

## Entrepreneurial Competencies In A Business Enterprise – An Over View



### Management

**KEYWORDS:** Entrepreneurial competencies, entrepreneurs, business enterprise

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### ABSTRACT

*Entrepreneurs belong to a wide range of backgrounds and possess a variety of different motivations, networks, and resources. Competency is the concept of knowledge, skills and attitude of a person. The importance of entrepreneurial competency has been increased during the past few decades due to the strategic role played by the human factor particularly as an entrepreneur in a business enterprise. Entrepreneurial competencies are a set of constellation or group of characteristics associated with the successful development of new business. This review generates fresh and deeper insights into the entrepreneurial competencies required to accomplish a business successfully. Significant competencies derived by considering entrepreneurs and experts' opinion are organizing competency, behavioral competency, opportunity competency, conceptual competency and technical competency.*

### Introduction

Entrepreneurship is of critical importance to the modern economy. It has been one of the most promising management research fields with the entrepreneur at the centre (Wortman, 1987). An entrepreneur is expected to interact with the highly competitive business environment which is continually changing with rapid technological advancements and highly competent in different dimensions like intellectual, attitudinal, behavioral, technical, and managerial aspects. According to Baum & Locke (2004), Entrepreneurs must also be willing to experiment different strategies in the pursuit of profitable outcome because it is the entrepreneur's energy, creativity & motivation that trigger the production of superior product & services.

According to *Martijn et al.*, competence can be described as something a person is very good at. It is a talent, which enables them to do their job well". In fact, the competency is a wider concept which consists of group of ideas which helps a person to transform his/her ideas in to realities. Man, Lau & Chan (2002) refer to these competencies as the total ability of the entrepreneur to perform their role successfully. Several studies positively showcased the relationship between existences of competencies and venture performance.

Entrepreneurial competencies are the underlying characteristics possessed by an individual which help him to perform the tasks in most befitting manner. It is the capability of the entrepreneur to face effectively a critical situation by making sense of environmental constraints and by activating relational and internal specific resources (Iandoli, 2007). According to Phelan and Sharpley (2011), entrepreneurial competencies refer to the sum of the entrepreneur's requisite attributes for successful and sustainable entrepreneurship. These attributes include attitudes, values, beliefs, knowledge, skills, abilities, personality, wisdom, expertise (social, technical, and managerial), mind-set, and behavioral tendencies. Some entrepreneurial competencies can be learned through formal education while other competencies are tacit and depend on individual's characteristics that can built during the person's life, experience, and career (Brownell, 2006).

Entrepreneurial competencies are well associated with the firm's performance and competitiveness (Man *et al.*, 2002). A specific group of competencies are relevant to implement a successful entrepreneurship (Nuthall, 2006) and is often associated with survival & development as well as growth and success of business (Colombo and Grilli, 2005). Therefore entrepreneur's competency is a critical factor to excel in performance and to make sure sustainable growth and success of a venture in a competitive business environment. The pertinent entrepreneurial competencies should provide insight in to the field of entrepreneur-

ship, and might predict the business formation and success within and across cultures.

### Parameters of the study

Entrepreneurship scholars suggest that different competencies needed at different stages of the venture development (Churchill *et al.*, 1983).

Chandler *et al.*, (1992) proposed that the ability to identify and pursue an opportunity constitutes the core of entrepreneurial competence, which is an inherent act of an entrepreneur. Le-Brasseur *et al.*, (2002) emphasized on behavioral and performance competencies. They argue that an effective performance is due to the underlying characteristics of the individual like motives, traits, skills, self-image, social role, knowledge and experience. Johannisson (1993) suggested that entrepreneurial competence should also be seen as an organizing competence because; an enterprise requires entrepreneurs' ability to work with various constellations of resources and environmental cues, to make sense of them and to create new frameworks. Technical Competency is an important element that an entrepreneur should possess to perform the tasks related to the technical field within an industry in an effective manner. (Izquierdo *et al.*, 2005). Man *et al.* (2000) noted that, unlike other competencies, conceptual competencies are concerned with a short-term perspective, resolving instant events, or requiring intuitive responses.

Based on the literatures, researchers have identified five competencies which the entrepreneurs essentially needed to be well competent in a competitive business environment. They are competency to grab an opportunity, conceptual competency, organizing or managerial competency, technical competency, and behavioral competency.

**Opportunity Competency:** Aouni and Surlemont (2008) point out that opportunity recognition is a central aspect of entrepreneurship. The successful entrepreneur will pursue or recognize and envision taking advantage of opportunities regardless of the resources currently available to them (Li (2009), Chandler *et al.* 1992). For instance, McClelland (1987) finds "to see and act on opportunities" as one of the competencies for successful entrepreneurs. In the words of Seabela *et al.*, (2014) opportunity competency comprises three main attributes like spotting opportunities, actively seeking new opportunities, and developing the opportunities in the business enterprise.

**Conceptual Competency:** According to Izquierdo *et al.*, (2005), conceptual competencies refer to the abilities that are reflected in the behavior of the entrepreneur associated with intuitive thinking, innovative behavior, assessment of risk, and the need

to have a different view of the market. Conceptual competencies represent a category of competencies which are not easily identifiable behaviors but are often considered to be important for entrepreneurial success. It demonstrates the possession of cognitive ability and decision-making skill, ability to weigh risks, think analytically, be innovative, and be creative, show reasoning, capacity to reduce risks. (Seabela *et al*, 2014; McClelland, 1987; Bird, 1995). Man *et al*, 2002 suggests that risk-taking, innovativeness, decision making skills are significant among the conceptual competencies of entrepreneurs.

**Organizing competency:** Entrepreneurs should have the ability to lead, coordinate, control, monitor, and organize internal and external resources of the business. (Seabela *et al*, 2014) also proposed the above mentioned capabilities are the significant factors to develop the external and internal accomplishment of an entrepreneur towards the firm's success as well. Organizing competencies are similar to managerial competencies. Chandler and Jansen (1992) suggested the importance of managerial roles of an entrepreneur in human competencies also remembered. Quinn *et al*. (1996) on the other hand proposes eight managerial roles: mentor, facilitator, monitor, coordinator, director, producer, broker, and innovator.

**Technical competency:** An entrepreneur needs to address the rapid technical changes in the industry. Higher levels of technology must be introduced in the production methods in order to achieve productivity demands. Therefore he must up date his technical knowledge in order to serve customers quickly and

more effectively. Kaur *et al*. (2013) noted that technical competency includes the ability to use and adopt technical skills including the techniques and tools handling which are relevant to the business. This involves possessing knowledge of instruments and the functioning of tools, machines or search procedure as well as mastery of tasks or content of work.

**Behavioral Competency:** Behavioral competences are personal, learnable competences related to entrepreneurial or enterprising behavior. They represent the answer to the question – how to behave in certain entrepreneurial situations (Jong *et al*. 2008). Miller and Friesen (1982) identified three entrepreneurial orientations defining different kinds of entrepreneurial behavior: product-market innovation, risk-taking for large benefits, and proactivity in the market. Entrepreneurial orientation is a firm-level concept, but it can be easily translated to the individual level of entrepreneurial behavior as well (Valerij Dermol).

## Conclusion

To run a business efficiently competencies of entrepreneur plays an important role. The entrepreneurial competencies influence entrepreneurial characteristics of business performance. Strong entrepreneurial characteristics will root the higher competence of the owner, which will ultimately lead to higher business performance. The proper combination of above mentioned competencies and self-efficacy may enhance individuals' entrepreneurial intentions and serve as an action guide while performing their intentions.

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