CHAPTER 4
IMPACT OF PERSONAL CHARACTERISTICS ON ENTREPRENEURIAL COMPETENCIES

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Introduction

The need to curb high rate of unemployment among the youths have called for more attention of policy makers and researchers on the potentials of entrepreneurship development programmes as a means to achieving gainful employment and poverty reduction. The contributions of entrepreneurship and small scale business efforts to the economic progress of other countries notably the Asian Tigers-Korea, Taiwan, Singapore and Malaysia and other emerging economies such as Mexico, Brazil, Dubai, South Africa, India, and Argentina some of which have gained the status of newly industrializing countries, have contributed to the growing interest in entrepreneurship development programmes. There is a poor supply of indigenous entrepreneurs in Nigeria. The reason for this is not difficult to pinpoint. Although, some institutions both public and private from which young and ambitious entrepreneurs can approach for new inventions ready for commercialisation are readily available in Nigeria, the education and training programmes for entrepreneurships development in Nigeria is still very recent. Also there are few great founders and role models who have experienced the frustrations and rewards of starting and nurturing new businesses to success and who are willing to share their experience and mentor the young ones. The objective of this study is to find out what makes entrepreneurs successful. Is it in their make up? Can people be trained to become entrepreneurs? Can education guarantee an adequate supply of entrepreneurs who are capable of creating and nurturing successful small scale business? What is the effect of experience on entrepreneurship?

The study is presented in five sections. Section one is the introduction. Literature review is presented in section two. Section three contains the description of the measurement instruments used in the study. Discussion of findings is presented in section four. Section five contains conclusions and recommendations.

Literature Review

Entrepreneurial Competencies

Baum, Locke et al (2001) defined competency as abilities as well as knowledge and skills required to perform a specific job. Generally, competency is a function of effectiveness and efficiency- effectiveness in achieving results and efficiency in operations. Authors have identified a wide-range of competencies entrepreneurs need to possess in order to be successful (Man, Lau et al. 2002, Rauch and Frese 2007). These include and not limited to ones discussed below

Personal Competencies

Personal competencies cover personal traits elements such as need for achievement, self-efficacy, internal locus of control, and proactiveness which are individual traits reflected in the bhaviour of the entrepreneur.(Morris, Webb et al. 2013; Lans, Verstegen et al. 2011; Kyndt and Baert 2015)

Commitment Competencies

Commitment competency is characterized with abilities in many areassuch as tolerance, tenacity perseverance and risk taking (Lans, Verstegen et al. 2011; Morris, Webb et al. 2013; Kyndt and Baert 2015; Seibert et al. 2010). Entrepreneurs must have high capacity to go forward with perseverance and tenacity notwithstanding uncertain situation".

Relationship Competencies

Relationship competency is about identifying, establishing and maintaining mutually beneficial relationships with customers and other stakeholders at a profit. Both internal and external relationship matters. Externally, the entrepreneur tries to build and maintain relationships with people such aspartners, clients, suppliers. Internally, the entrepreneur plays an important role in leading employees. Effectiveness of relationship competencies depend on cooperation and trust, communication skills, hiring skills, training skills, delegation skills, control, negotiation, instituting effective culture,resolving disputes, and persuading. (Webb et al. 2013; Lans, Verstegen et al. 2011; Kyndt and Baert 2015)

Opportunity Competencies

Generally, opportunity competencies relates to ability to recognize, develop,assess and exploit opportunities through insight. Traditionally, this is one of the key functions of the entrepreneur. Studies that have reported opportunitycompetecie as key success factor in entrepreneurship include(Morris, Webb et al. ; Zhao, Seibert et al. 2010; Lans, Verstegen et al. 2011; Kyndt and Baert 2015)

Administrative Competencies

A variety of managerial competencies are required to manage a company with success. Managerial competencies often reported in the literature include technical competencies, strategic competencies, evaluative competencies (Lerner and Almor 2002; Baum and Locke 2004; Rauch and Frese 2007; Kyndt and Baert 2015)

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Family Background and religion

The effects of family background and religion on individual readiness to venture into business have gained the attention of scholars over the years. Findings on family background are more conclusive. A significant number of entrepreneurs have self-employed or professional parents. The most significant explanation for this is that such parents act as role models and encourage their children to be self-employed. The effect of religion and culture is not so conclusive. However, it has been established that certain population are over represented in the population of entrepreneurs. For example, the Abriba people in Eastern Nigeria are more in entrepreneurial ventures than other groups in the region (Asika 2007). In USA and Europe, the Jews are more likely to establish new businesses. In Asia, the Chinese are more likely to establish new businesses (Bssant and Tidd, 2011). In Nigeria, members of secret societies are believed to be more successful in new business ventures. Whether this is due to membership of such societies or other innate motivation such as for example, the ambition to be wealthy or through human connections made as members has not been studied.

Education and Experience

The extant literature contains much discussion about the possibility of developing successful entrepreneurs through education, training and apprenticeship (Akpomi, 2009; Ogundele, 2008; and Robaro, 2004). The traditional view about small business owner's education is that small business owners require an aptitude for practical activities in which formal educational qualification is not a desideratum for success. Experience and apprenticeship are considered alternative routes to advancement rather than academics skills. According to Akpomi, 2009. the probability of success in new ventures is enhanced by work experience, adequate education and having two learned, successful entrepreneurial parents. They also stress that while many aspects of entrepreneurship can be taught, it requires certain flair of attitude towards taking risks. Gut feeling in entrepreneurs is what makes them tick.

In general, the Nigerian small business owners tend to be less educated than the relevant population. This may not be unconnected with the fact that there are very few options for employment for those who either by choice or inability was not able to pursue higher education. They are therefore driven by necessity rather than opportunity to engage in small ventures. However, those with higher college or university-level education are twice as likely to be successful entrepreneurs (Harding, 2007).A study by Asika (2007) of the Abriba people in Eastern Nigeria revealed that experience through apprenticeship among other factors are critical success factors in small business management. Typically it takes between 10 to 15 years for a potential entrepreneur to attain the necessary technical and business

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experience.

In summary, educational qualification appears to be a significant success factor in small business entrepreneurial ventures. However, the number of businesses especially in less technical field seems to exhibit an inverse relationship with education in Nigeria. Previous work experience and apprenticeship appears to contribute to success of small businesses. From the foregoing the following hypotheses are proposed.

H_1: Entrepreneurship education contributes to achievement motivation

H_2: Previous apprenticeship experience contributes to success in entrepreneurship.

THEORETICAL BACKGROUND

Achievement motivation

Achievement motivation was popularized by David McClelland in 1958. Achievement ordinarily means the accomplishment or attainment of a goal. Achievement motivation therefore relates to the need to achieve a goal. McClelland used the Thematic Appreciation Test (TAT) to measure achievement need in individuals. The TAT McClelland deployed to establish the presence of achievement motivation was the type of fantasy a person expressed from a series of pictures they were asked to interpret by writing stories about them. McClelland was able to separate high achievers from low achievers based on their interpretation of the stories. He discovered that businessmen, managers and entrepreneurs score high in achievement motivation. People with high need for achievement are characterised by a tendency to seek challenges, by going for moderately difficult tasks. They have a high degree of independence and like to receive feedback information on their progress.

In a later study, McClelland stated that achievement motivation can be developed (McClelland 1965). He stressed that since achievement motivation is learned, it might be possible to assist under-achieving people through teaching to raise their level of motivation.

A number of psychologists have lent support to the McClelland theory. These include Thomas Begley and David Boyd who in the 1980s studied the psychological literature on entrepreneurship in an effort to identify entrepreneur, and proposed that entrepreneurs are motivated by 'need achievement'. Some authors plausibility of achievement theory. For example, Birley (1990) argued that McClelland theory of entrepreneurship holds constant the issues of entrepreneurial flair, the ability to take business risks, and the desire to start a new business concern. In his view such traits were inherent in the entrepreneurial person. The following hypothesis is proposed with a view to finding out whether small venture owners have high level of achievement.

H_3: The need for achievement is related to entrepreneurial success.

The Theory of Planned Behaviour

The theory of planned behaviour explains the relationship between intention and behaviour. According to the theory, intention entirely predicts and explains all human behaviour (Ajzzen, 1991, 2002). As explained in the model the three factors that are antecedents of intention towards entrepreneurial behaviour are: perceived attractiveness of entrepreneurial behaviour; perceived social norms about entrepreneurial behaviour; and perceived self-efficacy/control for entrepreneurial behaviour. The attitude towards the behaviour is derived from the outcomes of the behaviour and the values ascribed to the outcomes. Awareness of social norms and pressure is derived from what important people think of the target behaviour and the justification for succumbing to their pressure and expectation. Perception of behavioural control is derived from the person's perception of the opportunities and the needed resources and the belief that it is possible to obtain those resources to achieve the behaviour. According to Ajzen, 1991), this human behaviour is not dependants on factors outside the control of the individual but entirely depend on the will of the person concerned. Situations that satisfy these conditions are rare. This limits the practical utility of the theory (Fayode and Degeorge 2006).

Ogundele (2000) developed a model to determine entrepreneurial emergence, behaviour and performance in Nigeria. His model explains the processes that are involved in the education, training and development of entrepreneur. He combines individual determinants with environmental determinants to explain the emergence of entrepreneur and entrepreneurial behaviour. The individual determinants in his model includes attitude to work and life generally, motivation and needs, mental capacity and biological make-up. The environmental determinants include immediate childhood and adolescent environment, social groups, economic conditions, political systems and priorities, religious values, societal values etc. These two main determinants were added to a third one he called intermediate level determinants which includes financial resources for training, mass media, government and other agencies. The three combined to determine entrepreneurial intention. Ogudele's model examined entrepreneurship behaviour from a perspective more relevant to already existing entrepreneurship ventures. The present study focuses more on learners still within the confines of their learning environment.

EMPIRICAL REVIEW

Empirical reports on the entrepreneur's individual factors such as demographic, psychological, behaviour, and skill as well as expertise are mixed. To demonstrate the relationship between entrepreneurs and venture growth, Baum and Locke

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(2004)investigated the relationship between entrepreneurial characteristics, skills, and motivation and venture growth during six years based of off previous studies. Their finding showed that ability to communicate one's vision coupled with their self-drive has haddirect effects on business success.

The effect of formal education on firm performance was investigated by Baum and Locke (2004). They carried out a meta-analysis of more than 42 studies and found a positive and significant effect of formal education on firm performance.
Likewise, Martin et al (2013) examines the effect of entrepreneurship education on firm performance usingmeta-analysis over 42 independent studies. They reported a positive and significant relationship between entrepreneurship education and firm performance. These optimistic findings havebeen questioned by some studies. For instance, Unger et al (2011) carried out a meta-analysis using 70 independent samples. They found a positive but small relationship between education and entrepreneurial success. Using a large sample of US firms over the period 1997-2006Jalbert and Furumo (2011) examine the effect of the educational background of CEO (Chief executive Organizer) on firm financial performance. They found an insignificant or weak effect of educational background of the CEO on firm performance. Abu, (2015) isolated some factors that could affect the likelihood of establishing and managing small scale entrepreneurial ventures. They include a combination of innate abilities and factors which can be learned or influenced and reported a positive relationship between innate abilities and performance. However, some studies have questioned the plausibility of the position that entrepreneurs have high need for achievement. For example, a US study on almost 450 entrepreneurs revealed that only some of them exhibit this trait. They had only moderate need for achievement but low need for affiliation (Roberts, 1991).
Overall, this review of the existing studies suggests that firm's performance is associated with the characteristics of entrepreneurs.

METHODOLOGY

A total of eighty four questionnaires were distributed to small business entrepreneurs all located and doing business in Lagos State University Ojo campus. The 84 participants were selected from list of 200 shop owners in the campus through random sampling.

Leadership Effectiveness and Adaptability Description (LEAD) instrument developed by Paul Hersey and Kenneth H. Blanchard (1984) was used in this study to measure level of achievement motivation

The instrument contains 12 questions structured to find out the leadership qualities of entrepreneurs based on their decision making in a group. Their responses are

transferred to a scoring sheet. The score sheet has four quadrants. Quadrant 1 represent the 9.1 personality, quadrant 2 the 9.9 style, quadrant 3 the 1.9 and quadrant 4, the 1.1 personalities. Each quadrant score is summed and plotted on a grid as developed by Blake and Mouton (1965). Leadership styles and the personal characteristics associated with each style are derived for individual entrepreneur. The sum of individual score in each quadrant for all entrepreneurs in the study is calculated to determine the dominant characteristics affecting leadership behaviour of entrepreneurs. The relationships between experience and leadership effectiveness and that between educational qualifications and leadership effectiveness were examined by using chi-square. The observed values in the various cells were obtained as follows. The first cell in Appendix 1 table B1 is a_{11}. In this table, experience of respondents is juxtaposed on leadership effectiveness (quadrant scores q_1, q_2, q_3 and q_4 represent leadership styles). Respondent in the 1-2 years experience category are seven. The quadrant scores of each of the seven individual in quadrants 1, 2, 3, and 4 are 28, 32, 22 and 2 respectively. The entries in the other cells are obtained in the same manner. The data as well as the calculation of chi-square are shown in Appendix 1 Table B1 and B2.

SECTION FOUR: PRESENTATION AND ANALYSIS OF DATA

This section remains an important and core section in this study. It shows the findings of the study.

Relevant Characteristics of Respondents and their enterprises

The sex distribution shows that the number of females is 42, representing 50 percent of respondents. 39 are males representing 46 percent while 3 were invalid. Respondents age distribution shows that 30 (35%) occupy the 26-30 years age bracket, 21(25%), 18(21%), 6(7%), 3(4%) and 3(4%) represents 21-25 years, 31-35yrs, 35-40yrs, 15-20yrs and invalid brackets respectively. 60 respondents representing 71 percent of responses are married while 21 representing 25 percent are single. Educational qualifications of respondents indicates that a preponderant number of them hold HND and B.Sc. those who has above 8 years business experience are 30 representing 35% of the responses. Others are 1-2yrs experience 21(25%), 3-4 years experience 9(11%), 0 7-8 years 6(7%) and 5-6 years experience 3(4%), 15(18%) responses were invalid.

A majority of the business covered in this study are not registered with the Corporate Affairs Commission. Out of the sixty responses to the question that sought to find out the registration status of the businesses covered in the study 36 said no to the question.

The relationships between experience and achievement motivation and that

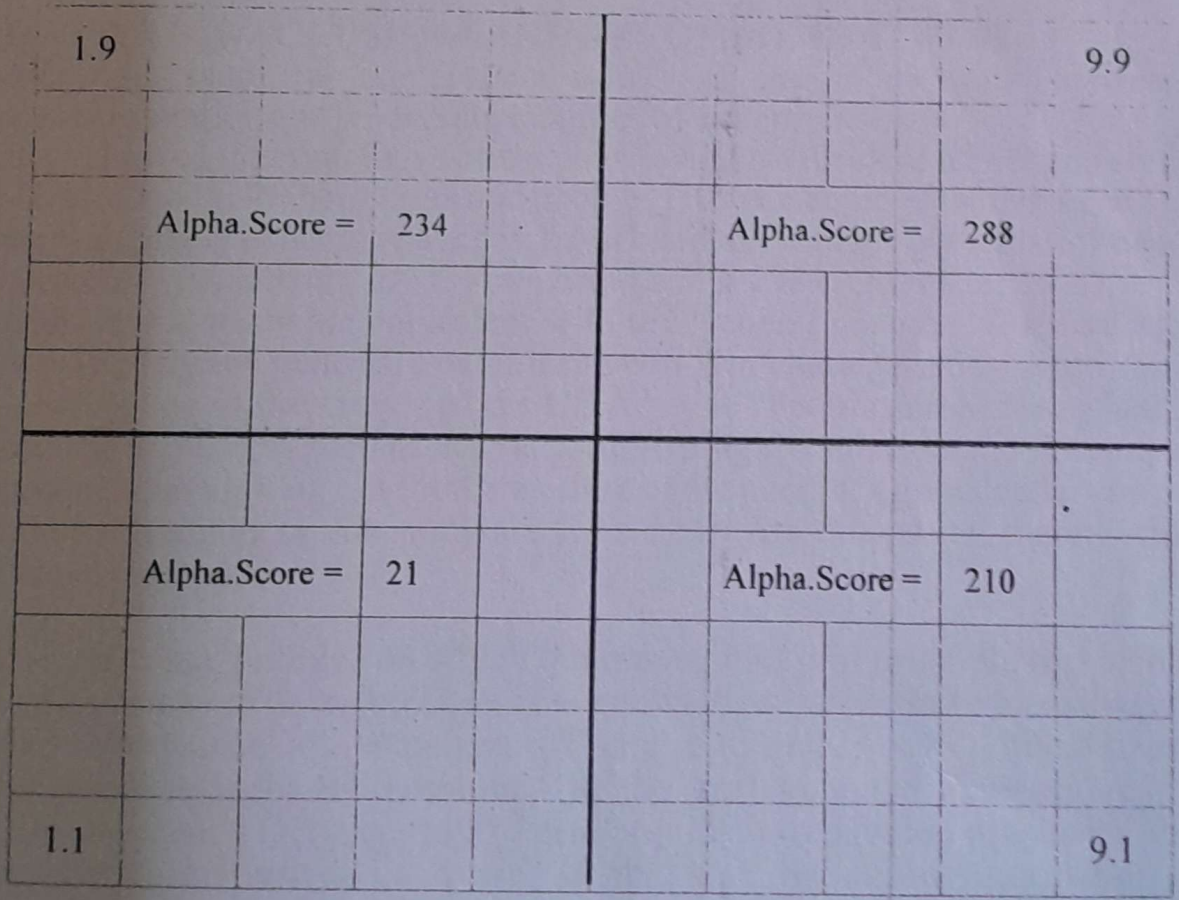
between educational qualifications and achievement motivation were examined by using chi-square.

The calculated chi-square obtained for experience and achievement motivation was 135.07 while the tabular value of chi-square is 21.03. This result shows that there is a relationship between the two variables. This result is consistent with findings in previous studies i.e.(Garavan and Cinneide, 2009).

The relationship between educational qualifications and achievement motivation was also examine in a manner similar to the one described above. Our findings showed that there is relationship between the two. The Chi- Square value obtained for this was 13.24 with 16 9 tabular value. It should be noted that there is no general consensus among scholars regarding the role of general education on the performance of small business entrepreneurs.

Achievement Orientation and Entrepreneurship Behaviour

Figure 1: Cumulative quadrant score of small business entrepreneurs on the managerial grid.



Source: Field Survey Research 2009

Figure 1. shows the cumulative quadrant score of small business entrepreneur from data extracted from the raw data sheet. A majority of the respondents are in thé 9.9 corner. The cumulative alphabetic score in the 9.9 corner is 288 out of a total of 753 representing 38 percent. This cumulative score is not too far from expectation. This is the corner which combines the need for achievement with the need for affiliation. It should be noted that the natural trait that is typical of the entrepreneur is achievement orientation. According to Robaro (2004), persons scoring high on n Ach are more likely to perceive socializing as interfering with getting the job done. He prefers to avoid depending on others if he perceive that they will interfere with his achievements.

The 1.9 corner recorded 234 scores, 9.1 210 scores and 1.1 21 scores representing 31 percent, 28 percent and .03 percent respectively. These scores are consistent with our expectations especially the very insignificant percentage of 1.1 cumulative score.

SECTION FIVE: CONCLUSIONS AND RECOMMENDATIONS

This paper addressed the contentious issues of the relationship between achievement motivation and leadership qualities of entrepreneurs.

Our findings showed that success in business is as much a result of leadership style that combines concern for both tasks and people. That is, people with high need for achievement are likely to be more successful in business than people with low need for achievement (McClelland, 1961; French and bell Jr 1984; Ogunlele, 2008).

The findings in this study are consistent with this general position. Our findings show that entrepreneurs generally exhibit the win-win characteristics. According to Clark (2007), one of the mottos of the US Army is "People and Mission first". That is nothing is more important than accomplishing the mission and nothing is more important than looking out for the welfare of the people, a good leader can do both. While the findings in this study are consistent with this motto, there is still room for improvement.

The most significance premise on which the managerial grid principle rest is that the win-win (9.9) way of doing business is acknowledged universally by managers as the soundest way to achieve excellence (French and Bell Jr, 1984). Behavioural issues and business logic are combined in the grid to make managers more effective. There is need therefore to use grid approach to develop practising and ambitions entrepreneurs to acquire skills and behaviour germane to entrepreneurship effectiveness. Also vocational centers for entrepreneurship skills acquisition should be established in all schools in Nigeria from primary to tertiary levels.

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