

## Chapter 7

### **Entrepreneurial Competencies and Job Creation Potentials**

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#### **ABSTRACT**

This chapter is all about entrepreneurial competencies and job creation potentials. This chapter reviews literature of Entrepreneurial Competency, Business Management, Financial Management and Job creation potential. It was concluded that competencies in terms of business management competency, marketing competency, financial management competency, human resources competency and personal competency need to be acquired and developed on a regular basis in order to be able to explore in this entrepreneurial world. It was therefore recommended among others that business education students should endeavor to acquire business management competency while in school so that they can create jobs for themselves upon graduation.

***Keywords: Entrepreneurial Competencies, Business Management Competencies, Marketing Competencies, Financial Competencies, Job Creation***

#### **Introduction**

Today, the demand for white-collar jobs has outpaced the supply of available positions, resulting in unexpected unemployment. The recruitment exercise of most Federal Government ministries, departments, and agencies, such as the Nigeria Immigration Service, attests to Nigeria's high rate of unemployment. As a result, determining what strategies to employ to combat the country's high unemployment rate has become a serious issue. Adding to this, Murray and Adepoju (2021) argue that job creation is a critical driving force of economic growth, creating hundreds of thousands of new jobs as well as enhancing Federal and local tax revenues, boosting exports, and generally increasing national productivity.

Indeed, given the current state of increasing uncertainty and instability caused by globalization and internationalization, competition, and rapid technological change, entrepreneurship has grown into a fascinating and interesting field of study around the world (Clever & Uduak, 2019). There are various definitions of entrepreneurship in terms of concepts. Esomomu (2018) defines entrepreneurship as the effective manipulation of human intelligence, as evidenced by creative and innovative performance. In other words, only humans can be entrepreneurial, and such beings are unique because they are creative and innovative, causing them to think in higher realms of existence. Entrepreneurship according to Tijani-Alawiye (2014), is the process of increasing the supply of entrepreneurship or adding to the stock of existing small, medium, and large enterprises available to a country by creating, innovating and promoting many capable entrepreneurs who can successfully run innovative enterprises, nurture them to grow, and sustain them to achieve broad socio-economic development goals.

In Nigeria, unemployment and poverty among graduates of tertiary institutions are growing problems, a situation that has been attributed to insufficient capacity in the labour market or inability to establish a business venture. With the global economic recession looming and high inflation and unemployment expected to rise shortly, the issue of raising the awareness of tertiary education students on the need to develop good entrepreneurship competency will be of great importance.

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These entrepreneurship competencies will enable students to enter the job market, employ themselves and others, lead productive lives, and make a meaningful contribution to their nation's development by way of self-employment (Mornson&Bagshaw, 2022).

Business skills are attitudes to develop knowledge and aptitude and excel in business. Such skills include marketing skills, ability to advertise products effectively, familiar with business environment, business laws, licensing, insurance and leasing, ability to determine the extent of the market and seasonal fluctuations, ability to possess product distribution, identification, pricing, labeling and packaging skills, ability to interpret factors of which indicate extent of strength of competitions, ability to determine current and future trends in the market, ability to understand and exhibit customers needs and demands at a particular time, ability to have good public relation skills.

Management is the art of getting things done through people; it is a process of achieving an organization's goal through coordinated performance of five specific functions namely; planning, organizing, staffing, directing and controlling (Osuala, 2001). An organizations' success depends on how well its management is able to plan. According to Olagunju (2021) one of the roles of management in a business enterprise is to ensure the constructive coordination management efforts at all levels into an effective instrument for achieving cooperate objectives.

Management as a body of knowledge is the science of getting things done in the most appropriate, efficient, and effective manner (Okoro & Matt, 2019). Management employs a lot of investigative work and analysis to substitute given work with certainties. Broadly, the authors stated that management involves planning, coordinating, motivating, and so on. Hence, management refers to the "act of planning, organizing, and controlling activities of other factors or systems to achieve as efficiently as possible the stated goals of an organization. According to Nwaukwa (2015), management is the process of planning, organizing, directing, and controlling both human and material resources efficiently towards achieving individual, group, and organizational goals.

Eshenake (2017) sees business management skills as a process demanding the importance of specific functions. Nwachukwu (2005) defined business management as the art of getting things done through the efforts of other people. It is also defined as the process of planning, organizing, and directing organizational resources to achieve organizational goals. Osuala (2001) also defined business management as the process of achieving an organization's goals through the coordinated performance of five (5) specific functions: planning, organization, staffing, directing, and controlling. Management as a process of doing things in an organization is basically the combination and utilization of available human, financial, and material resources towards the achievement of organizational objectives (Eshenake, 2017). Business education graduates are expected to possess adequate skills in business management. In the same vein, Ekpenyong and Ojo (2018) identified the following business management skills as needed by business education graduates for entrepreneurial success: The essence of entrepreneurship education is to ensure self-sustainability, employment generation, income generation, wealth creation, and a reduction in the crime rate.

Olagungu (2021) explains that a modern business environment is a combination of traditional institutions and roles and more new changes in production, distribution, and consumption patterns created by developments in science and technology. Therefore, business management is a balance between two (2) major forces - *continuity and change*. Good business management skills play a major role in the process of achieving the set goal of the organization. Hence, every entrepreneur needs to be a good manager endowed with business management skills to achieve the set goals.

### **Business Management Competency and Job Creation Potentials**

An entrepreneur with good business management skills is the key person when it comes to the positive development of the enterprise. Business management is about handling the business activities so as to meet the objectives of the organization within the prescribed time frame. To perform this task efficiently, the entrepreneur needs good business management skills, and the best

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part is that these skills can be learned, developed, and incorporated by any person who wants to succeed in their small scale business creation.

The acquisition of business management skills will facilitate effective job performance in the operation in the areas of receiving, recording, processing, analyzing, and processing of information. Okwelle (2016) identified the following office business management skills needed by business education graduates for effective functioning in the world of management of small scale business operations to include: ability to demonstrate skills in good record management: ability to know and identify the filing system; ability to determine and utilize appropriate communication channels; ability to manage information well; ability to store and retrieve information well; ability to follow trends in office technology; ability to write mailable letters; ability to demonstrate the knowledge of office automation systems; ability to use inter-office and distance communication gadgets like intercom, telephone, telex, fax, and e-mail; ability to use different types of office machines, equipment, and facilities; and last but not the least, ability to manage and use time effectively.

Ekpenyong and Ojo (2018) identified the these management skills as needed by graduates of business education for entrepreneurial success: ability to plan, organise and manage small scale or medium scale businesses; ability to source funds for the running of small scale businesses; ability to develop skills for keeping accounting records of small scale businesses; ability to supervise and coordinate effectively both human and material resources; ability to develop broad-based investment in planning and implementation; ability to apply integrating business skills; ability to have constant alertness to market changes and technical trends; ability to maintain business ethics; ability to be resourceful and creative; ability to re-define risk as opportunities to make use of the expertise; ability to develop effective utilization of the project for the growth and development of the firm; ability to motivate self and others under him; ability to handle crisis when it occurs.

In the same manner, Nwaukwa (2015) also identified the following business management skills expected of business education graduates as follows:

1. Ability to identify and use market opportunities.
2. Ability to set appropriate goals.
3. Ability to plan effectively for goal attainment.
4. Ability to organize resources (human and materials) for goal attainment.
5. Ability to implement plans for goal attainment.
6. Ability to evaluate all activities and operations in the process of goal attainment.
7. Ability to give appropriate feedback.
8. Ability to relate properly with other people (business partners and customers)
9. Ability to understand business law.
10. Ability to understand and use banking facilities.

Investing wisely both in consumable and non-immediate consumable items for reconciliation of one's assets and liabilities, studies remarked that the basic knowledge of accounting education will help the students develop manipulative skills that will help them solve problems in business, Okwelle (2016) identified some of these skills required by business education graduates to include: ability to keep accurate financial records; ability to understand ways of recording business transactions; ability to determine profit for a particular period; ability to avoid unplanned expenditures; ability to be acquainted with new trends as regards accounting in the business world; ability to understand and undertake simple audit; ability to detect fraud; knowledge of federal government laws and policies. The above business management skills will enable business education graduates to function effectively in the world of work as successful entrepreneurs.

### **Marketing Competency and Job Creation Potentials of Business**

In the opinion of Hamington (2022) marketing is the sum total of all business activities that direct the flow of sales of products and services from producers to consumers. Hisrich and Peters (2017) stated that marketing competencies are critical to a venture's continued success. As the company

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grows, it will need to develop new products and services to maintain its distinctiveness in a competitive market. According to Hisrich and Peters (2017) many often blame lack of finances or poor management for the failure of a business, but a closer look will often reveal that the real problems relate to marketing issues such as: identifying the customer; defining the right product and service to meet customer needs; pricing; distribution; promotion; identifying the target market; characteristics of the customer; and buying situation.

A market is a place where buyers express their demands for a good or service and sellers provide their supplies of such goods or services. For Hornby (2020), marketing is the theory and practice of buying and selling goods and services. A marketing skill is the art of developing and distributing goods and services to consumers as well as businesses. However, marketing is not just limited to goods and services. It is extended to other areas like internet marketing, or online marketing, which refers to the buying of goods and services through the use of the web and e-mail to drive direct sales via electronic commerce. Internet marketing, or online marketing, is typically used in conjunction with traditional types of advertising like radio, television, newspapers, and magazines.

Marketing is a profit-making activity that involves the co-ordination of various functions aimed at facilitating the flow of the required goods and services from the place of production to the consuming public or clients for whom they are intended (Nwaukwa, 2015). The American Marketing Association (AMA, 2008) defined marketing as a process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives. Marketing is a common phenomenon, but it is a very complex and elusive subject matter. The activities of marketing are so diverse that it is difficult to say exactly what marketing is. Another important and essential skill that determines the success or failure of any business is marketing. Ezeani (2021) defined marketing skills as the art of developing and distributing goods and services to consumers as well as businesses.

However, Ezeani (2021) identified marketing skills which the entrepreneur should possess and include: knowledge of seasonal fluctuation of goods; ability to determine the extent to which products will sell; familiarity with various aspects of sales and salesmanship; ability to budget and forecast; ability to determine current trends in sales of products; ability to determine what customers need and shortage of such goods; knowledge of advertising; ability to determine and interpret factors which indicate the extent of and strength of competition; and ability to determine availability of goods/raw materials for products and shortage of finished goods. Kotler (2008) stated that the most efficient marketing strategy is that which supplies the goods and services required in sufficient quantity, at the right time and place, at a minimum cost, and sells them at a reasonable price that yields a satisfactory level of profit.

The essential aspects of marketing through which business education graduates generate employment, improve living standards, and reduce poverty have been identified by Nwaukwa (2015) to include procurement, distribution, and market resources. Procurement involves purchasing, ordering, contracting, assembling, clearing and forwarding, storage and distribution, advertising and sales promotion. Business education graduates are expected to possess marketing skills to enable them to operate their own small scale business successfully. The world is gradually but rapidly becoming a global village where there is an interplay of competing needs, demands, and activities on a daily basis. Just as no particular nation has all the natural resources and materials needed for man's existence, no single individual has all it takes to move the engine of growth across the globe forward for the good of man in order for man and nations of the world to avail themselves for growth. The concept of marketing refers to a situation whereby buyers and sellers interact for the purpose of transacting business. The meeting point provides the opportunity for nations, companies, agencies, and individuals to give up a part of what they have in abundance in order to get what they lack (Obiorah, 2022).

Okwelle (2016) observed that business education programmes possess laudable qualities and marketing skills for making an entrepreneur as they fulfill the entrepreneurial objectives of grooming

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and breeding innovative individuals that will create jobs themselves instead of seeking employment opportunities elsewhere. Business education breeds and constantly maintains adequate manpower with the skills needed for productive ventures and can carry out skilled work of varying natures. The author identified marketing skills to include: the ability to capture and retain the attention of customers; the ability to promote and sell the organization's products; the ability to analyse demand and sell the organization's products; the ability to acquire effective selling techniques; the ability to acquire good sales habits to attract customers; the ability to carry out effective marketing and information research; and the ability to be self-reliant and tactful.

Obiorah (2022) also observed that marketing skills and competencies are necessary for business education graduates to be successful entrepreneurs. The author identified the following skills below as essential in operating a small scale business: The ability to determine the extent to which products will sell at a particular time; familiarity with various aspects of sales and salesmanship; ability to determine current and future trends in the sales of products; ability to budget and forecast sales; ability to determine what customers need and storage of such goods; ability to keep and control stocks; knowledge of advertising enterprises or company's product services; ability to determine and interpret factors which indicate the extent and strength of competition.

Ebenuwa and Omorojie (2018) argue that negotiation involves two people who seek common solutions to their problems in such a way that they both come out satisfied, with no one leaving with the burden of being a loser. A proper negotiation presents two sides to the negotiation with a win-win situation. Negotiation is, however, a skill everyone can learn and practice. The key elements required for effective and successful negotiation in business operations include: having a clearly defined range of objectives; having an element of flexibility and a wide range of options; being well prepared and knowledgeable in the subject area through study and research; the ability to put ideas across and be an articulate and effective communicator; having proper and current information available in the core subject area; a better informed person makes a better negotiation; people who possess marketing skills understand deeply what negotiation means; prioritizing issues with the subject matter; negotiation is a skill and an act that must be practiced.

Stokes and Wilson (2020) opined that marketing competency is the gathering of information and making judgments based on it. It is a key entrepreneurial competency. A competent marketing manager, according to Stokes and Wilson, should possess the necessary qualities and skills to ensure the effective performance of an enterprise's marketing activities. The following were outlined as marketing competencies: judgment, experience, knowledge, communication, motivation, planning, and vision.

Iheanacho (2023) observed that in terms of market, entrepreneurs are reluctant to identify the appropriate market for their products or services. Most entrepreneurs do not actually know the right market for their products and how to take advantage of it for possible profit and market share. According to Aminu, many entrepreneurs have a myopic view of the market due to a lack of marketing education to market their goods. Therefore, for a drafting entrepreneur to overcome this market problem, an entrepreneur requires marketing competencies to articulate the entire necessary marketing program that may lead the entrepreneur to success and acceptability of their products in the market.

Amoor (2019) went further to state that marketing is the process of bringing awareness to customers about the enterprise's products or services, and therefore, entrepreneurs require services or aggressive marketing to sell their products. Aggressive marketing of an entrepreneur's product or services requires advertising, sales promotion, an effective distribution system, and the right price for the products or services.

Small and medium enterprises (SMEs) play a vital role in employment creation, the manufacturing of goods and the provision of services. They contribute sixty percent of the GDP of the Kenyan

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economy. In spite of this, the failure rate of SMEs is high due to the many challenges they encounter. One issue that SMEs have to contend with is marketing. Marketing is critical in SMEs because it creates revenue for the SMEs through the sale of goods and services. It also creates utility for the customers through value addition (Kotler, 2017). The government also benefits from marketing from the revenue created through taxation. However, despite the vast amount of business related information available and the possibility of accessing national and international databases, many small and medium enterprises continue to rely heavily on traditional forms of information such as personal contacts with customers and business colleagues. This is because SMEs lack skills to interpret statistical data and poor information systems network work, especially in rural areas. The remedy to this challenge is first to train the entrepreneurs in statistical interpretation and to have more of the rural areas connected to both electricity and the internet.

Lack of understanding of marketing is another challenge that SMEs encounter, this is because majority of SMEs do not practice the marketing concept that recognizes the supremacy of the customer and ensures customer satisfaction. The selling concept is what is mainly done by most SMEs. This concept mainly focuses on sales volumes without regard to customer satisfaction. SMEs need to adopt the marketing concept as a long term strategy because it ensures long term profitability and growth. They also need to adopt promotional strategies, mainly advertising, sales promotion, and publicity, in order to influence demand and gain a competitive advantage.

### **Financial Management Competency and Job Creation Potentials**

Financial management skills are critical in operating a business and are needed to increase the survival rates of start-up businesses. However, research shows that many small business owners do not have the financial management skills they require to effectively manage their businesses (Rajaram & Nell, 2019). The literature also reveals that not only financial management skills and resources are necessary for small firms to be successful, so too are attitudinal factors such as financial self-efficacy (or the self-confidence to be able to perform a task), which influence the desire to persist and pursue managing the finances of a business. Financial management involves acquiring and managing financial resources optimally in order to achieve long-term and short-term objectives. Literature indicates the financial management practices and related skills that small business owners require in order to manage the finances of a business effectively.

Falobi et al. (2020) identify cash books, accounts receivable, inventory records, and effective management of debtors as critical practices in reducing the likelihood of cash flow problems in small and medium-sized black-owned businesses. Akeke and Eyo (2018) suggest that record-keeping skills are crucial in enabling owners of very small businesses to track the performance of the business themselves and to manage the finances of the business, especially when they cannot afford accountants to perform this function. Small business owners also need to be able to interpret management accounts, cash flow information, and bank statements in order to adequately manage the finances of the business.

Emeh and Ukah (2021) found that short-term financial management practices related to working capital and profitability management were more applicable to established small and medium enterprises (SMEs) than long-term financial management practices, such as preparing balance sheets and strategic financial management. It was also found that financial management skills such as cash flow management (as a short-term management concern) and decision making were more applicable to SMEs than planning and detailed financial analysis (which are medium- to long-term management concerns). Also, the increased tax compliance burden and legal compliance requirements (for small businesses which operate as separate legal entities, such as companies) add to the responsibilities of small business owners. These business owners need to understand these requirements in order to effectively manage the financial side of their businesses in the short term. Kinsten (2022), summarises five key elements of short-term financial management in which small business owners must be proficient: record-keeping; planning for future profitability

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(forecasting and performing break-even analysis); managing working capital (stock, debtors and cash); measuring past performance (compiling and analysing financial statements); and complying with tax and legal requirements. The literature thus shows the relevance of short-term financial management practices and skills in newly formed and established small businesses.

Financial marketing competencies as outlined by Rajaram and Nell (2019) includes; knowledge of accounts, knowledge of costing, ability to interpret financial statement, ability to acquire the skill of preparing financial statement, knowledge of factors involved in decision to grant loan by financial houses, knowledge of business laws, ability to understand pay roll and various deductions, knowledge of seasonal fluctuation of goods, ability to budget and forecast, ability to determine current and future trends in sales of products, ability to determine availability of goods/raw materials for production and storage of finished goods, ability to determine and interpret factors which indicates extent and strength of competition and ability to determine what customers need.

### Conclusion

This chapter examined entrepreneurial competencies and job creation potentials. It was concluded that competencies in terms of business management competency, marketing competency, financial management competency, human resources competency and personal competency need to be acquired and developed on a regular basis in order to be able to explore in this entrepreneurial world.

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