

MODERATING ROLE OF SOCIO-ECONOMIC FACTORS ON THE RELATIONSHIP BETWEEN ENTREPRENEURIAL COMPETENCIES AND PERFORMANCE OF SMES IN KANO STATE

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Abstract

The objective of this study is to investigate the moderating role of socio-economic factors on the relationship between entrepreneurial competencies and performance of SMEs in Kano State. The study adopted cross sectional survey research design was employed, and the population consists of the entire registered SMEs with Kano State Chamber of Commerce, Industry, Mines and Agriculture [KACCIMA], as at the year 2021. By adopting random sampling, PLS-SEM-Regression, correlation and descriptive were used to analyze the data. The finding revealed that networking, relationship, training and marketing competencies, have significant effect on SMEs performance in Kano state, while Socio economic factor has significant effect with SMEs performance in Kano state, Socio economic factor moderate the between entrepreneurial competency and SMEs performance in Kano state. The study recommended that, Entrepreneurs should create a high sense of persistence in achieving their pre-determined goals and objectives, they should endeavour to explore variety of training and development that will help develop creativity and innovative ideas in their organization. Government must put in place sustainable policies that do not deal with frequent changes, which will assist entrepreneurs in planning.

Keywords: SMEs Performance, Socio-Economic Factors, Entrepreneurial Competencies

1.0 Introduction

The contributions of entrepreneurial ventures to many countries across the world cannot be overemphasized. The

United Nations Development Programme (2020) reports that about 1.3 billion people in 107 developing countries are multi-dimensionally poor. These alarming

conditions have led many policymakers, industrialists, and researchers to suggest the use of entrepreneurship to boost economic activities through the creation of jobs, thus providing the populace with a source of livelihood (Padi, 2022; Suleiman, Aliyu, & Bello, 2021). Entrepreneurship is recognised as a vital catalyst for economic expansion, employment creation, and innovation, particularly in emerging economies such as Nigeria (Bello, 2025; Acs et al., 2008; Oyelaran-Oyeyinka, 2020). Also, the Global Entrepreneurship and Development Institute (2019) developed an index that compares the level of entrepreneurship among different countries in the world, which shows that the United States of America (USA) has the highest entrepreneurship index of 83.6%, followed by China with 41.1% in the Asian region, while South Africa topped the table with 32.9% in the African region, followed by Ghana with 21.2% and then Nigeria with 19.7%, hence the need to encourage entrepreneurship development in Nigeria.

The performance of Small and Medium Enterprises (SMEs) in Nigeria has been subpar, hindering their potential to drive economic growth and development (Ibrahim et al., 2024). This underwhelming performance has sparked concern among stakeholders, including the government, citizens, operators, and private sector organizations (Larios-Francia & Ferasso, 2023). A closer examination reveals that most Nigerian SMEs struggle to survive beyond two

years, with the majority employing no fewer than 10 workers and contributing minimally to the country's GDP. In Kano, for instance, few entrepreneurial ventures successfully transition into medium-sized enterprises, and even fewer achieve significant sales, profit growth, or expansion (Ibrahim et al., 2024). Furthermore, many SMEs operate in precarious conditions, with limited access to capital, inadequate infrastructure, and insufficient resources to support growth (Larios-Francia & Ferasso, 2023). The failure of SMEs to thrive and succeed may discourage aspiring entrepreneurs and graduates from pursuing entrepreneurial ventures, instead opting for employment. This, in turn, may perpetuate Nigeria's underdevelopment, characterized by low GDP, limited job creation, and persistent unemployment challenges (Ibrahim et al., 2024).

Meanwhile, the performance of most Small and Medium Enterprises (SMEs) in Nigeria remains suboptimal, with a significant number ceasing operations shortly after inception. A staggering statistic reveals that approximately 80% of SMEs in the country fold up before reaching their fifth anniversary (SMEDAN, 2013; Abdullahi et al., 2020). The performance and growth of SMEs are crucial indicators of a nation's industrialization, modernization, urbanization, and employment opportunities, as well as its income distribution, welfare, and overall quality of life (Aremu & Adeyemi, 2021). Despite various government and non-

governmental initiatives aimed at promoting SME performance in Nigeria, such as financial support and training, many SMEs continue to underperform, failing to play a vital role in the country's economic development (Abdullahi et al., 2020). This situation has sparked concern among stakeholders, including government officials, citizens, business operators, and private sector organizations. The alarming rate of SME failures in Nigeria is evident, with only 20% of entrepreneurs achieving success, while a whopping 80% of businesses collapse due to poor performance (Abdullahi et al., 2020).

Numerous factors contribute to the success or failure of Small and Medium Enterprises (SMEs), including competition, access to financial capital, government support, and market access. However, innovation plays a vital role in determining the success of SMEs, even when other factors are in place. Without innovation, SMEs are likely to continue struggling, which is why it is essential for them to adopt innovative approaches to succeed and contribute to national development. Although the importance of innovation for SME success is well recognized, there is a significant research gap in understanding the causes of SME failure and the extent to which innovation contributes to their success. This study aims to address this gap by investigating the impact of innovation on SME performance in Kano, Nigeria, and exploring the extent to which innovation influences their success.

According to Ufonna (2021) a critical examination of the rise and fall of Micro, Small, and Medium Enterprises (MSMEs) reveals that government agencies, higher education institutions, and former businesses have not provided adequate training for entrepreneurs in crucial areas such as calculated risk-taking, persistence, innovation, and opportunity recognition. As a result, entrepreneurs are expected to possess these essential entrepreneurial competencies before embarking on business ventures. However, research findings on the relationship between entrepreneurial competence and performance have been inconsistent, with some studies reporting positive correlations and others finding negative associations (Covin & Miles, 2019). This ambiguity motivates the current study to investigate the moderating effect of socioeconomic factors on the relationship between entrepreneurial competence (independent variable) and the performance of SMEs (dependent variable), shedding light on the complex interplay between these variables.

The absence of entrepreneurial competence is a significant obstacle hindering the performance and growth of small and medium enterprises (SMEs) (Amoako et al., 2021). Despite this, there exists a research gap in understanding the precise relationship between entrepreneurial competence and SME performance, particularly in light of recent developments and changes in the business environment. Furthermore, existing research has not adequately explored the

theoretical intersection of entrepreneurial competencies and performance within a single study (Ibidunni et al., 2018). Mitchelmore and Rowley (2023) emphasize the need for investigating entrepreneurial competencies that impact small business performance. Examining the empirical relationship between entrepreneurial competencies, socioeconomic factors, and small business performance can be seen as a crucial stepping stone for future researchers seeking to elucidate this vital link (Hashim et al., 2018). As highlighted by Kaluarachchige et al. (2021) and Parida et al. (2023), additional research is necessary to understand the socioeconomic factors influencing SME performance, thereby enhancing the existing body of knowledge. This study aims to address this research gap by exploring the relationship between entrepreneurial competence, socioeconomic factors, and SME performance.

While entrepreneurs are becoming increasingly creative and innovative, the absence of competence can severely hinder business growth. To mitigate the negative consequences of a challenging business environment, entrepreneurs must adopt a proactive approach (Ibrahim & Abu, 2020). The importance of entrepreneurial competencies cannot be overstated, yet some entrepreneurs lack essential qualities such as creativity, risk-taking, passion, proactivity, and a willingness to acquire new skills. This deficiency can be attributed to knowledge gaps or inadequate information. To

overcome this, business owners must strive to develop innovative, risk-taking, passionate, and dutiful mindsets, while being receptive to learning new skills that foster competence (Zahra, 2021). Entrepreneurs are faced with the challenge of enhancing their competencies to succeed in entrepreneurial endeavors (Brinckmann, 2018). Although some studies have explored the relationship between managerial or entrepreneurial competencies and firm performance, further research is necessary to fully understand this dynamic (Chandler & Hanks, 2023).

Man et al. (2012) addressed the theoretical and practical gaps in existing research by developing a theoretical framework that integrates the concept of competitiveness for Small and Medium Enterprises (SMEs) with the competency approach to studying entrepreneurs' characteristics. This competency approach emphasizes that the underlying quality of high-performing workers lies in their "competencies," which is a departure from the traditional approach that focused on specific job elements (Oluwajoba, 2017). Instead, the competency approach evaluates individuals who have achieved success in their careers. The framework developed by Man et al. (2012) highlights the entrepreneur's role in determining firm performance and is particularly applicable to smaller firms that bear the name of the entrepreneur or founder. By utilizing this framework, the present study conducted an empirical investigation to analyze the relationship between entrepreneurs'

competencies and the performance of SMEs. Specifically, this research aims to address gaps in the literature by exploring answers to several key questions, which will be discussed in subsequent sections.

There is dearth empirical study that examined the link between entrepreneurial competencies and performance with socioeconomic factors as moderator. This research seeks to contribute to the literature by investigating the moderating role of socio economic factors on the relationship between entrepreneurial competencies and performance of SMEs in Kano, Nigeria. In line with this, the study set the following objectives:

- i. To evaluate the effect of networking competency on SMEs performance in Kano Metropolis.
- ii. To examine the effects of relationship competency on SMEs performance in Kano Metropolis.
- iii. To assess the impact of training competency on SMEs performance in Kano Metropolis.
- iv. To examine the effect of marketing competency on SMEs performance in Kano Metropolis.
- v. To examine the moderating effect of Socio economic factor on the relationship between networking competencies and SMEs performance in Kano Metropolis.

- vi. To understand the moderating effect of Socio economic factors on the relationship between relationship competencies and SMEs performance in Kano Metropolis.
- vii. To evaluate the moderating effect of Socio economic factors on the relationship between training competencies and SMEs performance in Kano Metropolis.
- viii. To examine the moderating effect of Socio economic factors on the relationship between marketing competencies and SMEs performance in Kano Metropolis.

2.0 Literature Review

2.1 SMEs Performance

The World Bank (2013) defines Small and Medium Enterprises (SMEs) based on the size of the enterprise, considering factors such as the total number of employees and total assets value. However, definitions of SMEs vary across African countries (Stork & Esselaar, 2006). In Ghana, SMEs are defined as businesses with 6-90 employees and fixed assets worth up to 2.5 billion Ghana Cedi. In Nigeria, SMEs are characterized as firms with fewer than 200 employees and total assets worth less than 500 million Naira, excluding land and buildings (SMEDAN, 2013). Specifically, in Nigeria, "small enterprises" refer to SMEs with fewer than 50 employees and assets valued between N5 million and N50 million, while "medium enterprises" have 50-199

employees and assets worth N50 million to N500 million (Ibrahim et al., 2024). For the purpose of this research, SMEs are defined as businesses with fewer than 200 employees and assets valued between N5 million and N500 million. The performance and effectiveness of SMEs in driving economic growth and development in Nigeria have been under scrutiny (Ihua, 2009). Despite their potential, SMEs in Nigeria have fallen short of expectations, characterized by low performance and inefficiency. This has raised concerns about the ability of SMEs to contribute to economic growth and national development in Nigeria.

2.2 Entrepreneurial Competencies

Entrepreneurial competencies refer to the underlying characteristics, including traits, motives, knowledge, skills, and self-images, that enable the creation, survival, and growth of a new venture (Bird, 1995). Similarly, Baum et al. (2001) define competencies as individual characteristics, such as knowledge, skills, and abilities, required to perform a specific job. By synthesizing findings from various studies, including Man (2001), Man and Lau (2000), and Ahmad and Seet (2009), a framework is developed to identify key competencies linked to the role of SME entrepreneurs. These competencies encompass strategic, conceptual, opportunity, personal, learning, ethical, familism, leadership, marketing, management, and relationship competencies (Ahmad, 2007; Man, 2001). Previous studies have recommended assessing specific competencies across

various industries and firm sizes to enhance the generalizability of competency models (Ahmad et al., 2011; Mitchelmore & Rowley, 2010; Salah et al., 2015). Given the limited research on strategic, training, and network competencies, this study focuses on assessing these specific areas.

2.3 Socioeconomic Factors

Socioeconomic factors encompass the social and economic elements that shape the dynamics of a society. Various socioeconomic factors, including an entrepreneur's age, investment size, access to capital, education, experience, skills, and training, have been identified as crucial determinants of business success (Saleem, 2012). The American Psychological Association (APA) defines socioeconomic status (SES) as an individual's or group's social standing or class (APA, 2018). SES is commonly used as a latent construct to measure family background (Bofah & Hannula, 2017). However, there is no consensus among empirical studies on the best approach to operationalize SES. The measurement of SES often receives limited attention, with inadequate discussion on the selection of specific indicators (Bornstein & Bradley, 2014). Liberatos et al. (1988) argued that there is no single optimal measure of SES, as the choice of measure depends on various factors, including conceptual relevance, the role of social class in the study, applicability to the specific population, relevance at the time of the study, reliability and validity, number of

indicators, level of measurement, simplicity, and comparability with other studies.

2.4 Socioeconomic factors, Entrepreneurial Competencies and SMEs Performance

Previous studies on the relationship between entrepreneurial competencies and firm performance have yielded mixed results. For instance, Ufonna (2021) found that entrepreneurial competence variables such as risk-taking, persistence, innovation, and opportunities have a significant influence on organizational performance. In contrast, Mushtaq et al. (2021) discovered that entrepreneurial competencies have a negative significant effect on performance in information and communication technology firms in Pakistan. However, Kaluarachchige et al. (2021) revealed that competencies and orientation of entrepreneurs have a significant effect on organizational performance. Barine (2021) also concluded that entrepreneurial competencies affect the performance of small and medium-scale enterprises positively and significantly. On the other hand, some studies found no significant relationship between entrepreneurial competencies and firm performance. For example, Esubalew and Raghurama (2020) found that entrepreneurs' competency has no significant effect on the performance of micro, small, and medium enterprises (MSMEs) in Ethiopia. Nevertheless, other studies have reported positive relationships between entrepreneurial competencies and

entrepreneurial performance. Khan et al. (2020) analysis revealed positive relationships between entrepreneurial competencies and entrepreneurial performance in Pakistan. Similarly, Jamie and Oliver (2020) found that engaging in entrepreneurial core competencies, personal traits, and learners' skills are positively related to business success.

Research by Esubalew and Raghurama (2020) investigated the mediating role of entrepreneurs' competency in the relationship between bank finance and Micro, Small, and Medium Enterprises (MSMEs) performance. Their findings indicated that entrepreneurs' competence had an insignificant impact on MSMEs' performance. However, the authors suggested that this outcome might be attributed to variations in moderating variables such as cultural context and economic status. Consequently, they recommended that future studies incorporate these moderating variables to provide a more comprehensive understanding of the relationship between entrepreneurs' competence and MSMEs performance. In a separate study, Ufonna (2021) examined the relationship between entrepreneurial competencies and performance, focusing on four specific competencies: risk-taking, innovation, persistence, and opportunity recognition. The study's findings highlighted the need for future research to explore additional entrepreneurial competencies, including networking, relationship-building, training, and marketing competencies. By investigating these competencies, researchers can gain a deeper

understanding of the complex relationships between entrepreneurial competencies and MSMEs performance.

Previous research has attempted to categorize the characteristics and competencies of entrepreneurs. For instance, Huck and McEwen (2021) identified planning, budgeting, and marketing as the most critical competency areas for Jamaican entrepreneurs. In contrast, Chandler and Jansen (2021) emphasized the importance of opportunity recognition, forecasting, and seeing business ventures through to completion. By examining the actual behavior of entrepreneurs, researchers can investigate entrepreneurial competencies from a process-oriented perspective. According to Man et al. (2022), competencies involve interactions with the environment, such as cooperation, relationship-building, persuasive ability, communication, and interpersonal skills. Bird (2015) described relationship-building as "entrepreneurial bonding," which encompasses forming and reforming relationships. Successful entrepreneurs typically possess strong competencies in committing to and driving tasks to completion, as highlighted by Chandler and Jansen (2021). This entrepreneurial role involves taking positive actions towards responsibilities and tasks, ultimately driving the firm towards success and achieving desired outcomes.

Furthermore, some studies have identified specific competencies that have a significant impact on firm performance.

Ango and Solomon (2018) found that skill competency and personality competency have a significant impact on the performance of small and medium-scale enterprises. Ahmad et al. (2018) discovered that only implementation and network competencies have a positive effect on firm performance. Hanif et al. (2018) analysis showed that both entrepreneurship orientations and knowledge management processes have a positive effect on the bank's performance. Finally, Zizile and Tendai (2018) emphasized that entrepreneurial competencies are crucial for the survival and performance of SMEs. However, several attempt have been made to moderate the relationship between different independent variables and firm performance but to the best knowledge of the researcher none of these studies used or proposed socioeconomic factors as moderating variable.

Previous studies such as; Kassa, (2021); Abdullahi, Murat, and Isaac (2020); Gathii and Ngura (2015); Kamau and Mathew (2015); Rotich, Cheruiyot, and Yegon, (2014); Aworemi, Abdul-Azeez and Opoola (2010) shows a significant relationship between socioeconomic factors and firm performance. Furthermore, several studies used socioeconomic factors as moderating variable and concluded that it is a good moderating variable. Thus, based on the empirical researches reviewed, this study proposed the following hypotheses:

H01: There is no significant relationship between networking competency and SMEs performance in Kano Metropolis.

H02: There is no significant relationship between relationship entrepreneurial competency and SMEs performance in Kano Metropolis.

H03: There is no significant relationship between training entrepreneurial competency and SMEs performance in Kano Metropolis.

H04: There is no significant relationship between marketing entrepreneurial competency and SMEs performance in Kano Metropolis.

H05: A Socio economic factor does not moderate the relationship between

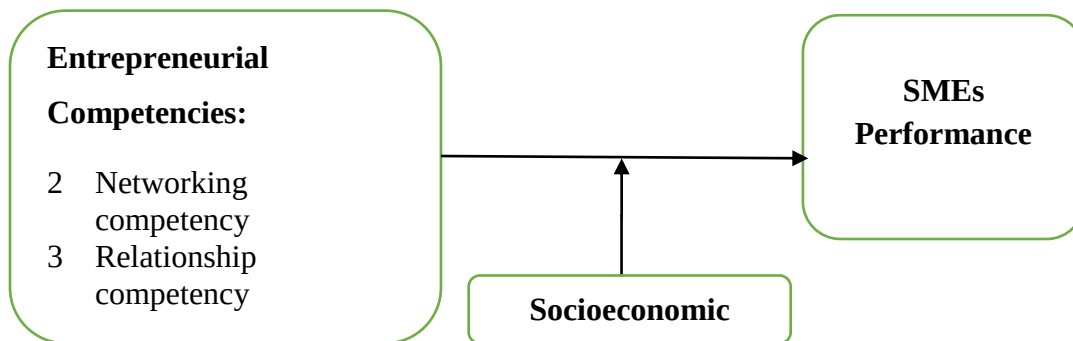
networking entrepreneurial competencies and SMEs performance.

H06: A Socio economic factor does not moderate the relationship between relationship entrepreneurial competencies and SMEs performance.

H07: A Socio economic factor does not moderate the relationship between training entrepreneurial competencies and SMEs performance in Kano Metropolis.

H08: A Socio economic factor does not moderate the relationship between marketing entrepreneurial competencies and SMEs performance in Kano Metropolis.

2.5 esearch Framework/Model and Underpinning Theory



Source: Research (2025)

This study is grounded in the Resource-Based View (RBV) perspective (Barney, 1991), which posits that organizations can gain a competitive advantage by leveraging their internal resources and capabilities rather than solely focusing on the external competitive environment.

According to Barney (1991), for resources to be a source of sustained competitive advantage, they must possess four attributes: Value, Rarity, Imitability, and Organizational (VRIO). The theory suggests that entrepreneurs with unique skills and competencies can gain a

competitive edge that is difficult for competitors to replicate. In this context, the theory provides a framework for understanding how entrepreneurs can leverage their skills and competencies to achieve higher performance and gain a competitive advantage.

3.0 Method

This study adopted cross-sectional survey research design as data were collected at a single point in time. The population of the study consists of all the 514 registered business selected within Kano (Kano State Chamber of Commerce, Industry, Mines and Agriculture (KACCIMA), 2023). A sample size of 217 SMEs was used to represent the entire population, through Krejcie and Morgan's (1970) sampling table. This research has used both stratified and random sampling, this techniques were adopted because the population of the study is heterogeneous, stratified sampling technique was used to obtain a representative sample (stratum), then simple random sampling was applied for each stratum to get an equal sample size from each stratum. The researchers used primary sources of data, where data was collected by using administered

questionnaire. The dependent variable is SMEs performance, the independent variable is entrepreneurial competencies measured by networking, relationship, training and marketing competencies and the moderating variable is socio economic factor. For the purpose of presentation and discussion of the result of data generated in the course of these research, descriptive statistics, correlation and regression techniques of data analysis were used through SPSS version 22 and Smart-PLS V4 statistical tools of analysis.

4.0 Result and Discussion

4.1 Data Screening

The results for missing values analysis shows that there was no missing values as the questionnaires not properly or completely filled was excluded from the analysis. Meanwhile, outliers were detected using Mahalanobis distance, were only thirty two (32) multivariate outliers were identified and subsequently deleted from the dataset. Hence, the remaining 217 valid datasets were finally used for the main the PLS-SEM analyses.

4.2 Diagnostics Testing

Table 1: Test for Independence

	Collinearity Statistics	
	Tolerance	VIF
NEC	.352	2.845
REC	.329	3.042
TRC	.339	2.951
MAC	.288	3.470
SEF	1.000	1.000

Source: Field Survey, 2025

According to the results in Table 1, it shows that the VIF for all the variables individually is below 10. NEC (2.845), REC (3.042), TRC (2.951), MAC (3.470) and SEF (1.000). The tolerance for all variables: NEC (0.352), REC (0.329),

TRC (0.339), MAC (0.288) and SEF (1.000). Were all greater than 0.1 or 10%. Therefore, the result shows that there is no independence among the variables. This was an indication that they are reliable to estimate.

Table 2: Tests of Normality

	Skewness	Kurtosis
PM	-1.000	1.197
NEC	-.694	.108
REC	-.392	-.530
TRC	-.387	-.467
MAC	-.369	.291
SEF	-.132	.004

Source: Survey, 2025

Accordingly, the study examined the normality of the data and the values of Skewness and Kurtosis of each variable as illustrated in Table 2. Accordingly, all Skewness and Kurtosis values of the variables are found within the prescribed levels as per the research results. Therefore the data are deemed to be

distributed with a high approximation to normality.

4.3 Descriptive Statistics

The descriptive statistics shows the mean and standard deviation of each independent variable from the mean and standard deviation of the dependent variable.

Table 3: Descriptive Statistics of the study Variables

	N	Mean	Std. Deviation
PM	217	4.1962	.6826
NEC	217	3.9377	.6649
REC	217	4.1327	.6796
TRC	217	3.9809	.6577
MAC	217	4.1898	.6374
SEF	217	3.6517	.77785

Source: Field Survey, 2025

Table 3 shows the descriptive statistics result of the dependent and independent variables. A total of 217 observations were recorded. PM (SMEs performance) which is dependent variable has an average of 4.19 and standard deviation of 0.682 showing that there is much differences among the response to the questions on PM. NEC (Networking Competency) has an average of 3.93 and standard deviation of 0.664 showing that there is much differences among the response of to the questions on NEC. REC (Relationship Competency) has an average of 4.13 and standard deviation of 0.679 showing that there is much differences among the response of to the questions on REC. TRC (Training Competency) has an average of 3.98 and standard deviation of 0.679 showing that there is much differences among the response of to the questions on TRC. MAC (Marketing Competency) has an average of 4.18 and standard deviation of

0.637 showing that there is much differences among the response of to the questions on MAC. SEF (Marketing Competency) has an average of 3.65 and standard deviation of 0.778 showing that there is much differences among the response of to the questions on SEF.

4.4 Correlation Result

The correlation result shows the relationship between each independent variable and the dependent variable. The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative) the absolute value of the correlation coefficient indicates the strength, with larger values indicating stronger relationships and lower values indicating weak relationships. The correlation coefficients on the main diagonal are 1.0 because each variable has a perfect positive linear relationship with itself.

Table 4: Correlation Matrix

	PM	NEC	REC	TRC	MAC	SEF
PM	1					
NEC	.641	1				
REC	.641	.753	1			
TRC	.699	.714	.703	1		
MAC	.739	.729	.763	.781	1	
SEF	.693	.729	.747	.763	.781	1

Source: Field Survey, 2025

4.5 PLS-SEM Path Model Results

This study adopted a two-step process to evaluate and report the results of PLS-SEM path, as suggested by Hair, Hult, et al., (2016). The two-step process adopted include: (1) measurement model and (2) structural model (Mohseni, et al., 2016).

4.5.1.1 Individual Item Reliability

According to Carmines and Zeller (1979), the reliability of an individual item is confirmed when its standardized loading is 0.50 or higher. As shown in fig. 3, for each latent construct, all standardized loadings have exceeded the Zeller and Carmines (1981) accepted cut- off point of 0.505, and those below the threshold except of eight items which were deleted from the Measurement model. Thus, individual indicator reliability has been found to be

acceptable based on the measurement model results.

4.5.1.2 Internal Consistency Reliability

Reliability test is done in order to show the internal consistency of the measuring instrument used (Wahab & Tentama, 2020). The internal consistency of measures is indicative of the homogeneity of the items in the measure that tap the construct. Internal consistency reliability for this study was examined by means of composite reliability coefficient as suggested by Hair, et al., (2013), and Cronbach Alpha coefficient. The composite reliability coefficient for each latent construct should exceed 0.70 (Bagozzi & Yi, 1988) and Cronbach Alpha coefficient value closer to 1, indicate higher internal consistency reliability of the instrument (Sekaran, 2003).

Table 5: Cronbach's Alpha, Composite Reliability and Average Variance Extracted

	rho_A	Composite Reliability	Average Variance Extracted (AVE)
MAC	0.7	0.814	0.525
NEC	0.737	0.832	0.554
REC	0.576	0.777	0.539
SEF	0.269	0.715	0.563
SMES Performance	0.787	0.862	0.609
TRC	0.73	0.819	0.534

Source: Field Survey, 2025

Hair et al (2011), provided rule of thumb for internal consistency reliability using composite reliability coefficient suggesting that the composite reliability coefficient should be at least .70 or more. Giving table 5 above the least composite reliability coefficients value for this study is 0.715, demonstrating adequate internal consistency reliability. Chin (1998) recommends that the AVE of each latent construct should be .50 or more. Following Chin (1998), the AVE values (see Table 5) exhibited high loadings ($\geq .50$) on their respective constructs, indicating adequate convergent validity.

4.5.1.3 Discriminant Validity

Discriminant validity is another criterion which assesses the degree to which variable is truly different from other variables (Hair et al., 2010). For the purpose of this study, discriminant validity was ascertained using Hetetrait-monotrait ratio of correlation and fornell and Larker (1981) criterion as suggested by (Ramaya, et al., 2018). For the Hetetrait-monotrait ratio of correlation the highest value is 0.810 which is well below the threshold of 0.85 and 0.90 as

suggested by (Kline, 2011 & Gold et al. 2001). Thus the HTMT inference does not indicate discriminant validity problems in this study. For the Fornell and Larcker (1981) criterion, this was achieved by comparing the correlations among the latent constructs with square roots of average variance extracted. The value of discriminant validity test shows that the root of the Average Variance Extracted in each aspect is higher than the root of the AVE in other aspects. So, the discriminant validity criteria based on Fornell & Larcker, (1981) are met.

4.4.2 Structural Model

After the measurement model is found worthwhile based on Reliability and Validity, it is expected that the structural model be discussed to examine the real effect of the path coefficients of the study variables. For the purpose of this study standard bootstrapping using 5000 bootstrapped samples to assess the significance of path coefficients were employed as suggested by (Hair et al., 2014). Table 6 below shows the estimates for the structural model.

Table 6: Structural Model Result

Hypotheses	Relationship	Beta	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Findings
H1	MAC	0.186	0.069	2.725	0.003	Not supported
H2	NEC	0.434	0.066	6.575	0.000	Not supported
H3	TRC	0.126	0.047	2.766	0.003	Not supported
H4	REC	0.144	0.071	2.042	0.021	Not supported
H5	SEF-NEC-SMES PERF -> SMES Performance	-0.207	0.155	1.8	0.036	Not supported
H6	SEF-REC-SMES PERF -> SMES Performance	0.051	0.153	0.699	0.242	Supported
H7	SEF-TRC-SMES -> SMES Performance	-0.129	0.119	1.374	0.085	Supported
H8	SEF-MAC-SMES PER -> SMES Performance	0.02	0.143	0.568	0.285	Supported

Note: MAC = Marketing NEC = network competency; REC = relationship competency; TRC = training competency; SMEP = SME performance; Note: ***Significant at 0.01 (1-tailed), **significant at 0.05 (1-tailed), *significant at 0.1 (1-tailed).

4.5 Hypotheses Testing

Regarding the significance of the structural path coefficients, of the eight hypotheses postulated and tested, H1, H2, H3, H4, and H5 were statistically significant, while H6, H7 and H8 was not found to be statistically significant. It could be recalled that Hypothesis 1 predicted that there is no significant relationship between network competency and SME performance. As indicated in Figure 4 and Table 6, a significant positive relationship between network competency and SME

performance was found ($\beta = 0.434$, $t = 6.57$, $p < 0.01$). Accordingly, Hypotheses 1 was not supported. The findings is in line with previous empirical research (Pulka, Ramli, & Mohamad, 2021; Sakib et al., 2022) that found significant relationship between network competency on SMEs performance and also supported by resource base theory. Hypothesis 2 predicted that there is a no relationship between relationship entrepreneurial competency and SME performance. Results (Figure 4 and Table 6) indicated that relationship competency had a

significant positive relationship with SME performance ($\beta = 0.144$, $t = 2.042$, $p < 0.01$), thereby rejecting Hypothesis 2. Similarly, Hypothesis 3 predicted that there is no relationship between training competency and SME performance. Therefore hypothesis three is not supported. As shown in Figure 4 and Table 6. The findings is in line with previous empirical research (Goyal & Mishra, 2023; Pulka et al., 2021; Puteri Fadzline, Juhary, & Nazaruddin, 2017; Sakib et al., 2022) that found significant relationship between entrepreneurial competency on SMEs performance and also supported by resource base theory.

Hypothesis 4 predicted that there is a no relationship between relationship marketing competency and SME performance. Results (Figure 4 and Table 6) indicated that there is a positive significant relationship between marketing competency with SME performance ($\beta = 0.186$, $t = 2.725$, $p < 0.01$), thereby rejecting Hypothesis 4. The findings is in line with previous empirical research (Makhmutova, 2021; Pulka et al., 2021; Sakib et al., 2022) that found significant relationship between network competency on SMEs performance and also supported by resource base theory. Hypothesis 5 postulated that socio-economic factors does not moderates the relationship between network competency and SME performance. Specifically, this relationship is stronger (i.e. more positive) socio-economic factors is highly competitive. The results shown

in Figure 4 and Table 6 indicated that the interaction terms representing network competency and socio economic factors, towards predicting SME performance ($\beta = -0.15$, $t = 1.8$, $p < 0.01$) was statistically significant. Hence, Hypothesis 5 was not supported. The moderating role of socio economics factors on the relationship between network competencies on entrepreneur competencies might be because of the context which is a commercial Hub. As we are aware Kano is a commercial Hub and networking is very important in business.

Hypothesis 6 postulated that socio-economic factors does not moderates the relationship between relationship competency and SME performance. Specifically, this relationship will be stronger (i.e. more positive) socio-economic factors is highly competitive. The results shown in Figure 4 and Table 6 indicated that the interaction terms representing relationship competency and socio economic factors, towards predicting SME performance ($\beta = 0.05$, $t = 0.24$) was statistically insignificant. Hence, Hypothesis 6 was supported. Hypothesis 7 postulated that socio-economic factors does not moderates the relationship between training competency and SME performance. Specifically, this relationship is stronger (i.e. more positive) socio-economic factors is highly competitive. The results shown in Figure 4 and Table 6 indicated that the interaction terms training

competency and socio economic factors, towards predicting SME performance ($\beta = 0.129$, $t = 0.699$) was statistically insignificant. Hence, Hypothesis 7 was supported. Hypothesis 8 postulated that socio-economic factors does not moderates the relationship between marketing competency and SME performance. Specifically, this relationship is stronger (i.e. more positive) socio-economic factors is highly competitive. The results shown in Figure 4 and Table 6 indicated that the interaction terms representing marketing competency and socio economic factors, towards predicting SME performance ($\beta = 0.02$, $t = 0.568$) was statistically insignificant. Hence, Hypothesis 8 was supported.

5.0 Conclusions

The study reviewed the moderating effect of socio economic factor on the relationship between entrepreneurial competency and SMEs performance in Kano state. The study examined the moderating effect of socio economic factor on the relationship between entrepreneurial competencies (networking, relationship, training and marketing) on SMEs performance in Kano state. A research model was developed to explain the various variables. The research was based on resource based theory. The study found that socio economic factor moderate the relationship between entrepreneurial competencies (networking, relationship, training and marketing) and SMEs performance in Kano state.

5.1 Recommendations

The study presents the following recommendations;

- i. Entrepreneurs / business owners should create a high sense of persistence in achieving their pre-determined goals and objectives.
- ii. Entrepreneurs / business owners should Endeavour to explore variety of training and development that will help develop creativity and innovative ideas in their organization.
- iii. Government must put in place sustainable policies that do not deal with frequent changes, which will assist entrepreneurs / business owners in planning.
- iv. Employees can benefit from training and development programs can focus areas such as opportunity recognition, decision-making, financial literacy, and leadership skills.
- v. Small enterprises should prioritize competencies relates to adaptability and resilience, especially in dynamic and uncertain environments. The ability to pivot in response to changing market condition and to persevere through challenges can significantly impact performance.

5.2 Suggestion for Further Study

This study only looked at four variables of entrepreneurial competencies. Future researchers should study other entrepreneurial competencies variables. Mediating and moderating factor can explore the mediating and moderating

factor that may influence the relationship between entrepreneurial competencies and SME performance. Further study could examine the role of industry dynamics, external environment, or access to finance as moderating effect or factors.

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