourthly, entrepreneurial innovativeness is positively and significantly related to strategic performance ($\beta = 0.294, t = 2.473$ and $P = 0.007$). Fifthly, entrepreneurial risk-taking does not affect financial performance ($\beta = -0.152, t = 1.129$ and $P = 0.130$).

Furthermore, entrepreneurial risk-taking is positively and significantly related to strategic performance ($\beta = 0.192, t = 1.853$ and $P = 0.032$). Entrepreneurial competencies are positively and significantly related to financial performance ($\beta = 0.384, t = 4.561$ and $P = 0.000$). Entrepreneurial competencies do not affect strategic performance ($\beta = 0.025, t = 0.372$ and $P = 0.355$). Entrepreneurial innovativeness is positively and significantly related to entrepreneurial competencies ($\beta = 0.435, t = 4.770$ and $P = 0.000$). Equally, entrepreneurial proactiveness is positively and significantly related to entrepreneurial competencies ($\beta = 0.229, t = 2.926$ and $P = 0.002$). Entrepreneurial risk-taking does not affect entrepreneurial competencies ($\beta = 0.028, t = 0.335$ and $P = 0.369$).

Table 3: PLS Path Analysis for Direct Relationships

Hyp	Relationships	Mean	Std. Dev.	T Stat.	P Value
H1	EP => FP	0.323	0.097	3.270	0.001
H2	EP => SP	0.051	0.080	0.643	0.260
H3	EI => FP	0.230	0.125	1.831	0.034
H4	EI => SP	0.294	0.119	2.473	0.007
H5	RT => FP	-0.152	0.133	1.129	0.130
H6	RT => SP	0.192	0.103	1.853	0.032
H7	EC => FP	0.384	0.083	4.561	0.000
H8	EC => SP	0.025	0.063	0.372	0.355
H9	EI => EC	0.435	0.091	4.770	0.000
H10	EP => EC	0.229	0.078	2.926	0.002
H11	RT => EC	0.028	0.088	0.335	0.369

PLS Path Analysis for Mediating Relationships

The bootstrapping approach was conducted to assess the mediating effect of entrepreneurial competencies on the relationship between proactiveness, innovativeness and financial performance. Firstly, Table 2 revealed that entrepreneurial competencies positively and significantly mediated the relationship between proactiveness and financial performance ($\beta = 0.088, t = 2.304$ and $P = 0.011$). Secondly, entrepreneurial competencies did not mediate the relationship between proactiveness and strategic performance ($\beta = 0.005, t = 0.352$ and $P = 0.362$). Thirdly, entrepreneurial competencies positively and significantly mediated the relationship between innovativeness and financial performance ($\beta = 0.167, t = 3.219$ and $P = 0.001$). Fourthly, entrepreneurial competencies did not mediate the relationship between innovativeness and strategic performance ($\beta = 0.012, t = 0.353$ and $P = 0.362$). Fifthly, entrepreneurial competencies did not mediate the relationship between risk-taking and financial performance ($\beta = 0.010, t = 0.322$ and $P = 0.374$). Lastly, entrepreneurial competencies did not mediate the relationship between risk-taking and strategic performance ($\beta = 0.001, t = 0.109$ and $P = 0.457$).

Table 2: PLS Path Analysis for Mediating Relationships

Hyp	Paths	Mean	Std. Dev.	T Stat.	P Value
H12	EP => EC => FP	0.088	0.037	2.304	0.011
H13	EP => EC => SP	0.005	0.015	0.352	0.362
H14	EI => EC => FP	0.167	0.051	3.219	0.001
H15	EI => EC => SP	0.012	0.029	0.353	0.362
H16	RT => EC => FP	0.010	0.034	0.322	0.374
H17	RT => EC => SP	0.001	0.006	0.109	0.457

Table 3 present the coefficient of determination of the whole model of the study. The results illustrate that entrepreneurial competencies explained the total 41% of the variance in the research model. While financial performance explained variance of 23% and strategic performance explained 26% of the total variance. Therefore, going by the suggestion of Cohen (1988), the value of R^2 of 0.27 is considered as substantial, 0.13 is moderate, and 0.02 is considered as a weak coefficient in determining the predictive accuracy of a model. Therefore, the predictive relevance in this research work are substantial and moderate.



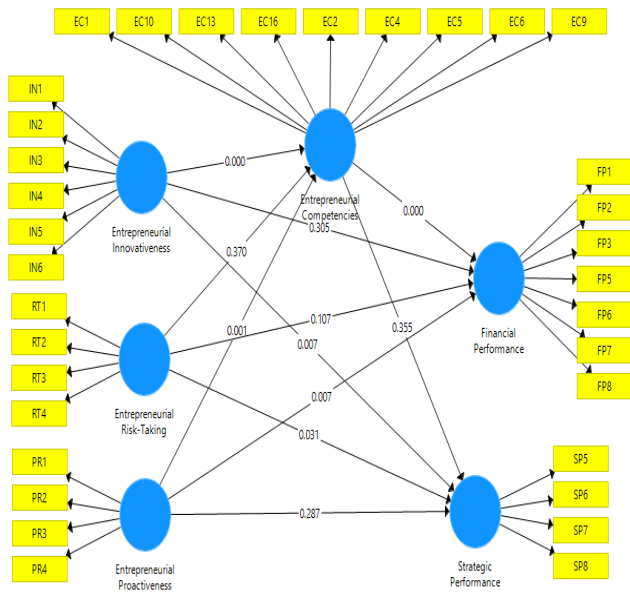


Figure 2: Assessment of Direct and Mediating Relationships (Bootstrapping)

Table 3: Assessment of Coefficient of Determination

Endogenous variables	R Square	R Square Adjusted
Entrepreneurial Competencies	0.413	0.406
Financial Performance	0.231	0.219
Strategic Performance	0.260	0.249

Table 4 illustrate the effect size of all the variables of the study. Therefore, the effect size is considered as moderate, no effect, small and small respectively.

Table 4: Assessment of Effect Size

Latent Variables	Effect Size	Effect Size
EC => Financial Performance	0.108	Moderate
EC => Strategic Performance	0.000	No effect
EI => Financial Performance	0.001	Small
EI => Strategic Performance	0.025	Small
EP => Financial Performance	0.028	Small
EP => Strategic Performance	0.001	Small
RT => Financial Performance	0.007	Small
RT => Strategic Performance	0.011	Small
EI => Entrepreneurial Competencies	0.078	Small
EP => Entrepreneurial Competencies	0.038	Small
RT => Entrepreneurial Competencies	0.000	No effect

Table 5 present the predictive relevance of the endogenous constructs of model of the study which is based on blindfolding technique. The results show that the values of the Q² are all above zero, indicating that they have predictive relevance of the model.

Table 5: Assessment of Predictive Relevance

Endogenous Variables	SSO	SSE	Q ² (=1-SSE/SSO)
Financial Performance	1,918.000	1,723.929	0.101
Strategic Performance	1,096.000	932.975	0.149

Discussion

This study examined the mediating effects of entrepreneurial competencies on entrepreneurial proactiveness, entrepreneurial innovativeness, entrepreneurial risk-taking and SMEs Performance. The results indicated that proactiveness, innovativeness and entrepreneurial competencies positively and significantly related to financial performance. On the contrary, risk-taking does not relate to financial performance of the SMEs.

Moreover, innovativeness and risk-taking are positively and significantly related to strategic performance. On the other side, proactiveness and entrepreneurial competencies is are insignificantly related to strategic performance. Furthermore, innovativeness and proactiveness are positively and significantly related to entrepreneurial competencies, while risk-taking is insignificantly related to entrepreneurial competencies.

The findings supported the mediating effect of entrepreneurial competencies on the relationship between proactiveness, innovativeness and financial performance of the SMEs. While entrepreneurial competencies did not mediate the relationship between risk-taking and financial performance. Likewise, entrepreneurial competencies did not mediate the relationship between proactiveness, innovativeness, risk-taking and strategic performance.

Therefore, the findings of the study highlighted the critical roles of entrepreneurial competencies, proactiveness, innovativeness and risk-taking in achieving financial and strategic performance of the SMEs. The practical implications of the findings are that owners/managers of the SMEs need to actively manage their resources through possessing high level of entrepreneurial competencies that can aid in achieving better performance by utilising the available resources at the disposal of the SMEs. Additionally, to enable the link proactiveness, innovativeness and risk-taking capable of achieving better SMEs performance, it is essential for the owners/managers of the SMEs, to know and acknowledge the role play by entrepreneurial competencies in achieving better performance.

Limitations

Despite the contributions of the study, like many other studies, it has some limitations. The study employed a survey/cross-sectional research design. This research design considers only one-point collection data. This made it possible for taking cautions when generalising the findings of the study. Since the resources of the SMEs (EC, EI, EP and RT) may change over a period of time as a result of changes in the EE and reconfiguration of the SMEs resources, transformation in the economic growth and development that could affect or bring changes to the SMEs resources. Therefore, it is suggested that studies should be replicated in future to stand the taste of time. It is also recommended that future research should consider utilising longitudinal research design. The longitudinal research design may provide a long-time influence of the variables of this study on the SMEs performance.

Conclusion

The findings of the study provided a further understanding of the relationship between the entrepreneurial proactiveness, entrepreneurial innovativeness, taking and SMEs performance. it has further provided the understanding of the mediating effect of entrepreneurial competencies on the relationship among the variables of the study. Similarly, the provided empirical evidence from Nigeria which is grossly underrepresented in the literature. Lastly, the provided the understanding on the validities and reliabilities of instruments used in the study in the context of a developing country.

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