

EFFECT OF ENTREPRENEURIAL COMPETENCIES ON SKILLS INNOVATIONS: A CASE STUDY OF PALM OIL BUSINESSES IN UMUOMA COMMUNITY, IMO STATE

UBAKA, Ifeanyi Emmanuel¹, UBAKA-MICHAEL, Blessing Nkiruka²

¹ M.SC Student, Department of Accounting, Nasarawa State University Keffi, Nigeria

² M.SC Student, Department of Accounting, Nasarawa State University Keffi, Nigeria

E-mail:- ubakaifeanyi@yahoo.com, bnakubueze@yahoo.com

Abstract: This conceptual paper set out to study the effects of entrepreneurial competencies on level of innovation of business in the context of Palm oil businesses in Umuoma community in Imo State Nigeria. The study seeks to establish that various competencies of the entrepreneur have implication for the level of innovations that the business can boost of. The study adopted the exploratory research design to gain insight on the relevance of entrepreneurial competencies on skills innovation in palm oil business. The study identified through content analysis of reviewed literature and purposive sampling of interview conducted, that core entrepreneurial competencies of strategic, concept, opportunity, learning, personal and familism as being germane to the success of any level of innovation and creativity that an individual family business engaged in palm oil production can muster. The study recommends that the Government should through its various agencies charged with small and medium enterprises growth and sustainability try to assist communities involved in family entrepreneurial businesses with skills and financing option necessary to grow and sustain such individual family businesses as these businesses constitute engines of growth for an economy like ours that is still developing.

Key Words: Entrepreneurial Competencies, Creativity, Innovation, Palm oil, Umuoma Community, Nigeria

1.0 INTRODUCTION:

Umuoma in Ihitte-Uboma Local government area of Imo State, Nigeria is an agrarian community that depends heavily on the processing of palm fruits for survival. The community in the 1960's contributed immensely as a foreign exchange earner in the export trade of that era in Nigeria. The local industry has faced a lot of challenges over the years arising from high production costs, low productivity and rising competition of emerging markets in countries like Malaysia. The innovativeness of individual family entrepreneurial competencies has sustained this trade and also opened new markets and opportunities since the discovery of crude oil which has dealt a heavy blow on market growth of palm fruits products.

The environment that palm fruit producers work in the 21st century is really complex and the community has not been able to keep pace with technological advancement in palm oil processing. The need to be relevant in the emerging better processes and packaging involved in palm fruits businesses has made it imperative for individual family entrepreneurs to set-up their skills and competencies in the area of business management and finance options to enable them remain competitive in business. Creativity is the process used by entrepreneurs in transforming new and imaginative ideas into reality. Creativity entails the capacity to perceive the world in a new pattern or design to find out latent potentials and to co-relate seeming differentiated scenarios and generate answers. Creativity connotes the ingenuity of the entrepreneur and without it there can be no innovation

Creativity involves two processes that are interwoven and linked together-thinking, then producing. Creativity requires that we make or think something new, or a new combination of existing elements.

This is the element of novelty or innovation. However, mere novelty is not enough. To be creative, the idea must be useful and useful ideas of entrepreneurs create business ventures.

Innovation is the implementation of a new or significantly improved product, service or process that creates value for business, government or society. Some scholars are of the opinion that creativity has nothing to do with innovation, but I beg to disagree as there is no innovation without creativity. The key measuring indicator in both creativity and innovation is value creation.

The entrepreneurial competencies are associated with birth, survival and venture's growth (Colombo & Grill, 2005). In other words, entrepreneur competence is as a result of creative abilities of the entrepreneur which results in entrepreneurial innovations of ensuring incorporation of an enterprise, its survival and growth.

This study will anchor its theory on puritanical ethic theory which emphasized that thriftiness, frugality, self-discipline, abstinence and savings as factors that led to industrial revolution in Europe and hence the creation of entrepreneurs which lead to economic growth in that era. This theory believes that predestination and calling act as incentive to work and that business work to assure success which was a sign of spiritual grace (Mainoma & Aruwa, 2012). The theory finds relevance in the entrenched practices of family trades and businesses handed down from parents to their children peculiar to Africa communities of which Nigeria is not an exception.

This study will examine how competencies of individual family palm fruits entrepreneurs in the areas of opportunity, strategic, conceptual, personal, ethical and familism competencies has impacted on their innovativeness exhibited by individual family entrepreneurs over the years that have kept this business thriving for more than 100 years in Umuoma community of Imo State.

2.0 LITERATURE REVIEW:

This section will review important studies relevant to entrepreneurial competencies and how these competencies lead to innovation in business management and finance option used by individual family entrepreneurs.

2.1 Entrepreneurship Competencies and Innovations

Studies in these areas have examined the relationship between entrepreneurial competencies and the performance of business firms (Baum, Locke & Smith, 2001). Previous studies have focused on unearthing the skills and competencies that are germane for successful entrepreneurship. Chandler and Jasen (1992) proposed that core of entrepreneurial competency lies in the ability to recognize and exploit an opportunity. In other words gaining entrepreneurial competencies requires entrepreneurs to accomplish and spot opportunities and be able to mobilize resources needed to attain success in such identified opportunities. Chandler and Hanks (1994) found correlation between growth of a business enterprise and entrepreneurial competencies of the CEO. The study observed a direct relationship between business growth and entrepreneurs' competence.

Bird (1995) argued that critical factors of achieving entrepreneurial success are outward looking, strategic in focus and the posture is intentional towards achieving predetermined success. The import of this statement is that competencies do not automatically result in capability; successful entrepreneurs are those that go beyond tactics in business survival and growth and identify business ideas that are baseline for success. Miller and Toulouse (1986) averred that CEO personality behavior have vital impact on the decision making process and firms' strategic orientation.

Capaldo, Landolib and Ponsigione (2004) opined that, entrepreneurial competencies vary according to different context'. In the Nigeria context, the region of the country and the belief system has implication on the type of entrepreneurial competencies that helps them achieve success through continuous innovation.

There seems to be a convergence of opinion among these scholars (Bird, 1995, Miller and Toulouse, 1986; Baum et al, 2001; Chandler & Jasen,1992 and Chandler & Hanks,1994) that entrepreneurial competencies have positive effect on the level of innovations exhibited by entrepreneurs. These competencies are deep rooted in most cases in the culturally practices antecedents and African traditional religious belief system of these creative entrepreneurial communities who ensures that these skills of innovation are handed down from generation to generation to ensure continuity of the aged long profession of our fore-fathers.

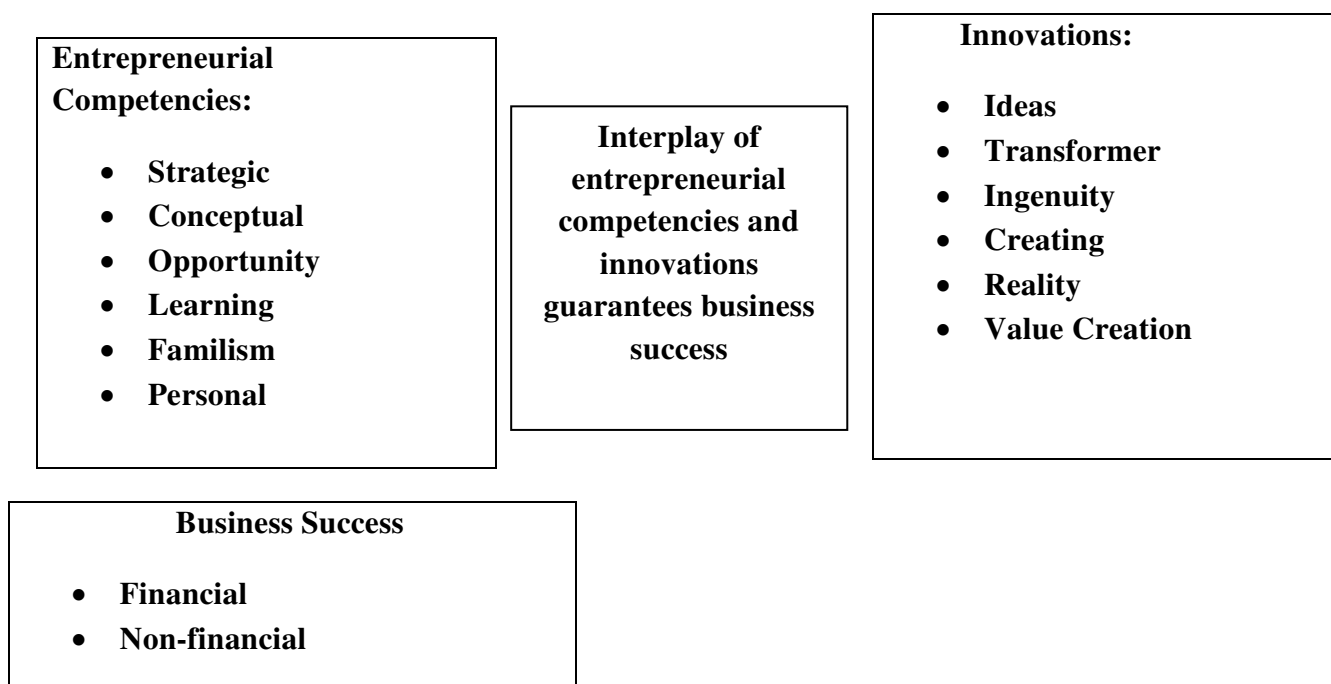


Fig 1: Author's Conceptual Model

2.2 Entrepreneurial Competencies That Account for Innovations in Umuoma Community.

The following competencies have accounted for innovations witnessed in palm oil business in my community over the last century as established from the purposive sample interview of individual family entrepreneurs which are aligned with findings from literature review:

2.2.1 Strategic competence and Innovations.

Man, Lau & Chan (2002) averred that competency is related with establishing, evaluating and executing the strategies for the firm. Various strategies which has been adopted in recent past is forming corporative units by pooling resources(cooperative societies) and assessing cost of producing palm oil manually or mechanically and benefit derivable from changing mode of production.

Strategies over the years have seen the community moving away from manual production to mechanical mode of production and forming of cooperative units so as to access government funds for small and medium sized businesses (SMEs) which the Nigerian government has made funds available through agencies established for that purpose (SMEDAN and CBN).

2.2.2 Conceptual competence And Innovations

Man et al (2002) opined that conceptual abilities that entrepreneurs reflect in their behaviours. Entrepreneurs' innovativeness results in risk-taking, decision skill, observing and understanding complex information. This competence results in mental capacity to coordinate all activities in the processing and packaging of palm oil produce by the different constituent family in Umuoma community which have led to business sustenance, ingenuity and growth over the years.

2.2.3 Opportunity Competence and Innovations.

According to Man et.al (2002), this involves the ability to recognize the opportunities in the market through various means and is operationalized by measuring various behaviours such as identifying the services or products needed by customers, perceiving the unmet needs of customers. Umuoma community through cooperative efforts has been able to seek, explore, develop and assess better existing opportunities in markets-such as supplying oil produce to Northern Nigeria, use of bye-products of farm produce for chicken feed business and supplying oil palm products to industries in soap and refined palm produce businesses. This innovation to getting to emerging markets has helped sustained the age long business since the advent of petro-dollar (income from sale of crude oil) economy in Nigeria.

2.2.4 Learning Competence and Innovations

This competence indicates the ability of the entrepreneurs to learn ways and means to keep themselves up to date in the relevant field, learn proactively and apply learned knowledge and skills into practical activities (Man et.al 2002). Umuoma community over the years had tapped in, into various Government empowerment and skills acquisition programme for communities and formation of cooperative societies to be able to meet the demands of the changing environment. Over the years the method of processing and packaging of finished palm oil produce has changed tremendously because of new found ways of doing things-from manual to mechanical means.

2.2.5 Familism Competence and Innovations

Familism refers to such social norms that manage the relationships with family and among other members (Zuanna, 2001).Umuoma families identify with their close business associates and individual families entrepreneurs, which is crucial for business success in palm oil trade. This is an innovation that results in support and advice in form of sharing resources(oil palm mill) and knowledge(new methods of using improved seed varieties that mature early, processing, financing, packaging, marketing and record keeping) and business knowledge with close associates to overcome obstacles in managing their palm oil businesses. Familism assists the community to develop community trust within business network as well as within the internal structure of cooperative societies form aimed to advance business interest of individual family entrepreneurs.

2.2.6 Individual Family Personal Competence

According to Man (2001), this competency represents the ability to motivate self for performing at optimum level while maintaining a high energy, ability to response to criticism, maintain positive attitude, identify strengths and weaknesses and match them with the threats and opportunities. Self-belief and determination, stress tolerance and self-control are some of the innovative practices of individual family members in Umuoma community that have sustained this business for years. Oil palm produce are stored until the prices are high in the commodity market before most families sell off their product to ensure maximum profit. Most young entrepreneurs has also turned themselves into middle

men and cartel that controls price of palm oil produce through creating artificial scarcity of the product in the market.

3.0 RESEARCH METHODOLOGY:

The study adopted exploratory research design to gain insight on how entrepreneurial competencies determine the level of innovations available to individual businesses. Journals were used to elucidate the position of various Scholars on the subject of discussion. Our personal experience and interview of families selected through purposive sampling of families involved in the business of palm oil production since 1970 were used also to gain insight into the relevant competencies that has led to innovations in the business of palm oil in Umuoma community.

4.0 DISCUSSION OF RESULTS AND FINDINGS:

The study found out through content analysis of reviewed literature that strategic, conceptual, opportunity, learning, personal and familism competencies have serious implication on the level of innovation and creativity that entrepreneurs can muster. This is in agreement with the works of Man et.al (2002) and Zuanna (2001) that investigated the effects of competencies of entrepreneurs on innovations and business success and found that that their effect is positively correlated.

These competencies have also been found relevant in innovation practices used by individual family entrepreneurs in my local community, Umuoma in growing and sustaining palm oil businesses for over a century now, buttressing the fact that management practices are pervasive and universally applicable.

These competencies have found relevance either by default or by grand design of the various entrepreneur family units in carrying on these businesses that have provided succor for the teeming population of the agrarian community located in the Eastern heartland of Nigeria. The community has perfected these entrepreneurial competencies that have seen this thriving business of palm oil production transcend generations for a century and counting.

5.0 CONCLUSION AND RECOMMENDATIONS:

The content analysis of literature reviewed showed that entrepreneurial competencies are germane toward business success. This is because such skills lead to creativity which in turn leads to innovation practices that would assure business goals of success, business growth and profitability. These goals would ensure business sustainability in the face of changing demand and technological innovations which has sustained most of such businesses in Umuoma over the years.

The study therefore conclude that these entrepreneurial competencies as discussed in this paper had helped Umuoma families palm oil businesses and are responsible for the level of innovation that had sustained palm oil business for more than a century now.

The study recommends that Government should through its policies on encouraging small and medium scale business (SMEs) support the growth and sustenance of these kind of business through agencies like small and medium enterprise agency (SMEDAN) and Central Bank of Nigeria micro-credit loans as these businesses have remained a veritable avenue of employment and income for communities involved in these type of family businesses for decades now. The support of these businesses will help Nigeria earn the need foreign exchange and correct the balance of trade deficit witnessed since the post structural adjustment era in Nigeria and create employment for the majority of jobless youths seeking for non-existent white-collar jobs.

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