Influence of entrepreneur competencies on profitability and employee satisfaction

Hieu Minh Vu
Faculty of Commerce and Business Administration, Van Lang University, 69/68 Dang Thuy Tram str. W. 13, Binh Thanh Dist., Ho Chi Minh City, Vietnam
Email: hieuvu2000@gmail.com

Chijioke Nwachukwu*
Department of Management, Mendel University in Brno, Zemědělská 1, 61300 Brno, Czech Republic and Horizons University Paris, 5 rue Conté, 75003 Paris, France
Email: cesogwa@yahoo.com
*Corresponding author

Abstract: This study shed light on the impact of entrepreneurs’ competencies on profitability and employee satisfaction. We used surveys conducted on 200 micro firms operating in Ghana. We used both descriptive and regression to analyse the link between entrepreneur competencies, employee satisfaction and profitability. The data from 150 participants suggest that entrepreneur competencies have a positive and significant effect on profitability. Additionally, entrepreneur competencies have a positive and significant impact on employee satisfaction. Our findings clarify the role entrepreneur competencies play in enhancing profitability and employee satisfaction in the emerging market context. Drawing on resource-based view, the paper addresses the ‘human element’ in entrepreneurship, thus enriching entrepreneurship debate, especially in Ghana. Entrepreneurs have better understanding of the importance of competencies on their firm profitability and employee satisfaction. The authors concluded that entrepreneurs need robust competencies that can foster superior profitability and boost employee satisfaction level.

Keywords: entrepreneur; competencies; profitability; employee satisfaction; micro enterprise.


Biographical notes: Hieu Minh Vu is currently employed as a Full-Time Lecturer at Van Lang University in Ho Chi Minh City Vietnam. His expertise and research focus on general management, strategic management and human resources management. He has over 15 years of industry and teaching experience.
experience in Vietnam. He holds a Doctoral (PhD) degree in Business Management and Economics from Mendel University in Brno. He has several articles published in peer reviewed journals.

Chijioke Nwachukwu is a Professor at Horizon University and a Senior Research Fellow at the Centre for Multidisciplinary Research and Innovation. He has over 14 years of industry, research and teaching experience in Nigeria, Czech Republic and Mexico. He holds a Doctor of Philosophy (PhD) degree in Business Management and Economics from Mendel University in Brno, MBA in Entrepreneurship and Business Competence and Master of Science degree in Management. He is a Fellow of the Institute of Chartered Accountants of Nigeria and Certified Fraud Examiners, USA. He is also a reviewer and board member of several international journals (e.g., *International Journal for Quality Research*, *International Journal of Advanced Operations Management*, *International Journal of Business Performance and Supply Chain Modelling*, *International Journal of Business and Globalisation*, and *Entrepreneurship and Sustainability Issues*). His research interest falls within general management, strategic management and entrepreneurship.

### 1 Introduction

Entrepreneurship creates value from opportunities and contributes to the growth of national economies. Entrepreneurial activities give firm competitive edge (see Kuratko et al., 2011; Kuratko, 2009), drive economic growth (Antoncic and Hisrich, 2004) by creating financial, cultural, or social values (Nwachukwu et al., 2017). We argue that entrepreneurial behaviours are important success factor to sustain competitive advantage. Entrepreneurial competencies have emerged as an important factor for micro firm success. Extant literature defines entrepreneurial competencies as characteristics, traits, and qualities possessed by an entrepreneur (Bacigalupo et al., 2016; Badal, 2014; Kaur and Bains, 2013). Micro firms need superior performance to survive in a competitive environment. Many factors may account for business performance; however, most entrepreneurs give attention to financial performance indicators, neglecting the role of competencies. Nonetheless, many studies have shown that entrepreneurial competencies is associated with business performance (García-Zambrano et al., 2014; Spio-Kwofie et al., 2018; Sánchez, 2012; Mitchelmore and Rowley, 2010; Ahmad et al., 2011; Faggian and McCann, 2009), growth and success of small medium enterprises (SMEs) (Sajilan and Tehseen, 2015; Colombo and Grilli, 2005), competitiveness (e.g., Man et al., 2002) new product development (Rauch et al., 2009) and organisational capability (Spio-Kwofie et al., 2018). Most of these studies gave little attention to firm profitability. Profits are important determinant of firm survival. Entrepreneur’s that want to stay long in the marketplace must focus on profitability. Thus, entrepreneur competencies are crucial to achieving long-term profitability.

Scholars affirm that employee satisfaction is positively linked to productivity and performance (e.g., Silvestro, 2002; Dawal et al., 2009). Prior studies suggest that employee commitment (e.g., Nwachukwu et al., 2018) and human resource management practices (Kashfi et al., 2015; Oyeniyi et al., 2014; Usha Priya, 2013; Rathaweera, 2010) influence employee satisfaction. Other authors observed that employee satisfaction is influenced by variables such as communication, co-workers, fringe benefits, recognition,
Influence of entrepreneur competencies on profitability and employee satisfaction

The influence of entrepreneur competencies on profitability and employee satisfaction is a critical aspect of micro firm success. Working conditions, the nature of the work itself, organisational systems, policies and procedures, compensation, personal development, promotion, appreciation, security, and supervision (Ilies et al., 2009; Irving and Montes, 2009; Koonmee et al., 2010). Despite several studies on entrepreneurial competencies, there is still more to understand in terms of how it affects profitability and employee satisfaction. Studies relating entrepreneurial competencies to profitability and employee satisfaction in micro firms are scanty and have not been fully examined. Further, examining how entrepreneurs’ competencies influence profitability and employee satisfaction is an important research area.

More so, many of past studies assessed entrepreneurial competencies in developed economies contexts (e.g., Brinckmann et al., 2011; Lerner and Almor, 2002). We align with the argument of Zahra (2007) that context matter in entrepreneurship theory development. Nonetheless, there is a gap in knowledge on the subject, especially in emerging market contexts. Besides, we respond to the call by other researchers to evaluate entrepreneurial competencies, profitability and employee satisfaction in varying contexts (e.g., Yeh and Chang, 2018; Nwachukwu et al., 2017) especially in developing countries (Coder et al., 2017; Hyder and Lussier, 2016).

In the light of previous studies, this study fills the gap in entrepreneurship literature by providing guidance to entrepreneurs on the importance of their competencies to profitability and employee satisfaction. Specifically, the paper examines the impact of entrepreneur competencies on profitability and employee satisfactions in micro enterprises. We argue that leveraging entrepreneur competencies can improve micro firm profitability and employee satisfaction level. Arguably, the relationship is straightforward and direct. Drawing on resource-based view (RBV), which emphasises on optimising resources to achieve competitive edge (Barney, 1991), the authors affirmed that entrepreneur competencies significantly impact on profitability and employee satisfaction in micro firms in the emerging market context. Thus, lending credence to the basic insight of the RBV that entrepreneurial competencies are resources that enhance profitability and employee satisfaction.

The remainder of the paper is arranged in the following manner. Section 2 comprises the theoretical foundation and literature review. Section 3 describes methodology. Section 4 presents research results. Section 5 presents discussion, conclusions, limitations and suggestions for future research.

2 Theoretical foundation

RBV suggests that a firm can create sustainable competitive advantage only if it possesses valuable, rare, and inimitable resources (Barney, 1991). Additional, value creation is connected to the ability of managers to optimise resources (Tehseen and Ramayah, 2015; Barney, 1991; Grant, 1991). Competitive advantage depends on competitive behaviour and strategic resources possessed by a firm (Nwachukwu and Chládková, 2019). Micro firm success depends on how well they use their capabilities and resources. RBV has been used to explain the relationship between entrepreneurial competencies and firm success. Entrepreneurial competencies are linked to a manager’s knowledge, skills, capabilities and valuable resources that can lead to a firm’s sustainable competitive advantage (Tehseen and Ramayah, 2015). In this context, entrepreneurs’ competencies are resources that can enhance profitability and employee satisfaction.
Entrepreneurs with strong competencies can sense and seize market opportunities (Nabiswa and Mukwa, 2017; Wade and Hulland, 2004) and optimise resources to create economic value. Entrepreneurial competencies are often rare and hard for competitors to develop because of the ambiguity regarding their origin and embeddedness with the specific individuals (Tehseen and Ramayah, 2015; Gerli et al., 2011). Arguably, entrepreneur competencies are valuable and intangible resources that accounts for the success of firms. Consistent with the RBV, entrepreneurs with strong skills and personality can exploit opportunities and/or neutralise threats facing their firms. From the resource-based perspective, entrepreneurial competencies are intangible assets that can drive profitability and satisfaction of micro firm employees.

2.1 Conceptualising entrepreneurial competencies

Entrepreneurship competence connotes the ability of entrepreneurs to put ideas and opportunities into action by mobilising resources (Bacigalupo et al., 2016). Entrepreneurial competencies focus on specific set of competencies for operationalising entrepreneurship in a new enterprise (Mitchelmore and Rowley, 2010). According to Al-Mamun et al. (2016), entrepreneurial competencies are defined as the abilities to use resources for enhancing micro-enterprise performance. These resources can be categorised into personal, material, or non-material. Hatch and Zweig (2001) note that entrepreneurial competencies foster rapid development of firms. The competency approach has been widely used to examine entrepreneurial characteristics (e.g., Schmitt-Rodermund, 2004; Man et al., 2002; Bird, 1995; Chandler and Jansen, 1992). Entrepreneurial competencies are characteristics like knowledge, traits, self-image, motives roles and skills which are needed for business sustainability (Zali et al., 2013; Mojab et al., 2011). Prior research suggest that entrepreneurial competencies are entrepreneurial personality traits (opportunity, relationship, conceptual, organising, strategic and commitment competencies) (see Man et al., 2002), natural and artificial competencies (Ismail, 2012), knowledge (market, people, finances, production), motivation (autonomy, achievement, power), and capabilities (manage, motivate, organise-plan, financial administration). Entrepreneurial competencies are specific skills, social roles, knowledge, self-images, motives and traits which foster the creation of new venture and its survival (Mitchelmore and Rowley, 2013). In this study, we define entrepreneurial competencies as entrepreneur’s skills and entrepreneurial personality.

2.2 Conceptualising business profitability

Profitability is one of the indicators of business performance. Profit maximisation is an important objective of firms, particularly micro firms. Firms convert their resources into goods and/or services and sell them to customers at a profit. In this context, firms need to generate profit and use the generated profits to make future profit to replace resources and survive (Rauch et al., 2009). Profitability indicates a firm’s overall efficiency. Profitability support entrepreneur decision making and long-term success of the company. Managers need to understand the determinant of profitability to develop an effective profitability strategy (Gitman and Zutter, 2012). Yazdanfar (2013) assert that profitability is an important factor for long-term firm survival and success. Micro firms need to implement strategies that will drive profitability and sustainable competitive edge. Profitability enables a firm to achieve other objectives and survive. In South Africa,
Nieuwoudt et al. (2017) examined the connection between entrepreneurial competencies of farmers and financial performance. They concluded that entrepreneurial competencies as well as each of the individual competencies impact positively on financial performance of farmers.

2.3 Conceptualising employee satisfaction

The concept of employee satisfaction has received attention from organisational and behavioural research because of the notion that employee satisfaction leads to high productivity and low absenteeism and employee turnover (Yücel, 2012; Uludag et al., 2011; Yang, 2012). According to Nwachukwu et al. (2018), employee satisfaction focuses on workers perception of their work and the overall work environment. Ganguly (2010) suggests that person-environment fit paradigm is appropriate to explains employee satisfaction. Moyes et al. (2008) submitted that employee satisfaction explains how pleased an employee is with his or her position of employment. Lu et al. (2005) assert that employee satisfaction is a feeling about one’s work or about various aspects of the work environment. Ellickson and Logsdon (2001) contend that employee satisfaction is influenced by environmental factors and personal characteristics. Meeting the needs of employees is an important employee satisfaction-improvement strategy (Giannikis and Mihail, 2011). Arguably, employee satisfaction measures the degree to which employees are happy with their jobs. Firm use different method to assess employee satisfaction. Employee satisfaction surveys (Deshpande et al., 2012), meetings between management and employees (Ybema et al., 2010) and exit interviews (Schulz, 2001) are some of the methods used to evaluate employee satisfaction. These methods are effective because they elicit satisfaction sentiments from employees themselves (Schneider et al., 2003). We reason that employees value the competencies of entrepreneurs who understand the importance of good work environment, organisational systems, policies and procedures, compensation, personal development, promotion and appreciation.

2.4 Entrepreneurial competencies and business performance

In a recent study, Al Mamun et al. (2019) observed that entrepreneurial competencies, entrepreneurial skills and networking have a positive impact on micro enterprises performance in Malaysia. Spio-Kwofie et al. (2018) examined the relationship between entrepreneurial competence and the performance of small size hospitality firms in Ghana. The study affirmed that entrepreneurial competence significantly influences competitive scope and organisational capability of small size hospitality firms in Ghana. Sajilan and Tehseen (2015) affirm that entrepreneur competencies are crucial for the survival, success, and growth of Malaysian SMEs. Sánchez (2012) established that entrepreneurial competencies have both direct and indirect effects on SMEs performance in Spain. Empirically, Barazandeh et al. (2015) reported that entrepreneurial competencies influence business performance and entrepreneurs who lack competencies to manage firms are not able to achieve superior performance. Ahmad et al. (2011) affirmed that characteristics such as knowledge, skills, and motives drive the growth and success of a firm. Mitchell et al. (2002) observed that entrepreneurial skills positively influence venture performance. In the study of small and medium sized enterprises in Japan, Ahmad et al. (2011) found that entrepreneurial competencies is a strong determinant of
SMEs success in Japan. Nasuredin et al. (2016) concluded that entrepreneurial competencies improve SMEs performance and competitive advantage. However, some past studies linking entrepreneurial competencies to performance have reported mixed and weak results (e.g., Narkhede et al., 2014; Man et al., 2008). For instance, Lopa and Bose (2014) reported that entrepreneurial competencies are not related to SMEs performance. Santos and Brito (2012) submitted that profitability and employee satisfaction are performance indicators. Arguably, entrepreneurs’ competencies are an important driver of micro firm profitability and employee satisfaction. Based on the above analyses, we hypothesised thus:

H1 Entrepreneur competencies significantly impacts micro firm profitability.
H2 Entrepreneur competencies significantly influence employee satisfaction.

3 Methodology

The state of knowledge and theory development in a field and the researcher’s view of the world guide a research philosophy. This study is guided by post-positivistic view that advocates objective testing of empirical hypotheses (Bryman and Bell, 2003; Reichardt and Rallis, 1994). This study employs a descriptive, quantitative, cross-sectional survey research design. A cross-sectional survey allows researchers to collect information on what is going on at a given point in time. This research design allows the researcher to test hypothesis quantitatively.

3.1 Sample data and demographics

There is a growing interest of a need to shed light on entrepreneurs and to test theories developed in advanced economies in emerging market contexts (e.g., Bruton et al., 2008). Entrepreneurs in emerging markets operate in a unique institutional environment (Tonoyan et al., 2010). Thus, the effect of entrepreneur competencies on profitability and employee satisfaction in emerging economies is likely to differ from those in the developed markets. Hence, it is important to address the current issues in micro firms in Ghana. Ghana is one of the fastest growing economies in sub-Saharan Africa with a GDP growth rate of 8.14 (The World Bank, 2017). This study used data collected from a survey that targeted micro enterprises operating in Ghana. We used semi-structured questionnaires to collect data from employees of micro firms. 200 employees of micro firms were targeted to fill-in the questionnaire. The survey was done between the months of June and October 2018 covering micro firms in the Greater Accra region of Ghana. Out of 200 micro firms randomly selected, only 150 provided valid responses to the questions. This represents a response rate of 75% which is considered adequate for this study. A sampling frame of at least 30 or more cases per group is adequate for correlational studies (Bryman, 2004). Thus, sample size of 200 employees is considered adequate for this study. The authors tested for non-response by comparing the first third of the respondents to the last third and by comparing the respondents to non-respondents in term of key study variables (Werner et al., 2007). We observed that the responses of groups of early and late respondents is not different, suggesting that the data is free from non-response bias.
3.2 Variables and measurement
Consistent with previous studies, this study adapted well-established scales in the literature. To measure entrepreneur competencies, The EntreComp Framework proposed by Bacigalupo et al. (2016) was adapted. We used 13 questions to assess entrepreneur competencies. Two questions; use imagination and abilities to identify opportunities for value (.463) and set long, medium and short term goal (.410) were dropped because of factor loading less than 0.5 (Hair et al., 2010). A single question was used to assess profitability and employee satisfaction. Single-item (SI) measures have been found to show equally high predictive validity as multiple-items (MI) scales (Bergkvist and Rossiter, 2007, 2009). Authors used 5-point Likert scale ranging from 1 = strongly agree to 5 = strongly disagree to elicit information about entrepreneur competencies and employee satisfaction. A perceptual measure was used to evaluate profitability using a 5-point Likert scale ranging from 1 (below average) to 5 (above average). Micro firms in emerging economies often lack objective financial performance data. This explains our choice of subjective measure based on employees’ perception. We conducted both reliability and validity tests on the measurement scale used. Cronbach’s alpha for entrepreneur competencies (0.74) suggest that measurement instrument effectively capture the variable (Zikmund et al., 2013). The KMO and Bartlett’s test of sampling adequacy was significant (KMO: 0.525, P = 0.000 < 0.05) suggesting that the variable is reliable and internally consistent. We used descriptive statistics and inferential statistics for data analyses. Descriptive statistics was employed to provide a profile of respondents’ demographics and to describe participant’s perception of entrepreneur competencies. In this respect, mean and standard deviation was used. Regression analysis is widely used in management research. Regression is employed to test the effect of entrepreneur competencies on profitability and employee satisfaction. The two hypotheses were tested at 0.05% significance level, with 95% confidence, which is acceptable in management research. Statistical package for social sciences (SPSS 25) software was employed for data analyses.

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Dependent/independent</th>
<th>Theoretical references</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>Dependent</td>
<td>Nieuwoudt et al. (2017), Santos and Brito (2012) and Rauch et al. (2009)</td>
</tr>
</tbody>
</table>

Source: Authors

3.3 Handling common method bias
To minimise bias, employees of micro firms were asked to provide information on the subject. This category of participants is able to give reliable information on the impact of entrepreneur competencies on profitability and employees satisfaction. We minimised evaluation apprehension by assuring respondents confidentiality (Podsakoff et al., 2003; Conway and Lance, 2010). Following Podsakoff et al. (2003), participants were informed
that measurements of the independent variables are not associated with the measurement of the dependent variable.

4 Empirical findings and discussion

Out of 200 questionnaires, 150 were valid and suitable for different analyses conducted. This represents a 75% response rate which is adequate for data analysis (Bryman and Bell, 2015). In term of the number of employees, 80 (53.3%) of the firms have between 1 to ten employees, 46 (30.7%) have between 11–20 employees, 21 (14%) between 21–30 employees and 3 (2%) have between 31–40. With respect to the years of working with the firms, 96 (64%) respondents have been working with their firms between 0 and 5 years, 45 (30%) respondents between 6 to 10 years, while only 9 (6%) respondents have been working with their firms between 11–40 years.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Descriptive statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>Mean</td>
</tr>
<tr>
<td>Ability to develop creative and purposeful ideas</td>
<td>3.91</td>
</tr>
<tr>
<td>Ability to develop a vision to turn ideas into action</td>
<td>4.39</td>
</tr>
<tr>
<td>Make the most of ideas and opportunities</td>
<td>4.38</td>
</tr>
<tr>
<td>Assess the consequences and impact of ideas, opportunities and actions</td>
<td>4.07</td>
</tr>
<tr>
<td>Ability to influence the course of events, despite uncertainty, setbacks and temporary failures</td>
<td>4.21</td>
</tr>
<tr>
<td>Ability to stay focused and don’t give up</td>
<td>4.47</td>
</tr>
<tr>
<td>Ability to gather and manage resources</td>
<td>4.30</td>
</tr>
<tr>
<td>Possess financial and economic knowhow</td>
<td>4.13</td>
</tr>
<tr>
<td>Get the support needed to achieve valuable outcome</td>
<td>4.08</td>
</tr>
<tr>
<td>Initiate processes that create value</td>
<td>4.55</td>
</tr>
<tr>
<td>Make decisions dealing with uncertainty,ambiguity and risk</td>
<td>3.99</td>
</tr>
<tr>
<td>Work together and cooperates with others to develop ideas and turn them into action</td>
<td>4.35</td>
</tr>
<tr>
<td>Learn by doing</td>
<td>3.75</td>
</tr>
</tbody>
</table>

Table 2 show mean values and standard deviation of participants’ responses. A mean score of (1.00–1.99 = strongly disagree), (2.00–2.49 = disagree), (2.50–3.49 = undecided), (3.50–4.49 = agree) and (4.50–5.00 = strongly agree). The results suggest that the respondents agreed with the following statements based on entrepreneurs competencies: ability to develop creative and purposeful ideas (mean score, 3.91), ability to develop a vision to turn ideas into action (mean score, 4.39), make the most of ideas and opportunities (mean score, 4.38), assess the consequences and impact of ideas, opportunities and actions (mean score, 4.07), ability to influence the course of events, despite uncertainty, setbacks and temporary failures (mean score, 4.21), ability to stay focused and don’t give up (mean score, 4.47), ability to gather and manage resources (mean score, 4.30), possess financial and economic knowhow (mean score, 4.13), get the
Influence of entrepreneur competencies on profitability and employee satisfaction

Support needed to achieve valuable outcome (mean score, 4.08), Make decisions dealing with uncertainty, ambiguity and risk (mean score, 3.99), work together and cooperates with others to develop ideas and turn them into action (mean score, 4.36), learn by doing (mean score, 3.75). The respondents strongly agreed that entrepreneur initiate processes that create value (mean score, 4.55).

Table 3  Regression results of variables (N = 150)

<table>
<thead>
<tr>
<th>Model</th>
<th>F</th>
<th>$R^2$</th>
<th>$\beta$</th>
<th>p-value</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1 Entrepreneur competencies-profitability</td>
<td>13.722</td>
<td>0.185</td>
<td>0.291</td>
<td>0.000</td>
<td>1.533</td>
</tr>
<tr>
<td>M2 Entrepreneur competencies-employee satisfaction</td>
<td>12.742</td>
<td>0.243</td>
<td>0.282</td>
<td>0.000</td>
<td>1.451</td>
</tr>
</tbody>
</table>

Regression result in Table 3 suggests that entrepreneur competencies ($R^2 = .185$) accounts for only 18.5% variations in profitability of micro firms in Ghana. Entrepreneurs competencies ($R^2 = .243$) explain 24.3% variations in employee satisfaction. This implies that other factors that were not considered in this study accounts for 81.5% and 75.7% variations in profitability and employee satisfaction in micro firms in Ghana respectively. Following Pallant (2007), standardised coefficients (beta) was used to assess the strength of entrepreneurs’ competencies on profitability and employee satisfaction. The regression analyses result in Table 3, ($F = 13.722$, $\beta = 0.291$, $p < 0.000$) support H1, entrepreneur competencies significantly impact micro firm profitability and H2 ($F = 12.742$, $\beta = 0.282$, $p < 0.000$) that entrepreneurs’ competencies significantly influence employee satisfaction. The Durbin-Watson test value range between 1.451 and 1.533 indicates the absence of autocorrelation in the model. Concerning the two control variables, analyses show that they had little or no effect on the model. Hence the results are not presented here.

4.1 Discussion

Undeniably, entrepreneurial competencies are important drivers of profitability and satisfaction of employees of micro firms. This study focuses on the link between entrepreneurs’ competencies, profitability and employee satisfaction in micro firm contexts. The results suggest that entrepreneurs’ competencies positively influence profitability of micro firms. The finding is consistent with past studies (Al Mamun et al., 2019; Spio-Kwofie et al., 2018; Sajilan and Tehseen, 2015; Barazandeh et al., 2015; Sánchez, 2012; Nasuredin et al., 2016). However, our finding negates the result of Lopa and Bose (2014) that entrepreneur competencies do not influence performance of small firms. Nevertheless, entrepreneurs need to develop creative and purposeful ideas to create value for their firms. Additional, specific competencies such as the ability to assess the impact of ideas, opportunities and actions and manage resources are vital for managing an enterprise. The finding affirms the significant impact of entrepreneurs’ competencies on employee satisfaction. It was insightful to find that entrepreneurs’ competencies influence employee satisfaction.

To the best of our knowledge, this result is somewhat novel. Inadequate human competencies are challenges micro firms need to overcome to survive (Wahid et al., 2017). Besides, the success and survival of firms depends on employees’ performance (Barrett and Mayson, 2008; Rauch and Hatak, 2016), especially in micro firms. As such
employee satisfaction has positive implication on employee performance as well as overall firm performance. Therefore, entrepreneurs must be able to collaborate and cooperate with employees to develop and execute meaningful ideas. This can improve the satisfaction level of employees. Firms with satisfied employees experience improve productivity, profitability and low employee turnover (Nwachukwu and Chládková, 2017). Considering that human factor in entrepreneurship has received less attention (Al Mamun et al., 2019), the present study extends the RBV and adds to entrepreneurship literature in the emerging market context, particularly Ghana. Additionally, this paper affirms that entrepreneur competencies are resources that enhance profitability and the satisfaction of micro firms’ employees. The study enriches the literature by shedding light on the role entrepreneur competencies play in improving satisfaction level of employees of micro-enterprise. Firm must constantly make strategic decisions to overcome the challenges of scarce resources to achieve competitive edge (Nwachukwu et al., 2018). In this context, entrepreneurs with the right competencies can make decisions dealing with uncertainty, ambiguity and risk in their operating environment to survive. Thus, the survival of micro firms hinges on strong profitability and satisfied employees. Micro firms in emerging market are faced with hostile institutional environment with high level of human capital and low supplies of financial capital (Manev and Manolova, 2010). Thus, it is important for entrepreneur to have financial and economic knowhow. Entrepreneurs who lack competencies to manage firms cannot deliver superior business results (Barazandeh et al., 2015). Therefore, entrepreneurs need robust competencies that can enable them deliver superior profitability and retain satisfied employees.

5 Conclusions

Achieving and maintaining business success lies within organisational and managerial processes that are available to firms (Nwachukwu and Chládková, 2019). This study enhances our understanding of the relationship between entrepreneur competencies, profitability and employee satisfaction. We reasoned that entrepreneur competencies are important resources that improve profitability and employee satisfaction in micro firms in Ghana. Importantly, entrepreneur competencies explain employee satisfaction in micro enterprise in the emerging country context.

5.1 Managerial implications

Our findings have some implications for entrepreneurs. Entrepreneurs need to develop strong competencies as this impact profitability and employee satisfaction. In this context, possessing financial and economic knowhow and ability to spot and optimise ideas and opportunities can improve profitability. Likewise, an entrepreneur’s ability to cooperate and inspire people can foster ideas and improve employee satisfaction. Entrepreneurs with robust competencies can make better decisions that will influence their profitability and leave employees satisfied. If micro firms want to achieve superior profitability and satisfied their employees, entrepreneurs must able to change ideas and opportunities into action by managing resources.

On the other hand, if entrepreneurs give less attention to their competencies, micro enterprises may fail to achieve strategic objectives (profitability and employee
satisfaction). Thus, entrepreneurs’ competencies are essential to sustain profitability and improve employee satisfaction.

5.2 Limitation and directions for further research

The limitation of this study provides an avenue to consider the concept for future research. Only micro firms in Greater Accra region Ghana were included in the study. This reduces the generalisability of the results beyond this context. Future studies can examine the entrepreneur competencies, profitability and employee satisfaction among different firms across countries to deepen our understanding of the subject. Other researchers can examine the relationship between entrepreneur competencies with other possible variables such as customer satisfaction. It will be insightful to search for variables mediating or moderating the relationship between entrepreneur competencies, profitability and employee satisfaction. The present study used cross-sectional data; therefore, future studies should validate the findings of this study using longitudinal research setting. Mixed method may provide in-depth understanding of the subject. Other researchers should consider using both quantitative and qualitative research approach to examine the subject. Single item scale was used to assess profitability and employee satisfaction. Nonetheless, single-item (SI) measures have high predictive validity as multiple-items (MI) scales. Future studies can use multiple items scale to deepen the understanding of the subject. The authors used perceptual measures to assess the profitability of micro firms. Micro firms in developing countries lack reliable financial data. Future studies should use financial data where available. Nonetheless, this study adds to the growing debate on entrepreneurship, particularly entrepreneur competencies-profitability-employee satisfaction relationship in an emerging market context.

References


Influence of entrepreneur competencies on profitability and employee satisfaction


Influence of entrepreneur competencies on profitability and employee satisfaction


