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ENTREPRENEURIAL COMPETENCIES ON OPERATIONAL COST EFFICIENCY OF SMALL AND MEDIUM SCALE ENTERPRISES IN SOUTHWEST NIGERIA

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INTRODUCTION

In today's competitive landscape, operational cost efficiency is paramount for SMEs. This presentation discusses the impact of entrepreneurial competencies on enhancing cost efficiency in southwest Nigeria, emphasizing that can drive sustainable growth.

Therefore, the specific objective of this study is to:

Examine the influence of dimensions of entrepreneurial competencies on operational cost efficiency among SMEs in South-West Nigeria.



Literature Review

Understanding SMEs

Small and medium enterprises (SMEs) play a crucial role in economics development. They contribute significantly to employment, innovation, technology and GDP.

Recognizing their unique challenges is vital for formulating effective strategies that enhance their operational efficiency.



Importance of cost efficiency

Operational cost efficiency is essential for SMEs to maximize profits and ensure sustainability. By minimizing costs, businesses can allocate resources more effectively, leading to improved competitiveness and, market positioning in the long run.



Entrepreneurial competencies

Entrepreneurial competencies refers to the skills, knowledge, and abilities that enables entrepreneurs to effectively manage their businesses.

These include strategic thinking, problem solving and resource management which are crucial for operational efficiency



Impact on SMEs in Southwest Nigeria

In southwest Nigeria, the application of entrepreneurial competencies has been linked to improved operational practices. Entrepreneurs equipped with these skills can better navigate market challenge, leading to enhanced cost efficiency and overall business performance.



Case studies

Several SMEs in Southwest Nigeria have successfully implemented entrepreneurial strategies. Case studies demonstrate how targeted competencies have led to cost reduction, increased productivity, and stronger competitive edge in the marketplace



Methodology

- A descriptive survey design was employed to collect pertinent data.
- The target population included 132,749 SMEs, based on data from the Small and Medium Enterprises Development Authority of Nigeria (SMEDAN, 2023). These SMEs, registered with SMEDAN, operate in the six states of South-West Nigeria: Lagos, Oyo, Ogun, Ondo, Ekiti, and Osun.
- An inclusion and exclusion criterion was applied, selecting only businesses with a labor size of 101–300 workers. Consequently, 384 SMEs were randomly chosen from the total population of 132,749.
- Primary data were collected using a questionnaire designed to gather information on the dimensions of entrepreneurship competencies and its effect on cost efficiency.
- Multiple regression was used to analyse the data



Conclusion

Entrepreneurial competencies significantly influenced operational cost efficiency in SMEs, offering a pathway to sustainable growth and competitive development.

Enhancing operational cost efficiency in SMEs through entrepreneurial competencies is not just beneficial but essential. By investing in skills development and strategic management, SMEs in Southwest Nigeria can achieve sustainable growth and increased competitiveness.



Recommendations

To enhance operational cost efficiency, SMEs should focus on training programs to build entrepreneurial competencies. Implementing technology and process optimization can also significantly reduce costs and improve service delivery in their operations



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