

6-13-2015

LINKING MANAGERIAL COMPETENCE TO SMALL ENTERPRISE PERFORMANCE (SUMMARY)

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Recommended Citation

Zacca, Robert and Dayan, Mumin (2015) "LINKING MANAGERIAL COMPETENCE TO SMALL ENTERPRISE PERFORMANCE (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 35 : Iss. 3 , Article 21.

Available at: <https://digitalknowledge.babson.edu/fer/vol35/iss3/21>

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 SUMMARY **LINKING MANAGERIAL COMPETENCE TO
SMALL ENTERPRISE PERFORMANCE**

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Principal Topics

The main objective of this study is to test the explanatory power of a model of how the management competencies of owner/managers are related to the performance of their small enterprise. It focuses on the role entrepreneurial orientation and willingness-to-change play as mediators between managerial competencies and small enterprise performance.

Method

We use structural equation modeling to test a theoretical model based on a data set from owners and managers of small enterprises within the UAE. Data were gathered from 250 respondents from 125 small enterprises, with less than 50 employees, located in all seven emirates of the United Arab Emirates (UAE). The same survey instrument was used to obtain responses from the owner of the enterprise and a senior manager within the same enterprise. We collected data from multiple respondents (owners and managers) in order to overcome the common problems associated with single source bias. The data analysis assesses measurement models using confirmatory factor analysis (CFA), then assesses path relationships using structural equation modeling (SEM) (Anderson and Gerbing, 1988). The SEM statistical software program AMOS 6.0 was employed with the maximum likelihood estimation method. As suggested by James, Mulaik, and Brett (2006) and Craig, Dibrell, and Davis (2008) we estimated a structural equations model (SEM) to assess the mediating effects shown in Figure 1.

Results

The results show that willingness-to-change acts as a key mediating factor between management competence and performance as well as between EO and performance. Suggesting that willingness-to-change reinforces the effect of managerial competence and EO on performance and is a key parameter in explaining why firms differ in its performance. More specifically, managerial competence and EO indirectly influences performance by influencing willingness-to-change. Additionally, the study shows that EO plays a partial mediating role through which managerial competence benefits willingness-to-change.

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