



IMPACT OF ENTREPRENEURIAL COMPETENCIES ON MICRO AND SMALL ENTERPRISES PERFORMANCE IN FARIDABAD: EXAMINING THE MODERATING EFFECT OF INFORMATION TECHNOLOGY

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Abstract

This is a conceptual paper to study the effects of entrepreneurial competencies on success of businesses in the context of (MSEs) Micro and Small Enterprises with moderating effect of Information Technology. This paper argues that the IT moderates the influence of entrepreneurial competencies on success of SMEs businesses. Hence, the entrepreneurs should be competent enough to manage their relationships with their customers and suppliers to get competitive advantage. This is due to the inherent synergies between key management topics like marketing and entrepreneurship, both of which present opportunities to create original solutions to meet client needs. This study reviews literature and provides a scholarly background to the study by including some contributions given by various researchers as well as institution on Entrepreneurial competencies and its major impact on MSEs. Articles from 2002 to 2020, were extracted through systematic procedure of search, also exclusion and inclusion criteria were adopted for the study. The analysis of 7 publications revealed several characteristics and theories that have a favourable impact on students' career development. Current field are identified. The implementation of experiential practical activities regarded as best practices in entrepreneurship instruction in universities can boost students' enthusiasm and motivation for participating in business start-up activities even as undergraduates, according to the analysis' findings, which we also analysed. This report also suggests numerous lines of inquiry for future researchers to pursue.

KEYWORDS: Entrepreneurship, Entrepreneurial Competencies, Information Technology, Micro and Small Enterprises.

1. INTRODUCTION

Small and medium-sized businesses (SMEs) have received a lot of attention in recent entrepreneurship studies as a result of their crucial contributions to the economies of all nations. SMEs' emergence is crucial, particularly in emerging nations because they boost economic growth, income distribution, productivity, efficiency, and

economic framework throughout the recession (Abdullah & Manan, 2011). Due to their adaptable and suitable organisational structures, small and medium-sized companies (SMES) have grown in importance for the entire world (Kayadibi et al., 2013). Due to their adaptive traits, these SMEs contribute significantly to economies by delivering a sizable share of the production in a world that is changing quickly. SMEs significantly contribute to a country's economic growth, political stability, and social uplift. SMEs have a flexible personality. They can be set up for any type of commercial activity and are regarded as the foundation of the nation's economy (Radamet et al., 2008; Amini, 2004). Due to their major contribution to economic growth, the government has placed a lot of emphasis on the development of SMEs (Khalique et al., 2011).

The census 2011 revealed same percentage of micro businesses as compared to the census of 2005. This depicted that the major SMEs were of micro-sized businesses that represented 77.0%, on the other hand, the small businesses and medium-sized establishments represented 20% and 3.0% respectively of total establishments of SMEs. The services sector recorded 79.6%, the manufacturing and agriculture sectors represented 57.1% and 56.3% respectively of micro-sized establishments. On the other hand, the quarrying and mining sector represented 42.1% of SMEs that were of small size. According to the findings of the Census 2011, most of the SMEs representing more than 50% were situated

in WP Kuala Lumpur, Selangor, Johor and Perak Meanwhile, SMEs in Sarawak and Sabah represented only 13.1% of total Malaysian SMEs.

Entrepreneurial competencies consider an important resource for an organisation and play a crucial role in the enhancement of organisational performance. Literature reveals that an organisation's performance suffers due to a lack of entrepreneurial competencies (Ahmad, 2007; Tehseen and Ramayah, 2015). As such, there is a need to focus on entrepreneurial competencies in determining business performance. This study used ethical competencies and strategic competencies to measure entrepreneurial competencies. Strategic competencies refer to an entrepreneur's ability to set, assess and implement strategies for achieving business success, while ethical competencies indicate their ability to work with ambiguity and sincerity and acknowledge their mistakes by speaking truly. Barney and Arikan (2001) conclude that the resource-based view (RBV) ignores business strategy, as it plays a crucial role in determining business performance. Firms that have a desire to compete in the existing market, then, should focus on business strategy (cost leadership and differentiation strategy), for it allows them to take advantage of their group of resources and gain a competitive advantage (Sirmon et al., 2011). The strategy has a significant influence over the control systems design in various ways, depending on which class of strategy is used (Otley, 2016). The decisions regarding strategies facilitate management to foresee the outer business environment, while valuable strategies allow management to access and utilise significant resources to achieve a competitive advantage.

2. LITERATURE RIVEW

2.1 The Concept of Entrepreneurial Competencies

Entrepreneurial skills are considered the most vital aspect of the survival, continuous growth, and success of the business organization (Klyver and Arenius, 2020). The literature is well-enriched in determining the competencies of an entrepreneur (Khanam and Sakib, 2020; Hussain et al., 2022). Entrepreneurial competencies can be described as intrinsic qualities, such as specialized knowledge, motivations, self-images, qualities, motivations, social positions, and abilities that contribute to the establishment, survival, and growth of businesses (Bird, 2019). Muzychenko et al. (2004) distinguish clearly between innate and learned components of competency. The intrinsic elements of competency include the entrepreneur’s attitudes, characteristics, self-image, and social role (Chen et al., 2022). Simultaneously, learned features include factors gained on the job through various theoretical and practical training, such as skills, experience, and knowledge, which are sometimes referred to as internalized components (Man and Lau,

2005). Internalized competency factors were found by (Bartlett and Ghosal, 1997), whereas externalized competence components were included by the researchers (Muzychenko et al., 2005). Innate or natural elements of competency are not easy to change, but appropriate training and education programs can alter the externalized shape of a competency (Peschl et al., 2021).

2.2. The Domain of Entrepreneurial Competencies

According to Ahmad et al. (2010), there is plenty of room for identifying several entrepreneurial competency areas and evaluating their effects on the success of SMEs. After reviewing the prior research on entrepreneurial abilities, we have categorised six competency areas (see Table 1), illustrating six unique entrepreneurial competencies. A thorough examination of the is provided in the section that follows literature on the influence of these particular entrepreneurial competency domains on the success of SMEs.

Table 1. Entrepreneurial competency domain.

Competency Domain	Behaviors of Entrepreneurs
Strategic competency	Entrepreneurs’ capacity to create, assess, and implement the strategy of the firms.
Organizing and leading competency	The competency is connected to the organization of various firms’ resources, such as human, financial, physical, and technical resources, and includes activities such as team formation, employee leadership, controlling, and training.
Opportunity competency	Entrepreneurs’ capacity to recognize, seek, and seize business opportunities.
Commitment competency	Competencies that motivate entrepreneurs to keep going in business and to restart after a setback.
Learning competency	The capacity to stay updated in relevant disciplines and to put what one has studied into practice.
Relationship competency	The competency of building trustworthy relationships with suppliers, consumers, workers, rivals, government officials, and other stakeholders.

(Source: Khanam and Sakib, 2020)

2.3 Entrepreneur and Entrepreneurial Competencies

The performance of an organization is a topic that is frequently explored and discussed in the literature on strategic management (Anwar, 2018). Organizations are evaluated based on their performance (Islam et al., 2022; Agarwal et al., 2022, Blevins et al., 2022). Formally, performance is decided by the proper choice of an organization, which ultimately enhances the organization's competitive advantage (Ferreira and Otley, 2009). Kaplan and Norton (1996) invented one of the most well-known techniques for assessing organizational performance: the multidimensional evaluation of a firm's present financial and non-financial situation. Apart from the financial terms, (Kaplan and Norton, 1996) proposed a balanced scorecard technique to evaluate a firm's performance from the viewpoints of customers, learning and growth, and inner business processes (Kaplan and Norton, 1996). In addition, (Li et al., 2006) analyzed a variety of financial and market metrics to determine organizational performance using a pool of prior research, including profit margin on sales, return on investment (ROI), ROI growth, market share, market share growth, sales growth, and overall competitive position. (Antony and Bhattacharyya, 2010) quantified organizational performance using six aggregated factors: innovativeness, efficiency, effectiveness, productivity, creativity, and competitiveness.

2.4 Entrepreneurial competencies impact on micro and small enterprises performance moderating effect of IT industry

Entrepreneurial competencies refer to the skills, knowledge, and attributes possessed by entrepreneurs that enable them to identify, create, and exploit opportunities successfully. These competencies have a significant impact on the performance of micro and small enterprises (MSEs) by

influencing various aspects of their operations, growth, and sustainability. However, the impact of entrepreneurial competencies can be further influenced by the specific industry in which the MSE operates. In the case of the IT industry, several moderating effects can come into play. Let's explore this relationship in more detail.

Innovation and Creativity: Entrepreneurial competencies related to innovation and creativity play a crucial role in the IT industry. IT MSEs need to continuously develop new and cutting-edge products or services to stay competitive. Entrepreneurs with strong competencies in innovation and creativity can drive the development of unique and market-differentiating offerings, positively impacting the performance of IT MSEs.

Technological Expertise: Competencies related to technological expertise are particularly relevant in the IT industry. SMEs operating in this sector need entrepreneurs who possess in-depth knowledge and understanding of the latest technologies and trends. These competencies enable entrepreneurs to make informed decisions regarding technology adoption, implementation, and utilization, leading to improved operational efficiency and competitive advantage.

Networking and Collaboration: Entrepreneurial competencies related to networking and collaboration are important for IT SMEs. The IT industry is characterized by rapid technological advancements and a dynamic business environment. Entrepreneurs with strong networking and collaboration competencies can build strategic partnerships, access valuable resources, and leverage industry networks to enhance their MSE's performance.

Risk Management: Effective risk management is vital in the IT industry, where technology evolves rapidly, and market conditions can be unpredictable. Entrepreneurs with competencies in risk

assessment and mitigation can make informed decisions, identify potential risks, and develop strategies to minimize their impact. This ability enhances the performance and sustainability of IT MSEs.

3. METHODOLOGY

On a survey of the literature, this study is built. We have examined journal articles from a number of recognised databases, including Google Scholar, EBSCO, IEEE Explore, and EBSCO. We used the keyword "Entrepreneurship Education." After looking over the abstracts of the 20 articles were found, we selected 7 papers that were pertinent. We conducted the analysis, and the discussion that follows will focus on the outcomes and conclusions. Research papers that were published in reputable journals, review articles, and conference proceedings with high evaluation citation indices. This study did not include master's theses, and opinion research pieces were also not included. Only peer-reviewed articles and conference papers were taken into account in order to increase the review's validity and trustworthiness; dissertations, books, and volumes were omitted. To abstract papers from databases terms the highest number of

hits were from search terms including 'entrepreneurial Competencies', 'Micro and small enterprises', 'IT industry', MSE performance, or variations of these terms and an extensive range of others. Only citations from articles that matched the following requirements were used: Peer-reviewed journal publications as opposed to working/conference papers or unpublished material; empirical in character rather than just conceptual; largely focused on higher education in terms of entrepreneurial competencies (or an aspect thereof) and its empirical impact on entrepreneurial results (broadly defined to include both attitudinal and behavioural outcomes).

4. FINDINGS

Entrepreneurial characteristics and competencies research was discovered to begin in 1962, as seen in Figure 1. Figure 1 depicts the trend in the number of publications in the area of entrepreneurial characteristics and competencies. Research in the field of entrepreneurial characteristics and competencies has increased, this shows that this field has received quite a lot of research attention.

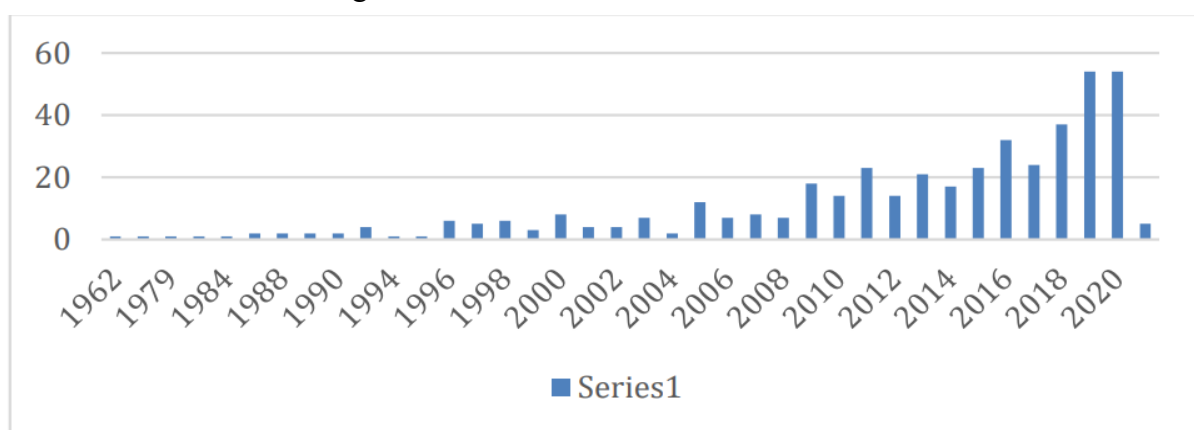


Figure 6. Keyword co-occurrences network map on small medium enterprises (SME)

Source: Chifamba et al.

Micro entrepreneurs' contribution and opportunity recognition competencies both have a significant positive impact on micro-enterprise profits, but only opportunity recognition competency has a significant

positive effect on micro-enterprise asset net worth, according to the findings (Mustapha, Al Mamun, Mansori, & Balasubramaniam, 2020).

and motivate employees, foster a positive work culture, and promote collaboration and productivity within the organization. Entrepreneurs who possess these competencies can build high-performing teams, leading to enhanced innovation, efficiency, and overall business performance.

7. FUTURE RESEARCH DIRECTIONS

Longitudinal Studies: Conduct longitudinal studies to understand how entrepreneurial competencies evolve over time and their impact on SME performance. Tracking entrepreneurs and their ventures over an extended period can provide insights into the dynamic nature of competencies, their development, and their influence on different stages of SME growth.

Contextual Factors: Investigate the influence of contextual factors, such as industry characteristics, cultural differences, and regulatory environments, on the relationship between entrepreneurial competencies and SME performance. Understanding how competencies interact with specific contexts can help identify the nuances and contingencies in their effects.

Mediating and Moderating Variables: Examine the mediating and moderating variables that influence the relationship between entrepreneurial competencies and SME performance. For example, organizational culture, entrepreneurial mindset, access to capital, and technological advancements could moderate or mediate the impact of competencies on performance outcomes.

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