

Personal Entrepreneurial Competencies (PEC) among Entrepreneurs in Retail Business Sector in Malappuram District

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ABSTRACT

The success, performance and growth of a firm depends upon the entrepreneurial competencies that an entrepreneur possess. Some researchers have suggested that an understanding of competencies that are exercised by the entrepreneurs leading successful small businesses can be used to support the development of those competencies, and has potential to, in turn, drive business growth (Churchill and Lewis, 1983; Low and MacMillan, 1988). Bird (1995) suggests that entrepreneurial competencies are defined as underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth. Man et al. (2002) defined entrepreneurial competencies as the total ability of the entrepreneur to perform a job role successfully. The purpose of this paper is to conduct an empirical research into the entrepreneurial competencies possessed by entrepreneurs in retail sector in Malappuram district which lead to the growth of their business. A questionnaire-based survey of entrepreneurs was conducted. The questionnaire contains a list of entrepreneurial competencies compiled from the Empretec methodology developed uniquely at Harvard University coupled with Likert scales through which the entrepreneurs were invited to rate their ability in relation to each competency. The Empretec methodology is based on the research conducted by a psychologist from Harvard University, Professor David McClelland, who had done extensive work on entrepreneurship since the late 1950s. The questionnaire identifies 10 key areas of competencies related to entrepreneurial development. These include: opportunity-seeking and initiative; persistence; fulfilment of commitments; demand for quality and efficiency; calculated risks; goal-setting; information-seeking; systematic planning and monitoring; persuasion and networking; and independence and self-confidence. This study will offer a comprehensive analysis of the competencies of entrepreneurs by identifying all these competencies. The research will provide the basis for entrepreneur education and development of retail entrepreneurs.

Keywords: Entrepreneurial competencies, retail entrepreneurs, Business development, Core competencies, Entrepreneurialism

1. INTRODUCTION

Entrepreneurship is having a major impact on the economic development, innovation, employment and wealth creation of a nation. Entrepreneurship has potential to create jobs (Evans, 1942; Altin, 1999). Many countries have identified the essential role of entrepreneurship towards economic development, employment, innovation and growth. Entrepreneurship is having a strategic impact on the wealth creation of a nation also.

“Entrepreneurship is a matter of skills, not cultural inheritance. That is why entrepreneurship may be one of the most important channels through which education raises economic productivity”. (World Development Report, 1991:11).

With entrepreneurs having such a big role in this competitive world, it is highly important to develop certain entrepreneurial competencies among them. For developing good sustainable business ventures, it is highly essential for the entrepreneurs to possess various entrepreneurial competencies. Entrepreneurial competencies have been identified as a specific group of competencies relevant to the exercise of successful entrepreneurship. Such entrepreneurship is often associated with the survival and development of small and new businesses (Colombo and Grilli, 2005; Nuthall, 2006).

There were arguments as to whether entrepreneurial competencies are inborn to people of certain communities and families with business backgrounds. There were also arguments regarding whether entrepreneurial qualities can be taught, trained and developed. McClelland (1965) found that personal traits or competencies can be changed and therefore people can be motivated towards entrepreneurship. Following this many latter studies also have accepted that personal attitude, traits, knowledge and skills can be changed and developed through appropriate training and development. On the basis of this Entrepreneurship Development Institute of India- Ahmadabad provide training programs to simulate the growth of entrepreneurial competencies throughout entrepreneurs across different communities.

2. LITERATURE REVIEW

Ahmed et al (2010) conducted an empirical study of 212 SMEs in Malaysia and proved that entrepreneurs' competencies had a direct and substantial impact on firms' success. They stressed the importance of understanding the role played by entrepreneurs' knowledge, skills, attitudes, and behaviour and the impact that these personal characteristics have on firm performance.

Mitchelmore and Rowley (2010) sheds some light into how entrepreneurial competencies concentrates on personal features and characteristics of the entrepreneur like the knowledge and skills which helps the entrepreneur to run a business competently. Mitchelmore and Rowley believed the entrepreneurial competencies as a group of characteristics that are relevant to successful entrepreneurship and are frequently associated with the development of new and small businesses, although there is also growing interest in the competencies of corporate entrepreneurs.

Bamiatzi et al (2015) in their study represents entrepreneurial competencies as a specific group of competencies relevant to the exercise of entrepreneurship and the development of small and new businesses.

Sarwoko (2016) argues that entrepreneurial competencies affect the ability to create growth strategies and therefore, business performance. He demonstrated how the business growth can be achieved through the possession of entrepreneurial competencies by the entrepreneurs.

ENTREPRENEURIAL COMPETENCIES

Bird (1995) suggests that entrepreneurial competencies are defined as underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth. Man et al. (2002) defined entrepreneurial competencies as the total ability of the entrepreneur to perform a job role successfully.

According to Fluery and Fluery (2001), studies investigating competencies can be traced back to David McClelland's publication of "Testing for Competence rather than Intelligence" in 1973, in which he links competence to superior performance of a task.

Most researchers agree that managerial and entrepreneurial competencies are multidimensional constructs. In their overview of the competency's literature, Smith and Morse (2005) observed that there are two broad themes in managerial competencies:

- Functional competencies, such as marketing and finance; and
- Organisational competencies, such as the skills related to organising and motivating, personal skills and leadership.

One of the objectives of developing entrepreneurial competencies is to measure such competencies. Different researchers have designed different competencies skills for measuring the entrepreneurial competencies. Many studies were done on the competency model framed by different authors. Gemma U. Reyes (2018) conducted a study to find out the relationship between the personal entrepreneurial competencies (PEC), as identified by Management Systems International, and the entrepreneurial intention of non-business students who are taking up an introductory entrepreneurship course. However, no study was conducted in measuring the Personal Entrepreneurial Competencies of retail sector entrepreneurs in Malappuram district with the competency model developed by the Management System International (MIS).

The MSI in partnership with McBer & company undertook a five-year USAID funded research known as the Empretec methodology to identify the competencies. This methodology was coined and formed by Professor David McClelland, a psychologist from Harvard University. He believed that every person has an inner motivation to improve. This motivation he divided into three types: Achievement, affiliation and power drive. On the basis of these three drives, a set of common competencies was formed by the research team and was called PEC. Through the research project, ten personal entrepreneurial competencies (PECs) were identified. These are opportunity seeking, risk taking, persistence, demand for efficiency and quality, commitment to work a contract, information seeking, systematic planning and monitoring, persuasion and networking, goal setting, and self-confidence. All these competencies are given under three clusters: achievement cluster, planning cluster and power cluster. Opportunity seeking, risk taking, persistence, demand for efficiency and quality and commitment comes under achievement cluster. Information seeking, systematic planning and monitoring and goal setting comes under the planning cluster. Persuasion and networking and self-confidence comes under the power cluster. MSI believed that entrepreneurial acumen, which in turn leads to business success, can be predicted based on how strongly individuals manifest these entrepreneurial competencies.

The project also provides a self-rating questionnaire which can be used to assess an entrepreneur's chance in succeeding in the field of entrepreneurship. The PEC questionnaire, developed by MSI and McBer & Company, is being used to find out which of these entrepreneurial competencies are there in the entrepreneurs and which ones they lack. The presence of all these competencies will be a contributing factor to entrepreneurial growth and development.

The present study, therefore, makes an earnest attempt to find out which cluster competencies the entrepreneurs in Malappuram district possess and further to discuss the nature of most possessed key competencies among the retail entrepreneurs.

3. STATEMENT OF THE PROBLEM

The retail sector is an appropriate entry for new entrepreneurs (Davidson and steffens). The retail sector should not be seen just like another sector of the economy. It is the major income earning sector of the government. Retail sector helps in creating income, jobs, taxes and a competitive and sustainable business environment. In a retail business, the management and administration of the business is done by the owner. So, it is highly important for that entrepreneur to possess the entrepreneurial competencies which will help to increase the growth and success of the firm in an extremely competitive environment.

Even though many studies have been carried out on entrepreneurial education, training and development, the research papers related to personal entrepreneurial competencies (PEC) is very limited especially in Malappuram district. Thus, this research paper seeks to identify the key entrepreneurial competencies possessed by the retail sector entrepreneurs in Malappuram district which will contribute towards the business performance and growth.

4. OBJECTIVES OF THE STUDY

- To provide a conceptual idea about personal entrepreneurial competencies (PEC) model developed by Management System International in partnership with McBer Company.
- This study aims to also find out the personal entrepreneurship competencies (PEC) of retail sector entrepreneurs in Malappuram District.
- To identify the key entrepreneurial competencies possessed by the retail sector entrepreneurs among the listed ten competencies.

5. METHODOLOGY

The methodology used for this study was convenience sampling method. This method is useful where it is difficult to elicit a response from the respondents. Here the respondents were the retail sector entrepreneurs in Malappuram district. Questionnaire method was used to select data from the respondents. The questionnaire was divided into three parts: demographic variables, organisation characters and entrepreneurial competencies. The entrepreneurial competencies include ten competencies as developed by the management systems international in partnership with McBer & Company. The ten PECs identified were opportunity seeking, risk taking, persistence, demand for efficiency and quality, commitment to work, information seeking,

systematic planning and monitoring, persuasion and networking, goal setting and self-confidence. These competencies were measured with a five-point Likert scale. The questionnaire was circulated both directly and with the use of google form to collect the required data. A total of 60 samples were collected and the data were entered into SPSS and different tools were applied.

6. FINDINGS AND DISCUSSIONS

It is very clear from the various review of literature the entrepreneurial competencies are having a major impact on the growth and development of a business firm. So, this study has been conducted to know whether the retail entrepreneurs are possessing the competencies as framed by MSI and McBer company. This will help to determine the behavioural competencies which distinguish successful entrepreneurs from less successful entrepreneurs. The following tables shows the key competencies possessed by the entrepreneurs. A set of statements was presented among the entrepreneurs to understand whether they possess the 10 entrepreneurial competencies. Different statements under each competency was given and was measured by 5-point Likert scale. Mean score analysis was used in the study.

ACHIEVEMENT CLUSTER OPPORTUNITY SEEKING AND INITIATIVE

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Does things before being asked or forced to by events	46	4.00	5.00	4.2391	.43127
Takes action to extend the business into new areas, products or services	46	3.00	5.00	4.4565	.75149
Seizes unusual opportunities to start a business, obtain financing, equipment, land or assistance	46	3.00	5.00	4.1087	.37879
Valid N (listwise)	46				

TABLE NO 1

PERSISTENCE

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Takes action in the face of significant obstacles and challenges	46	3.00	5.00	4.2174	.91683
Takes persistence action or switches to an alternative strategy, to meet a challenge or to overcome an obstacle	46	4.00	5.00	4.2391	.43127
Makes a personal sacrifice or expends an extraordinary effort to complete a task	46	3.00	5.00	4.2609	.74341
Valid N (listwise)	46				

TABLE NO 2

FULFILLING COMMITMENTS

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Takes personal responsibility for solving problems that hinder accomplishing the task under stated Condition	46	3.00	5.00	4.0652	.74243
Pitches in with employees or takes their places to get a job done	46	4.00	5.00	4.7174	.45524
Strive to keep customers satisfied and places long term goodwill above short term gain	46	2.00	5.00	4.2391	1.11922
Valid N (listwise)	46				

TABLE NO 3**DEMAND FOR EFFICIENCY AND QUALITY**

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Find ways to do things better, faster and Cheaper	46	4.00	5.00	4.7174	.45524
Acts to do things that meet or exceed standards of excellence	46	3.00	5.00	4.0000	.78881
Develops and uses procedures to ensure the work is completed on Time	46	4.00	5.00	4.5435	.50361
Valid N (listwise)	46				

TABLE NO 4**TAKING CALCULATED RISKS**

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Deliberately calculates risks and evaluate alternatives	46	4.00	5.00	4.4565	.50361
Takes action to reduce risk and control outputs	46	4.00	5.00	4.5435	.50361
Places oneself in situations involving a challenge or moderate Risk	46	4.00	5.00	4.4130	.49782
Valid N (listwise)	46				

TABLE NO 5

Under the achievement cluster, five competencies were studied. All the five competencies showed a positive response as the mean score was above 3. It means that the entrepreneurs agree that they possess the entrepreneurial competencies regarding all the five competencies in achievement cluster. The key competency in this cluster is the competency regarding taking

calculated risks. From this study we can see that the entrepreneurs are very careful and evaluate and calculate risks.

PLANNING CLUSTER

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Sets goals and objectives which are personally meaningful and challenging	46	4.00	5.00	4.5870	.49782
Articulates clear and specific long term goals	46	2.00	5.00	3.8043	1.27575
Sets measurable short term objectives	46	3.00	5.00	4.6522	.67387
Valid N (listwise)	46				
	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Personally, seeks information from customers suppliers and competitors	46	3.00	5.00	4.2391	.73590
Does personal research on how to provide a product or service	46	4.00	5.00	4.5652	.50121
Consults experts for business or technical Advice	46	4.00	5.00	4.4783	.50505
Valid N (listwise)	46				
	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Plans by breaking larger tasks down into sub tasks with clear time Frames	46	4.00	5.00	4.5652	.50121
Revises plans on the basis of feedback	46	4.00	5.00	4.4348	.50121
Keeps financial records and uses them to make decisions	46	4.00	5.00	4.4130	.49782
Valid N (listwise)	46				

TABLE NO 6

Under the planning cluster, three competencies were studied. Here also the response was a positive response as the mean score was above 3. The three competencies studied here are goal setting, information seeking and systematic planning and monitoring. The study shows that the entrepreneurs possess the entrepreneurial competencies regarding all the three competencies in planning cluster. The key competency in this cluster is the competency regarding systematic planning and monitoring. The least competency faced by the entrepreneurs is regarding their ability to articulate clear and specific goals.

POWER C L U S T E R

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Seeks autonomy from the rules and control others	46	4.00	5.00	4.5217	.50505
Keeps own point of view even when facing Opposition	46	4.00	5.00	4.4565	.50361
Expresses confidence in own ability to complete a difficult task	46	3.00	5.00	4.4130	.54062
Valid N (listwise)	46				
	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Uses deliberate strategies to influence and persuade others	46	4.00	5.00	4.4348	.50121
Uses key people as agents to achieve own Objectives	46	4.00	5.00	4.7174	.45524
Takes action to develop and maintain a network of business contacts	46	3.00	5.00	4.0217	.49392
Valid N (listwise)	46				

TABLE NO 7

Under the power cluster, two competencies were studied. Here also the response was a positive response as the mean score was above 3. The two competencies studied here are persuasion, networking, independence, and self-confidence. The study shows that the entrepreneurs possess the entrepreneurial competencies regarding all the two competencies in power cluster. The key competency in this cluster is the competency regarding independence and self-confidence. The least competency faced by the entrepreneurs is regarding their ability to develop a network of business contact.

HYPOTHESIS TESTING

T TEST – INTERPRETATION

H0: There is no significant relationship between type of business unit and Opportunity seeking and initiative	0.050	Accepted
H0: There is no significant relationship between type of business unit and Persistence	0.308	Accepted
H0: There is no significant relationship between type of business unit and Fulfilling commitment	0.295	Accepted
H0: There is no significant relationship between type of business unit and Demand for efficiency and quality	0.523	Accepted
H0: There is no significant relationship between type of business unit and Taking calculated risks	0.905	Accepted
H0: There is no significant relationship between type of business unit and Goal setting	0.259	Accepted
H0: There is no significant relationship between type of business unit and Information Seeking	0.773	Accepted
H0: There is no significant relationship between type of business unit and Systematic planning and monitoring	0.032	Accepted
H0: There is no significant relationship between type of business unit and Persuasion and Networking	0.946	Accepted
H0: There is no significant relationship between type of business unit and Independence and self-confidence	0.11	Accepted

ONE-WAY ANOVA INTERPRETATION

HYPOTHESIS	P VALUE	RESULT
H0: There is no significant relationship between Educational Qualification and Opportunity seeking and initiative	0.991	Accepted
H0: There is no significant relationship between Educational Qualification and Persistence	0.647	Accepted
H0: There is no significant relationship between Educational Qualification and Fulfilling commitment	0.289	Accepted
H0: There is no significant relationship between Educational Qualification and Demand for efficiency and quality	0.637	Accepted
H0: There is no significant relationship between Educational Qualification and Taking calculated risks	0.65	Accepted
H0: There is no significant relationship between Educational Qualification and Goal Setting	0.193	Accepted
H0: There is no significant relationship between Educational Qualification and Information seeking	0.378	Accepted
H0: There is no significant relationship between Educational Qualification and Systematic planning and monitoring	0.56	Accepted
H0: There is no significant relationship between Educational Qualification and Persuasion and networking	0.147	Accepted
H0: There is no significant relationship between Educational Qualification and Independence and self-confidence	0.197	Accepted

7. CONCLUSION

Entrepreneurs and the organisations that support and advise entrepreneurs are increasingly paying attention to the issue of knowledge, skills and competencies as they acknowledge the importance of the development of these for competitiveness in the knowledge-based economy. This research proposes to find out the PEC among entrepreneurs in Malappuram district. Using mean score analysis, it was found that the retail entrepreneurs in Malappuram district possess the ten competencies framed by MSI and McBer company. These are opportunity seeking, persistence, demand for quality and efficiency, risk taking, goal setting, information seeking, self-confidence, and persuasion and networking. All of these competencies got a mean score value more than three. However comparatively the competency which got lesser score was the ability of the entrepreneurs in articulating specific goals. Another competency which they believe they lack is the ability to maintain and prosper a network of business contacts. So, while entrepreneurial trainings are being conducted more emphasis should be given on the goal setting competency and also networking competency. On conducting t-test and Anova, it was found that the size of the firm and the educational qualification does not have any significant relationship between all these ten competencies.

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