

# **The Relative Contribution of Management Skills to Entrepreneurial Success: A Survey of Small and Medium Enterprises (SMEs) in the Trade Sector**

**Kenneth Chukwujioko Agbim**

*Business Administration Department, College of Management Sciences, University of Agricultural, Makurdi, Nigeria*

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**Abstract:** *Studies have shown that SMEs focus on management skills to ensure a long run performance of their firms. Thus, owing to the increase in SMEs in the trade sector in Makurdi town, Benue State, this study examined the relative contribution of management skills to the success of these SMEs. A survey research method was adopted for the study, while systematic sampling technique was employed to gather data using questionnaires. The generated data were analysed using Principal Component Analysis (PCA) and regression analysis. It was found that the highest relative contribution was made by skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, skills to focus on product quality so as to capture a sizeable market share, and management expertise skills to attract and keep competent employees. The study recommends that trade entrepreneurs should be sensitized to concentrate on learning and developing the identified skills.*

**Keywords:** *Entrepreneur, Entrepreneurial capabilities, Entrepreneurial success, Management skills, Small and Medium Enterprises (SMEs)*

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## **I. Introduction**

The world, in the twenty first century, is unprecedentedly embracing entrepreneurship development as a more sustainable way of ensuring employment generation and economic development. This came to be against the back drop of the shrinking ability of governments and big organizations to create and provide job opportunities for the ever increasing job seekers. Thus, owing to the mass unemployment, low productivity, high inflation and widespread poverty in Nigeria, the government according to Awogbenle and Iwuamadi (2010), in the first instance introduced vocational courses in the educational curriculum and currently entrepreneurship development programme. To this day, the focal points of these policies have been to promote self-dependence and self-reliance in the generation of gainful self-employment through the establishment of business organization.

In spite of the prevailing initial challenges in sitting up new business organizations, some enterprising Nigerians have floated Small and Medium Enterprises (SMEs) thereby gainfully employing themselves and to some extent, others. However, as observed by Otth (2008), these business organizations do not exist separate and apart from the rest of the society. This implies that the operations of these business organizations as going concerns are influenced by the business environment in the society where they are located.

Entrepreneurship is a management agent. This is because in the course of entrepreneuring, the entrepreneur performs all the functions of management. This therefore makes management skills a necessity for the success of business enterprises. To support this stand point, Jones and George (2008) defined management as planning, organizing, leading and controlling of human and other resources to achieve organizational goals efficiently and affectively. Jones and George further noted that an organization's resources among other factors include management skills and that both education and experience helps the managers to be successful. This study therefore focuses on management skills as an entrepreneurial success factor.

## **II. Literature Review**

### **2.1. Entrepreneurial Success**

Entrepreneurship development is the process of actualizing an innovative intention by an individual or group of individuals in either a new or old enterprise through networking to acquire the requisite capabilities that will enhance the success of the venture in the face of environmental uncertainties (Agbim and Oriarewo, 2012). Agbim and Oriarewo further noted that out of the four dimensions of entrepreneurship development (intention, networking, capabilities and success) as revealed by the definition, entrepreneurial capabilities is very important as its components (technical, management and personal entrepreneurial skills) constitutes the building bricks of any business enterprise. Thus, an entrepreneur or manager must ensure that he is at all times

armed with the requisite skills (in this case management skills) to weather the uncertainties in the business environment and by extension achieve success in the business. Entrepreneurial success therefore connotes positively affecting the lives of others and making a living through a well managed innovative product and/or service (Agbim and Oriarewo, 2012). Also, entrepreneurial success implies starting and achieving some benefits from a business (Maxwell, 2003; Lechner et al., 2006).

## **2.2. Entrepreneurial Capabilities**

Golden and Powell (2000) described entrepreneurial capability as the flexibility to alterations. Ravichandran and Lertwongsatein (2005) further asserted that flexibility facilitates individuals and companies to swiftly and efficiently use state of the art technologies to constantly maintain existing businesses. Similarly, Grant (1991) viewed entrepreneurial capability as the ability to adequately use resources in the performance of task within an enterprise. Enterprises that manage environmental capital are more flexible because they adapt more easily to new dynamics than their competitors. The creation, transfer and application of this knowledge allows them to offer environmentally respectful products and services to the market and, therefore, generate intangible assets that will contribute to raised market and actual value (Claver et al., 2004, cited in Barba-Sanchez and Atienza-Sahuquillo, 2010). Environmental capital is defined as the enterprise's increasing value due to the tangible assets generated by the combination of quality management of knowledge and the incorporation of the environmental value (Sharma and Vredenburg, 1998; Poter and Van der Linde, 1995; Hart, 1995; Rugman and Verbeke, 2000).

Furthermore, environmental management has been defined as entrepreneurial capability because it allows for the efficient coordination of heterogeneous resources such as raw materials, technology and human resources (Hart, 1995; Judge and Douglas, 1998; Sharma and Vredenburg, 1998). Entrepreneurial capability is developed by means of a specific and identifiable process (Teece et al., 1997; Eisenhardt and Martin, 2000). However, the need for sustained entrepreneurial success through the generation of value oriented new strategies that will enhance the ability of enterprises to adapt to the environment has brought the element of dynamism in entrepreneurial capabilities. Thus, Teece et al. (1997) defined dynamic entrepreneurial capabilities as the ability to build, integrate and recognize internal competencies to quickly changing surroundings. According to Prahalad and Hamel (1990), dynamic entrepreneurial capabilities arise from collective learning of an organization especially that relating to coordination of production techniques and integration of technologies and are based, above all, on intangible assets, particularly on the organizational and technological knowledge of the enterprise. Eisenhardt and Martin (2000) asserted that dynamic capabilities is developed by learning mechanisms such as repetition, trial and error, and experience, as well as the same market dynamism.

There are three entrepreneurial capabilities that are intertwined with the environment: (1) technical skills. It has been defined as the skills needed to join together with the organizations and institutions that surround the enterprise and affect their development. Thus, fostering better relations and less opposition to development (Sharma and Vredenburg, 1998; Christmann, 2000); (2) Management skills. Hisrich (1992) viewed management skills as consisting planning and goal setting, decision making, human relations, marketing, finance, accounting, management, control, negotiation, venture launch and growth managerial skills and; (3) personal entrepreneurial skills. This is the personal capacity for continuous innovation, understanding that a greater wealth of perspectives and analysis in the learning process contribute to the continuous generation of technological, organizational and operational innovations (Sharma and Vredenburg, 1998; Christmann, 2000; Carmona et al., 2003, cited in Barba-Sanchez and Atienza-Sahuquillo, 2010).

## **2.3. Management Skills**

Entrepreneurial learning capability and proactivity have been identified as key dimensions of management skills. Entrepreneurial learning capability has been emphasized in different ways in literature about entrepreneurial capabilities: high-level learning involving the identification and use of new combinations of resources (Sharma and Vredenburg, 1998); the entrepreneurial obligation to innovate and develop workers' skills; discovery of talent, ideas and exterior technologies (Russo and Foute, 1997). Young and Tiller (2006) defined it as entrepreneurial capability to generate and generalize ideas that impact multiple frontiers and business practices, by means of specific business administration initiatives. This capability is composed of three fundamental parts: (1) acquiring, discovering, creating and promoting ideas; (2) sharing ideas internally in the enterprise and; (3) detecting and correcting problems that may lead to failures in the two previous parts.

The proactivity of a business enterprise is considered to be a favourable contribution to the achievement of entrepreneurial success (Barba-Sanchez and Atienza-Sahuquillo, 2010; Agbim and Oriarewo, 2012). A proactive strategy promotes the adoption of a more advanced entrepreneurial stance. Knowledge, which can be considered the most important strategic resource, is among the resources generated by entrepreneurial learning capability. The ability (entrepreneurial learning) to share this knowledge is the most important factor in achieving and sustaining entrepreneurial success. Entrepreneurial learning capability does

not only lead to the development of management skills but also to entrepreneurial success in terms of improved efficiency, cost reductions, higher productivity and it also triggers personal entrepreneurial skills. Enterprises with higher learning capability are more sensitive to changes and tendencies in the market. They are usually more flexible and answer more quickly than their competitors to such changes because entrepreneurial learning provides for the creation of new useful Knowledge for making decisions in the enterprise, allowing for more complete adaptation to the environment and increased efficiency capabilities (Fiol and Lyles, 1985; Snell et al., 1996; Brockmand and Morgan, 2003). Drucker (1985) suggested that to be successful, a business must meet four requirements of management skills which are: (1) marketing activities and an active business, (2) a strong financial base; (3) building effective top management teams; and (4) active role played by entrepreneurs. Sarasvathy (2001) also listed management skills as one of the factors that affect entrepreneurial performance apart from knowledge, relationships and social networks.

Richter and Kemter (2000) examined the factors that determine the success of small businesses. Their study compared successful and less successful organizations. Among the criteria for success are the change in the number of employees since the firm was established, market share, the valuation of economic development and sales issues. Richter and Kemter found that having the ability and competence to control and plan the whole business is an important management skill for business success. In addition, Richter and Kemter stated that more successful business owners have good management skills by offering a special service and paid attention to quality and design of their products or services. Cooperation with similar companies, a flat organizational structure, delegation of responsibility and nurturing management capabilities are also management skills that determine business success. Apostilidis (1977) outlined six characteristics for successful entrepreneurs. All six cases were on management skills. The characteristics are the ability to detect and respond quickly to market changes and the appropriate changes in buying habits, having an attractive product range to gain market share which is in accordance with the firm's size and ability, to have sufficient capital, possess management expertise and create a master plan for growth. All these business management skills are essential for the success of entrepreneurs.

Neshamba (2000) Found that other than experience, the skills acquired at work are important factors that contributes to business growth. Pratt (2001) also identified through the study made by the Kenya Management Assistance Programme (K-MAP) that to have business skills is an important factor for business success. According to Conger (1999), businesses operate in an unstable environment. It changes regularly and forces the entrepreneurs to forecast changes, always prepare their employees to operate in a changing environment. Thus, to have the requisite management skills that are essential for as entrepreneur to lead and not just to manage in order to continue to compete and be successful in such circumstances.

Among the necessary management skills that entrepreneurs need to have is a good plan. This in turn can help the entrepreneurs in business marketing and earn the trust of customers and suppliers (Batten, 2002) and thereby contribute to business success. Perelman (2001) reviewed the management style of women entrepreneurs in high technology industries, in a rapidly changing environment. These entrepreneurs were found to make decisions in an environment that is clouded by uncertainty and ambiguity, thus, good decision is largely dependent on their judgment. Perelman found that to be successful in their businesses, decisions that they made needed to reflect the changing needs of high-tech industries. In addition, there were flexibility in risk-taking, focus, personal involvement in day-to-day running of the business, creativity, energy renewal (innovation), understanding (insight) and business impulse (intuition). All these were required to ensure good management skills.

Giving power and responsibility to the workers involves revamping the organizational structure of the business. This among others means specialization conducted during work. For example, there are individuals who manage the accounts and finance, while others specialize in marketing and resource management in the organization. Thus, the operation can be performed more efficiently and effectively, enabling the organization to compete in the same sector. However, only those who are self-reliant and excise prudent financial management without seeking help from any party can be deemed as successful entrepreneurs. This will make them independent to face all the challenges (including changes in the environment) that are inherent in their business undertakings (Timmons and Spinelli, 2000; Hisrich et al., 2002).

In conclusion, based on the literature reviewed, some of the most important management skills which affect entrepreneurial success are listed in Table 1.

**TABLE 1: Management Skills**

S/No	Skills
1.	Planning and budgeting skills.
2.	Skills to act quickly on detecting changes in the environment.
3.	Skills to maintain good customer relations.
4.	Skills to detect changes in the environment.
5.	Skills to ensure that financial records are maintained.

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6.	Skills to assess sales problems.
7.	Skills to obtain market share that suits the size and capability of the business.
8.	Skills to secure capital.
9.	Management expertise skills.
10.	Skills to attract and keep competent employees.
11.	Good cost control skills.
12.	Skills to arrange organizational structure with clear lines of authority.
13.	Skills to focus on quality and design of the products.
14.	Skills in working together with other businesses in the same industry.
15.	Skills to provide attractive range of products.
16.	Skills to delegate responsibility to employees when necessary.
17.	Marketing strategy skills.

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### III. Methodology

The unit for this study is the entrepreneur. Using the Yaro-Yamen sample size determination method, 366 study samples were taken from the 4,375 SMEs entrepreneurs in the major markets in Makurdi town. The markets are: Modern market, North bank market, Wurukum market, High level market and Wadata market. The trade sector was chosen because it is one of the biggest sectors in the town.

Systematic sampling technique was adopted to select the 366 entrepreneurs. This entailed administering the questionnaires on the entrepreneurs after every 12 shops on all the main lines and the lines transversing the main lines. This was done in each of the markets. Due to the low educational level of the trade entrepreneurs, the enumerators assisted those traders who could not complete the questionnaire in doing so. The questionnaire for the study was divided into 3 sections: section A captured the entrepreneurs' demographics; section B assessed the entrepreneurs' management skills; and section C measured the entrepreneurs' success. The reliability test for factors in sections B and C yielded a Cronbach alpha of 0.87 and 0.82 respectively, the questionnaire was validated by experts in the field. Sections B and C were measured on a Likert scale of 1 (strongly disagree) to 5 (strongly agree). The entrepreneurs' success adopted a non-financial record. This is due to the fact that many SMEs do not keep proper financial records and their refusal to disclose their financial standing to the public. The collected data were analyzed using Principal Component Analysis (PCA) and regression analysis.

### 3.1. Results

#### 3.1.1. Respondents' Demographic

Of the 366 questionnaires sent out, a total of 241 were successfully received back. Hence, the response rate was 66%. Table 2 shows that, majority (57%) of the respondents were males; the mean age range is 30-39 years; 55% of the respondents had at least secondary school education; majority (41%) of them have had between 11-20 years experience in trading; and 63% of them were married.

**TABLE 2: Respondents' Profile**

Variable	Frequency (%)
<b>Gender</b>	
Male	138 (57)
Female	103 (43)
<b>Age</b>	
<20	0
20-29	50(21)
30-39	121(50)
40-49	48(20)
>49	22(9)
<b>Education</b>	
No formal education	36(15)
Primary school	72(30)
Secondary school	70(29)
NCE/OND	38(16)
B.Sc./HND	17(7)
Postgraduate	8(3)
<b>Experience</b>	
<1 year	7(3)
1-10 years	88(36)
11-20 years	98(41)
>20 years	48(20)
<b>Marital status</b>	
Single	89(37)
Married	152(63)

3.2. Principal Component Analysis (PCA)

Data on the 17 management skills were collapsed using PCA so as to obtain the management skills with the most significant effect on entrepreneurial success. Thus, the Statistical Package for Social Science (SPSS, version 18.0) was employed to generate the correlation matrix and the ordinary and rotated (using the varimax rotation method) component matrices of the variables.

The correlation matrix in Table 3 shows that some of the variables are positively correlated while others are negatively correlated. Also, while some of the variables depict a strong positive correlation among themselves, others show a weak positive correlation among themselves. This, thus, implies that there is both a direct and inverse relationship among the management skills that affect entrepreneurial success. Consequently, the extraction of the significant coefficients for ordinary and rotated matrices was based on Kaiser-Meyer Olkin (KMO) principle. Based on this principle, coefficients above the 0.60 threshold were selected as significant for the analysis.

It is therefore evident from Table 3 that there is strong correlation between X<sub>6</sub> and X<sub>1</sub>, that is, skills to assess sales problems, and planning and budgeting skills (-0.735); X<sub>14</sub> and X<sub>1</sub>, that is, skills in working together with other businesses in similar industry, and planning and budgeting skills (-0.605); X<sub>17</sub> and X<sub>1</sub>, that is, marketing strategy skills, and planning and budgeting skills (-0.784); X<sub>6</sub> and X<sub>3</sub>, that is, skills to assess sales problems and skills to maintain good customer relations (0.741); X<sub>17</sub> and X<sub>6</sub>, that is, marketing strategy skills and skills to assess sales problems (-0.852); X<sub>13</sub> and X<sub>7</sub>, that is, skills to focus on quality and design of the products, and skills to obtain market share that suites the size and capability of the business (0.742); and X<sub>14</sub> and X<sub>11</sub>, that is, skills in working together with other businesses in the same industry and good cost control skills (0.762). These relationships are significant because the values are above the 0.60 threshold.

TABLE 3: A Diagonal Correlation Matrix of Management Skills

	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>	X <sub>6</sub>	X <sub>7</sub>	X <sub>8</sub>	X <sub>9</sub>	X <sub>10</sub>	X <sub>11</sub>	X <sub>12</sub>	X <sub>13</sub>	X <sub>14</sub>	X <sub>15</sub>	X <sub>16</sub>	X <sub>17</sub>
Correlation X <sub>1</sub>	1.000																
X <sub>2</sub>	-.139	1.000															
X <sub>3</sub>	-.568	.315	1.000														
X <sub>4</sub>	-.123	-.268	-.200	1.000													
X <sub>5</sub>	-.294	.094	.274	.056	1.000												
X <sub>6</sub>	-.735	.312	.741	-.108	.239	1.000											
X <sub>7</sub>	-.023	.258	.148	-.058	-.030	.147	1.000										
X <sub>8</sub>	.035	-.235	-.262	.125	-.165	-.105	.016	1.000									
X <sub>9</sub>	-.079	.027	.215	-.299	.033	.157	-.021	-.045	1.000								
X <sub>10</sub>	-.239	.300	.292	-.160	.213	.258	-.236	-.096	-.068	1.000							
X <sub>11</sub>	-.590	.111	.441	-.454	.166	.523	-.052	-.026	.356	.278	1.000						
X <sub>12</sub>	.159	-.115	-.168	-.004	-.057	-.212	.360	.235	-.119	-.156	-.144	1.000					
X <sub>13</sub>	-.311	.190	.265	.043	.140	.345	.742	-.111	-.012	-.171	.160	.071	1.000				
X <sub>14</sub>	-.605	.205	.499	-.426	.257	.517	.011	-.134	.413	.342	.762	-.150	.175	1.000			
X <sub>15</sub>	.581	-.343	-.583	.015	-.230	-.589	-.023	.233	-.015	-.276	-.346	.275	-.193	-.395	1.000		
X <sub>16</sub>	-.370	.258	.351	-.174	.251	.401	.379	-.229	.081	.063	.315	.011	.586	.350	-.231	1.000	
X <sub>17</sub>	.784	-.244	-.613	.034	-.344	-.852	-.016	.094	-.139	-.256	-.567	.215	-.269	-.521	.546	-.391	1.000

However, there are some management skills that are negative and also have weak relationships among themselves. This, made it difficult to obtain the management skills with the highest effect. Therefore, a principal component matrix showing eigen value, percentage variance and cumulative percentage of the management skills or variables in the components is computed. Based on the Kaiser-Meyer Olkin (KMO) extraction method that eigen values less than 1 are not significant, Table 4 shows five (5) components with total eigen value loading of 5.555, 2.224, 1.689, 1.416 and 1.032; percentage of variance of 32.675, 13.082, 9331, 8.331 and 6.367; and cumulative percentage of 32.675, 45.757, 55.693, 64.025 and 70.391.

TABLE 4: Ordinary Component of the Management Skills

Variable	Component				
	1	2	3	4	5
X <sub>1</sub>	(-.806)	-.200	.011	.329	-.079
X <sub>2</sub>	.415	.274	.360	(-.620)	.133
X <sub>3</sub>	(.793)	.148	-.052	.074	.384
X <sub>4</sub>	.035	-.262	(-.799)	.091	.074
X <sub>5</sub>	-.568	-.215	-.236	-.070	.091
X <sub>6</sub>	(.864)	.292	.016	-.230	.453
X <sub>7</sub>	-.294	(.886)	.147	-.079	-.269
X <sub>8</sub>	-.311	.441	-.105	(.663)	.445
X <sub>9</sub>	.159	-.168	.584	.384	-.426
X <sub>10</sub>	-.370	-.431	.157	-.133	.543
X <sub>11</sub>	(.721)	.499	.258	.442	.427
X <sub>12</sub>	.123	.452	.532	-.274	.507

X <sub>13</sub>	.412	(.798)	.345	.235	.470
X <sub>14</sub>	(.762)	.265	.517	-.111	.419
X <sub>15</sub>	(-.689)	-.583	-.589	-.134	.319
X <sub>16</sub>	.561	.482	.401	.233	.162
X <sub>17</sub>	(-.840)	.351	.435	-.229	-.269
<b>Eigen Value</b>	<b>5.555</b>	<b>2.224</b>	<b>1.889</b>	<b>1.416</b>	<b>1.082</b>
<b>% of Variance</b>	<b>32.675</b>	<b>13.082</b>	<b>9.937</b>	<b>8.331</b>	<b>6.367</b>
<b>Cumulative %</b>	<b>32.675</b>	<b>45.757</b>	<b>55.693</b>	<b>64.025</b>	<b>70.391</b>

Note: Loading significant at +/- 0.60 (significant loadings are in parenthesis).

Table 4 further reveals that the variables have been collapsed into five major components of management skills that contribute to entrepreneurial success. The cumulative percentage of 70.39% shows that the variables explained 70.39% of the variation in entrepreneurial success.

**TABLE 5: Rotated Component of the Management Skills**

Variable	Component				
	1	2	3	4	5
X <sub>1</sub>	(.850)	.033	.063	.137	-.131
X <sub>2</sub>	-.069	(-.700)	-.056	.493	-.102
X <sub>3</sub>	.119	.037	(.870)	.063	-.078
X <sub>4</sub>	.193	(.750)	-.391	-.293	-.028
X <sub>5</sub>	.113	-.011	-.102	.011	-.068
X <sub>6</sub>	.198	.025	(.725)	-.021	.040
X <sub>7</sub>	-.067	.398	-.017	(.905)	.107
X <sub>8</sub>	.090	-.083	.001	-.046	.611
X <sub>9</sub>	-.076	.008	.426	-.298	(.630)
X <sub>10</sub>	.061	-.193	-.085	.516	(-.651)
X <sub>11</sub>	.082	-.055	.290	-.036	.161
X <sub>12</sub>	-.048	.147	-.007	.179	.506
X <sub>13</sub>	.029	.365	-.042	(.780)	-.046
X <sub>14</sub>	.063	-.031	.274	.014	.081
X <sub>15</sub>	(.840)	.028	.131	-.087	.120
X <sub>16</sub>	.015	.254	.044	-.001	-.083
X <sub>17</sub>	(.860)	.026	.038	.077	-.058
<b>Eigen Value</b>	<b>4.527</b>	<b>2.379</b>	<b>2.205</b>	<b>1.490</b>	<b>1.366</b>
<b>% of Variance</b>	<b>26.629</b>	<b>13.994</b>	<b>12.968</b>	<b>8.767</b>	<b>8.034</b>
<b>Cumulative %</b>	<b>26.629</b>	<b>40.623</b>	<b>53.591</b>	<b>62.358</b>	<b>70.391</b>

Note: Loadings are significant at +/- 0.60 (significant loadings are in parenthesis).

Owing to the random nature of the correlation matrix, a definite association between the variables cannot be inferred. Thus, since the rotation method ensures the spread of variables from lower to higher components; the varimax (or variance maximization) rotation method of principal component analysis was employed to identify the variables with significant correlation among the 17 variables. Consequent upon this, the significant variables (based on the threshold of +/- 0.60) were rotated and this gave rise to eigen values of: 4.527, 2.379, 2.205, 1.490 and 1.366; percentage of variance of: 26.629, 13.994, 12.968, 8.767 and 8.034; and cumulative percentage of: 26.629, 40.623, 53.591, 62.358 and 70.391. The result of the rotated component matrix is shown in Table 5.

**Component one** (skills for planning and budgeting for a marketing strategy that provides attractive range of products) loaded heavily on planning and budgeting skills (0.850), skills to provide attractive range of products (0.840), and marketing strategy skills (0.860). Thus, skills for planning and budgeting for a marketing strategy that provides attractive range of products explains 26.629% of the total variance.

**Component two** (skills to act quickly on detecting changes in the environment) loaded heavily on skills to act quickly on detecting changes in the environment (0.700) and skills to detect changes in the environment (0.750). This dimension explains a further 13.994% of the total variance.

**Component three** (skills for assessing sales problems as a way of maintaining good customer relations) loaded heavily on skills to maintain good customer relations (0.370) and skills to assess sales problems (0.725). Therefore, skills for assessing sales problems as a way of maintaining good customer relations explained 12.968% of the total variations.

**Component four** (skills to focus on product quality so as to capture a sizeable market share) loaded heavily on skills to obtain market share that suits the size and capability of the business (0.905) and skills to focus on quality and design of the products (0.780). This dimension explains 8.767% of the total variations.

**Component five** (management expertise skills to attract and keep component employees) loaded heavily on management expertise skills (0.630), and skills to attract and keep competent employees (0.651). Thus, management expertise skills to attract and keep competent employees explained 8.034% of the total variations.

It is therefore obvious from the foregoing that the 17 management skills or variables have been collapsed into 5 new management skills or variables which explained 70.391% of the variance initially explained by all the 17 variables. The remaining are redundant and unexplained as they only contributed a residual variation of 29.609% spread across them. The conclusion therefore is that entrepreneurial success is influenced by 5 management skills, viz: skills for planning and budgeting for a marketing strategy that provides attractive range of products; skills to act quickly on detecting changes in the environment; skills for assessing sales problems as a way of maintaining good customer relations; skills to focus on product quality so as to capture a sizeable market share; and management expertise skills to attract and keep competent employees. These 5 variables are then used for the regression for the relative contribution of each of them to entrepreneurial success.

### 3.3. Regression for the Relative Contribution of the 5 Variables to Entrepreneurial Success

Regression analysis was used to compute the relative contribution of each of the 5 variables. This was obtained by introducing the 5 independent variables at each computation. The change in R<sup>2</sup> is regarded as the relative contribution to entrepreneurial success.

**TABLE 6: Results of Regression for the Relative Contribution of the 5 Variables**

Predictor Variable	B	Std. Error	Beta	t	Sig
(Constant)	18.034	1.364		13.12	0.000
SkillsPBMarkS	0.066	0.108	0.390	5.605	0.000
SkillsQuiDechEnv	0.095	0.070	0.260	4.328	0.000
SkillsASeSPrGoCuRel	0.138	0.042	0.230	3.338	0.000
SkillsFoPrQuCaMarSha	0.116	0.050	0.300	4.696	0.000
MgExSkillComEmp	0.040	0.072	0.212	2.488	0.000

Dependent Variable: Entrepreneurial success

**Note:**

- SkillsPBMarkS = Skills for planning and budgeting for a marketing strategy that provides attractive range of products.
- SkillsQuiDechEnv = Skills to act quickly on detecting changes in the environment.
- SkillsASeSPrGoCuRel = Skills for assessing sales problems as a way of maintaining good customer relations.
- SkillsFoPrQuCaMarSha = Skills to focus on product quality so as to capture a sizeable market share.
- MgExSkillComEmp = Management expertise skills to attract and keep competent employees.

Table 6 reveals that the independent variables are positively and significantly related to entrepreneurial success. That is: skills for planning and budgeting for a marketing strategy that provides attractive range of products made 39% relative contribution to entrepreneurial success; skills to act quickly on detecting changes in the environment made a 26% relative contribution to entrepreneurial success; 23% relative contribution to entrepreneurial success was made by skills for assessing sales problems as a way of maintaining good customer relations; skills to focus on product quality so as to capture a sizeable market share made a 30% relative contribution to entrepreneurial success; and a 21% relative contribution to entrepreneurial success was made by management expertise skills to attract and keep competent employees. Thus, skills for planning and budgeting for a marketing strategy that provides attractive range of products made the highest relative contribution, while management expertise skills to attract and keep competent employees made the least relative contribution.

## IV. Discussion

Studies have shown that SMEs focus on management skills to ensure a long-run performance of their firms (Analoui and Karami, 2003). Effective managers need management skills to perform more effectively and effectively. Thus, ambitious or prospective managers constantly seek to development management skills since the absence of one type of management skill could lead to business failure (Jones and George, 2008). Thus, owing to the increase in trading activities and the number of SMEs in the trading sector in Makurdi town, the study was designed to examine the relative contribution of management skills to entrepreneurial success. It was

found that the increasing entrepreneurial success was associated with skills for planning and budgeting for a marketing strategy that provides attractive range of products, skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, skills to focus on product quality so as to capture a sizeable market share, and management expertise skills to attract and keep competent employees. The finding of the present study is in line with that of Sarasvathy (2001). Sarasvathy found that management skills affect entrepreneurial performance.

The success of an organization largely depends on how well it defines, understands and faces changes in its environment (Gupta, 1995). The reason for this is that organizations are assumed to be an open system, thus interaction between these organizations and their environment is inevitable (Analoui and Karami, 2003). This therefore connotes the primacy of planning in business. Jones and George (2008) opined that when managers plan, they must forecast what may happen in future in order to decide what to do in the present. The better their predictions, the more effective will be the strategies they formulate to take advantage of future opportunities and counter emerging competitive threats in the environment. Furthermore, to remain competitive, managers are resorting to a better handling of their employees and high quality products as a strategy to reduce sales problem and increase market share (Matsuno and Mentzer, 2000; Pilar and Ana, 2006; Olarunda, 2009).

## V. Conclusion and Recommendations

Management skills have been identified as one of the key factors for entrepreneurial success. It was found that entrepreneurial success in the trade sector is most associated with skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, and management expertise skills to attract and keep competent employees. The study therefore recommends the sensitization of the trade entrepreneurs who wish to develop their management skills to concentrate on the identified factors either through training or short courses. Also, the entrepreneurs can alternatively seek the services of a more skillful and committed employee. Further, future studies can focus on sectors such as manufacturing and services, and other skills that enhance entrepreneurial success such as technical skills and personal entrepreneurial skills.

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