

## **ENTREPRENEURIAL COMPETENCIES OF GARMENT MANUFACTURERS IN WUNDWIN TOWNSHIP**

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### **Abstract**

This study emphasizes on identifying entrepreneurial competencies of garment manufacturers located in Thaphan Village, Wundwin Township and analyzing the effects of entrepreneurial competencies on firm performance. Entrepreneurial competencies are of vital importance for sustaining, maintaining, and improving firm performance in an intensely competitive market because garment manufacturing firms are solely owned businesses. In March 2019, primary data was collected from forty garment manufacturers selected by using stratified random sampling method and the sample represents forty percent of each firm group. Structured questionnaires based on strategic, commitment, technical, conceptual, opportunity, communication, learning, and personal competencies, and firm performance were constructed by using five-point Likert scale. Secondary data concerning with the number and types of garment manufacturing firms was collected from Administration Office in Thaphan Village. Multiple regression analysis is applied as the major analysis method and SPSS 22 is used as the main analytical tool. According to the findings, commitment, technical, and communication competencies have significant and positive effects on performance of garment manufacturing firms. On the contrary, strategic and personal competencies have significant and negative effects on firm performance. Among eight entrepreneurial competencies included in this study, it is found that the communication competence has the largest effect on performance of garment manufacturing firms in Thaphan Village, Wundwin Township.

**Keywords:** entrepreneurial competencies, firm performance, garment manufacturers

### **Introduction**

Entrepreneurial competencies are crucial for owners who manage their businesses in making effort to increase organizational performance. Businesses can achieve success and growth through utilizing owners' or managers' entrepreneurial competencies. Previous studies proved the positive effect of entrepreneurial competencies on organizational performance, business success, and growth. In Myanmar, there are two types of garment manufacturing businesses: the one which is operated locally and distributes finished products to local consumers, and another one which is operated as foreign company and target international market. The formers are widely operated in Thaphan Village, Wundwin Township and such businesses are spread to the villages nearby.

Different sizes of garment manufacturing businesses are situated in Thaphan Village and they are operating cutting, making, packing, printing, and making embroidery. Some garment firms do the whole production line while others specialize on one process. The formers make procurement, transportation, warehousing, producing, inventory management, sales and distribution. Such firm owners take many roles performed to improve their business performance and need a variety of entrepreneurial competencies. However, the latters connect with other garment manufacturers who would like to outsource and emphasize their specialized activities carefully to be efficient.

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Owner takes managerial role of business even in large garment manufacturing firm because it is family owned and is operated with the large involvement of family members. Owners play an important role in deciding all activities concerned with business functions because they have to search for the niche market, network with business partners, learn new technology, persuade customers, and allocate resources. In a highly competing and dynamic environment, owners are required to have entrepreneurial competencies in order to survive and sustain business performance for the long run. It is required to explore the importance of entrepreneurial competencies of owners and prove their effect on business performance so that the findings contribute to the literature and highlight the implications for garment manufacturers.

### **Objectives of the Study**

This study aims

- (1) to identify entrepreneurial competencies of garment manufacturers and
- (2) to analyze the effects of entrepreneurial competencies of garment manufacturers on firm performance.

### **Scope of the Study**

The study emphasizes identifying entrepreneurial competencies and analyzing the effects of entrepreneurial competencies on firm performance. The primary data was collected from forty garment manufacturers in Thaphan Village, Wundwin Township with structured questionnaire by asking with five point Likert scale during March 2019 and the secondary data was collected from Administration Office in Thaphan Village.

### **Methods of the Study**

In collecting the primary data administering garment manufacturers, forty percent from each group of firm size was selected by using stratified random sampling method. Descriptive statistics was used to calculate the mean values of variables and multiple regression analysis was applied to analyze the effects of entrepreneurial competencies on business performance.

### **Literature Review**

Assuming that entrepreneurial competencies were vital for business growth and success, Mitchelmore and Rowley (2010) discussed literature which compiles entrepreneurial competencies analyzing different countries, industries, and different period and recommended for further research. "Entrepreneurial competencies are defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and/or growth" (Bird, 2019, p.115). Business owners play a strategic role, thus, the importance and requirement of entrepreneurial competencies was accelerated (Aliyu, 2017).

There are different literatures on entrepreneurial competencies analyzing the impact of entrepreneurial competencies on firm performance (Man and Lau, 2000; Mitchelmore and Rowley, 2013; Inyang and Enuoh, 2009; Man and Snape (2008), firm growth (Mitchelmore and Rowley, 2013), and business success (Rahman, et al., 2015; Ahmad, 2007; Tehseen and Ramayah, 2015). As entrepreneurial skills and competencies are required to generate revenue for

a firm, Phelan and Sharpley (2012) pinpointed the requirements of entrepreneurial competencies to be improved.

Many studies targeted owners' entrepreneurial competencies (Mitchelmore and Rowley, 2010; 2013) although some studies emphasize it with managers' entrepreneurial competencies (Man and Lau, 2000; Li, 2009). Ahmad (2007) figured out the positive effect of entrepreneurial competencies of business owners on business success. The study divided entrepreneurial competencies into strategy, commitment, conceptual, opportunity, organizing and leading, relationship, learning, personal, technical, ethical, social responsibility, and familism; and the results pinpointed that entrepreneurial competencies are required for business success.

Mitchelmore and Rowley (2013) classified competencies of women entrepreneurs into personal and relationship, business management, entrepreneurial, and human relations competencies and proved that entrepreneurial competencies have an impact on firm performance and growth. Related knowledge, attitudes, and skills are entrepreneurial competencies to be acquired by an entrepreneur to create excellent performance and profit maximization of their businesses. Likewise, Barzandeh, et al. (2015) confirmed that entrepreneurial competencies showed positive and significant effect on business performance which was measured with growth and innovation. Risk-taking propensity, need for achievement, self-efficacy, and experience in business were assumed as entrepreneurial competencies and verified their effect on firm performance. It was concluded that risk-taking propensity and self-efficacy showed positive effect on firm performance (Mamum, et al., 2016).

Man and Snape (2008) differently conceptualized both direct and indirect relationship between entrepreneurial competencies and firm performance. The study highlighted the important role of competitiveness and organizational capabilities which mediates between entrepreneur's opportunity, relationship, innovative, human, strategic competencies and long-term performance of businesses.

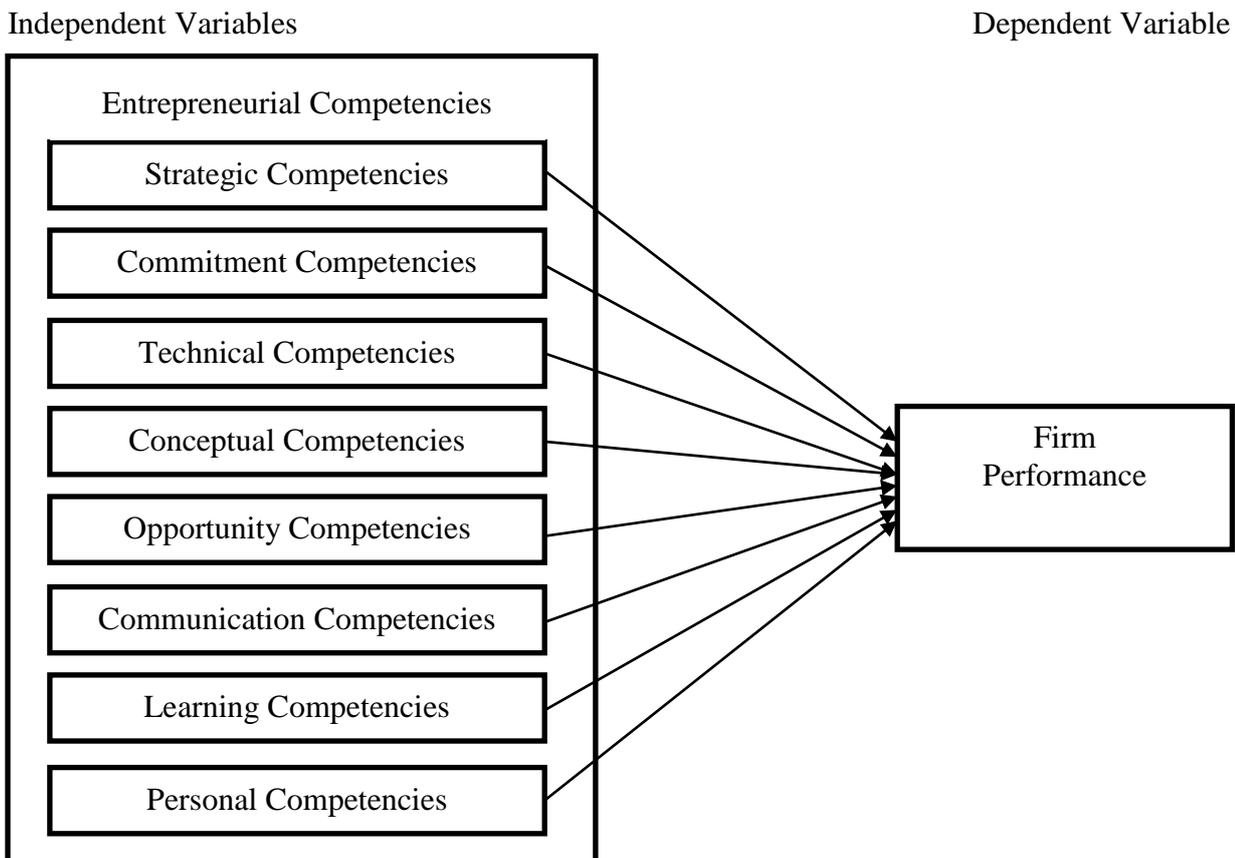
Tehseen and Ramayah (2015) analyzed differently through the combination of the resource based view and the resource dependence theory and found the moderating effect of external integration on the relationship between entrepreneurial competencies and business success. The study highlighted that the combination of supplier and customer relationship with entrepreneurial competencies fostered the business survival and success. Ahmad, et al. (2010) also examined the moderating effect of external environment on the relationship between entrepreneurial competencies and business success. The results revealed that entrepreneurial competencies positively contribute to business success in the changing environment compared to stable environment. Sajilan and Tehseen (2015) also focused the moderating effects of environmental turbulence and network competence on the relationship between entrepreneurial competencies and business success; and found the results as the authors expected. Ng and Kee (2013) proved the positive relationship between entrepreneurial competencies and firm performance with the partial moderating effect of organizational culture.

Risk assumption, initiative, leadership, teamwork, responsibility, autonomy/self-determination, self-confidence, integrity, negotiation, dynamism, communication, troubleshooting, innovation, information search and analysis, social networks/generation of support networks, results-orientation, self-control, change management, quality of work, and social mobility are found as key entrepreneurial competencies (Robles and Zárraga-Rodríguez, 2015). Similarly, strategic, commitment, conceptual, opportunity, organizing and leading,

relationship, personal, and technical are considered as entrepreneurial competency domain, such competencies, however, are grouped according to the role of entrepreneurs. Strategic, commitment and conceptual were put into one group, organizing and relationship were into another group, technical and personal were into separate groups; and both financial and non-financial dimensions were used to measure business success. The results recommended that relevant entrepreneurial competencies enhance business success (Ahmad, et al., 2010).

Likewise, strategic, conceptual, opportunity, personal, learning, ethical, and familism were used as each entrepreneurial competence in the conceptual model (Tehseen, et al., 2015). With the use of resource based view, the principal founder's management know-how and specific industry know-how were human capital of a business to expand its market (Westhead, et al., 2001).

According to the previous literature, entrepreneurial competencies have direct and indirect effects on business survival, business performance, business growth, and business success. Some studies discussed the mediating effect but some proved moderating effect on the relationship between entrepreneurial competencies and firm performance. A variety of entrepreneurial competencies such as strategy, commitment, conceptual, opportunity, organizing and leading, relationship, learning, personal, technical, ethical, social responsibility, familism, business management are used as independent variables. Financial, non-financial, and growth are used as the measurements of business performance in many studies.



Source: Own Compilation Based on Previous Studies

**Figure 1** Conceptual Framework of the Study

As shown in the conceptual framework, strategic, commitment, technical, conceptual, opportunity, communication, learning, and personal competencies are used as independent variables and firm performance is used as dependent variable in this study.

### Findings

To identify entrepreneurial competencies of garment manufacturers, the mean values of each competence is initially revealed with standard deviation. The mean values describe the average perception of garment manufacturers, the standard deviation explains how much deviates from the mean values, and the alpha values depict the internal consistency among variables. As shown in the followings, the alpha values are above 0.70, the minimum acceptance level. The standard deviation for each variable is below one which explains that it does not deviate from the mean value.

**Table 1 Descriptive Statistics of Entrepreneurial Competencies**

Sr.	Variables	Mean	SD	Items	Alpha
1	Strategic competencies	4.88	0.394	5	0.854
2	Commitment competencies	4.82	0.299	5	0.866
3	Technical competencies	4.79	0.259	5	0.884
4	Conceptual competencies	4.76	0.287	5	0.858
5	Opportunity competencies	4.71	0.310	5	0.850
6	Communication competencies	4.84	0.390	5	0.845
7	Learning competencies	4.72	0.364	5	0.883
8	Personal competencies	4.75	0.521	5	0.843

**Source:** Survey Data (March 2019)

According to Table (1), entrepreneurial competencies are at the strongly agree level and thus it can be concluded that garment manufacturers have high competencies. Among eight entrepreneurial competencies included in this study, strategic competencies show the maximum mean value explaining garment manufacturers have long-run orientation for their whole organization. On the other hand, opportunity competencies show the minimum mean value but it reveals the strongly agree level. Thus, it can be inferred that garment manufacturers are able to create new product ideas and search for market opportunity.

**Table 2 Multiple Regression Analysis of Entrepreneurial Competences**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-8.456	1.157			
Strategic competencies	-2.212**	0.311	-1.037	-7.108	0.000
Commitment competencies	0.883**	0.217	0.315	4.062	0.000
Technical competencies	0.608*	0.251	0.188	2.425	0.021
Conceptual competencies	0.350	0.310	0.119	1.130	0.267
Opportunity competencies	-0.600	0.326	-0.221	-1.838	0.076
Communication competencies	4.714**	0.351	2.189	13.438	0.000
Learning competencies	-0.113	0.177	-0.049	-0.640	0.527
Personal competencies	-0.937**	0.181	-0.581	-5.187	0.000
R-square				0.955	
Adjusted R <sup>2</sup>				0.943	
F				81.782**	

**Note:** \*\* and \* show statistical significant at 1% and 5% levels respectively.

Dependent Variable: Firm Performance

**Source:** Survey Data (March 2019)

As shown in Table (2), the R-square is 0.955 and the predictors have explained 95.5% of the variance in the dependent variable of firm performance. The value of F-test, the overall significance of the model, shows significant at 1 percent level. According to the multiple regression results, firm performance will decrease 8.456 if garment manufacturers own no entrepreneurial competence. It is then found that strategic competencies have negative and significant effects on firm performance at 1 percent level. Thus, the higher the manufacturers' strategic competencies are, the lower their firm performances are. One unit increase in strategic competence of garment manufacturers leads to 2.212 decrease in firm performance.

Commitment competencies show positive and significant effects on firm performance at 1 percent level and hence it can be concluded that the higher the garment manufacturers' commitment competence, the higher their firm performance. One unit increase in commitment competence of garment manufacturers leads to 0.883 increase in firm performance.

Similarly, technical competencies have positive and significant effects on firm performance at 5 percent level and thus it can be inferred the higher the garment manufacturers' technical competence, the higher their firm performance. One unit increase in technical competence of garment manufacturers leads to 0.608 increase in firm performance.

Although conceptual competencies show positive effects on firm performance, it is not significant. Opportunity competencies and learning competencies show negative effects on firm performance but their effects are not significant as well.

Communication competencies have positive and significant effects on firm performance at 1 percent level and thus it can be concluded that the higher the garment manufacturers' communication competence, the higher their firm performance. One unit increase in communication competence of garment manufacturers leads to 4.714 increase in firm

performance. It is also found that communication competence reveals the most significant effects on firm performance.

However, personal competencies show negative and significant effects on firm performance at 1 percent level and thus it can be inferred the higher the garment manufacturers' personal competence, the higher their firm performance. One unit increase in personal competence of garment manufacturers leads to 0.937 decrease in firm performance.

### **Discussion**

It is found that commitment, technical, and communication competencies show positive and significant effects but strategic and personal competencies show negative and significant effects on firm performance. However, the effects of conceptual, opportunity, and learning competencies on firm performance show insignificant. As garment manufacturers in Thaphan Village, Wundwin Township take management position in their organizations, the extent of their commitment affects their firm performances. They need to be involved in managing daily operations, solving customer complaints, and employee conflicts. Their long presence at work is crucial for operating their businesses effectively. Thus, commitment competencies reveal positive and significant effects on firm performance.

Besides, garment manufacturers need to be proficient in the work activities to be done in their businesses. When they understand job-related activities, they can assign employees well and give the better suggestions for work improvement. When they comprehend the sources of deficiency, they can protect the potential problems in their businesses. Thus, technical competencies describe positive and significant effects on firm performance.

In addition, garment manufacturers have to build linkage with both internal and external parties to maintain good relationship with them. By improving interrelationship with employees, businesses can make recruitment through referrals. External stakeholders including suppliers, lenders, and customers are continuously contacted for attaining valuable information for operating and changing businesses. Thus, communication competencies show positive and significant effects on firm performance.

Currently, most of the garment businesses are competing directly with their competitors by reducing their costs or producing differently. In the external business environment, competitors are always changing their strategies according to the changes in customer preferences in the market. In this case, short-term focus might be beneficial comparatively for the survival of garment businesses. Thus, strategic competencies depict negative and significant effects on firm performance.

An entrepreneur has personal competencies comprising self-confidence, self-awareness, self-motivation, persistence, self-management, and positive mindedness. However, decision might be wrong and consequently firm performance will decline if an entrepreneur has high self-confidence. Again, the negative sides will be ignored in evaluating a situation if a person has high positive mindedness. In this study, garment manufacturers who might have high self-confidence and positive mindedness and consequently the results show that personal competencies have negative and significant effects on firm performance.

## Conclusion

The study reveals that entrepreneurial competencies are at the strongly agree level, thus it can be concluded that garment manufacturers have high entrepreneurial competencies namely strategic, commitment, technical, conceptual, opportunity, communication, learning, and personal competencies. Among these competencies, commitment, technical, and communication competencies positively contribute to firm performance. Thus, garment manufacturers should devote their time and effort into their businesses such as expansion of markets, extension of product lines, and improvement of internal efficiency. The manufacturers should learn technical knowledge while they operate current functions of businesses. Moreover, garment manufacturers need to construct the network with their business partners such as suppliers' suppliers, customers, and financiers and maintain business relationship with them.

## Limitations and Needs for Further Research

The study proves the direct effects of entrepreneurial competencies on firm performance, however, the indirect effects might occur because of the effects of changing business environment and cultural differences. Firm performance is measured with owner perception, thus further studies can use both financial and non-financial measures. Instead of studying firm performance, business success can be used as an effect of entrepreneurial competencies. This study focuses only on garment firms and hence further studies can extend to other firms situated in different industries.

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