Managerial Competence and Non-Performance of Small Firms in a Developing Economy

Sanda.A, PhD
Division of Industrial Work Environment
Department of Business Administration, Technology and Social Sciences
Luleå University of Technology, SE – 971 87, Luleå, Sweden
Telephone: +46 920 49 3024, Fax: +46 920 49 10 30

Joceln Sackey
Division of Industrial Work Environment
Department of Business Administration, Technology and Social Sciences
Luleå University of Technology, SE – 971 87, Luleå, Sweden
Telephone: +46 920 49 3838, Fax: +46 920 49 10 30

Ylva Fältholm, PhD
Division of Industrial Work Environment
Department of Business Administration, Technology and Social Sciences
Luleå University of Technology, SE – 971 87, Luleå, Sweden
Tel: +46 920 49 1408; Fax: +46 920 49 1030

ABSTRACT

Executives of small firms in developing economies have the competences to make their firms competitive. Their inability to use their competences to simultaneously attain efficiency and effectiveness in managing their workplaces render them non-competitive. This observation is made following a study that examines the competence challenges of executives of small firms and their non-performance in the Ghanaian industrial environment. Data were collected by surveying 72 executives using questionnaires. The result shows that executives of small firms in Ghana possess the managerial competences and behaviors to enhance the performances of their firms. The executives show a high level of autonomy and influence on the work they manage by appreciably combining their operant competences and their organizational citizenship behaviors. Yet still, despite the executives exhibiting competence and organizational behavior attributes, these characteristics appear not to have positive impacts on their performances toward making their firms competitive. For the executives to be efficient, they should have the capability to use their managerial competences for conducting research optimally (i.e., without wastage) in order to achieve organizational goals. Also, for executives to be effective, they should have the capability to use their requisite competences in carrying out research to complement their other managerial competences toward attaining the firm’s set goals.

Keywords: Executive Competence; Discretionary Behavior; Operant Competence; Small Firms; Developing Economy.
INTRODUCTION

Small and medium-scale enterprises (SMEs) are critical in the economic and social development of most countries. They are especially important for their role in job creation with low investment, entrepreneurship development, regional development, and as suppliers to large companies. Technology-based SMEs also play important roles in the innovation of new products and processes (Sanda, 2006). Institutions, such as the Organization for Economic Co-operation and Development (OECD) provide guidance for donors on support for the private sector in development which emphasizes the importance of SMEs (OECD, 1994). The United Nations Industrial and Development Organization’s (UNIDO) defines small-scale enterprises in developing countries as firms that employ 5 to 19 workers. UNIDO also defines a medium-scale enterprise as firms that employ 20 to 99 workers. In Ghana, SME’s form a great percentage of businesses in both the formal and the informal sector. The Ghana Statistical Services defines small scale enterprises as businesses that have less than 10 employees. Ghana Statistical Services also defines medium and large scale enterprises as businesses with more than 10 employees. The Ghana National Board for Small Scale Industries (NBSSI) uses this definition to identify small business. The NBSSI also uses the value of a firm’s fixed assets as a definition criterion. For example, the NBSSI defines a small-scale enterprise as a firm with maximum of 9 workers that has plant and machinery (excluding land, buildings and vehicles) assets whose total value do not exceed 10 million Ghanaian cedis (Kayanula and Quartey, 2000; Abor and Quartey, 2010).

SMEs and Growth in Developing Economies

Mengu and Grier (1997) argue that irrespective of government policies, SMEs in most developing countries cannot attain their full potential without improvements in their ability to access, absorb, adapt, and exploit new technologies and business techniques. In Ghana, Aryeety (1998) observes that a number of factors, such as access to international markets, technology, equipment and finance are barriers to the development of the SME sector. Gockel and Akoena (2002) relate the prevalence of these barriers to the fact that lack of managerial competencies hampers most executives of these SME’s. Kuffour (2008) explains that the capacities of SMEs in Ghana to translate their strategies into specific policies are critical issues that need addressing. This focus is necessary because SMEs in the Ghanaian industrial environment are incapable of achieving competitive advantage due to the inability of their executives to exhibit the requisite managerial competences that can help motivate and increase their employees’ performances. This view builds from Boyatzis (1982), and Lucia and Lepsinger (1999), that competencies are characteristics that result in effective and outstanding performance. Ghanaian SME executives are unable to achieve much since the kind of managerial competences they require to make their firms’ policies functional are unknown. This challenge relates to the problems such executives normally encounter in their efforts to implement their business policies and strategies efficiently and effectively (Sanda, 2010). The growing evidence that most business executives in Africa are unclear about their managerial roles reinforces this observation. Munene, Bbosa, and Obonyo (2003) note that many of business executives in Africa tend to have the same jobs as their subordinates. Hogg (1993) explains that outstanding performance is a reflection of the competence that an executive has, and the competences average performers possess. This phenomenon is worthy of study, especially from the perspectives of the learning that can be made on managerial competences and their use to motivate and increase employee performances.

LITERATURE REVIEW

The concept of competence is viewable from several perspectives. For example, competence is quantifiable as predictive competence (i.e., testing the characteristics and aptitudes that are
likely to differentiate superior performers), organizational core competencies (i.e., aggregates of capabilities, where synergy is created that has sustainable value and broad applicability for an organization), proven competence (i.e., a real and demonstrated ability to successfully carry out some activity which is totally identified), as well as adaptive competence (i.e., the ability to read a new situation and adapt/apply appropriate competences). Cheng, Dainty, and Moore (2003) argue that research on managerial competence is narrowly focused and confusing in its terminology. A disparity exists between the definitions and assessments of competence developed in the United States and the approaches adopted in the United Kingdom (Cheng et al., 2003). Hogg (1993) argues that predicting a person’s competences based on performance is impossible. Other researchers believe that competencies are the factors that affect the success of performance in a job or situation. Barney (1986, 1991) posits that organizational resources and capabilities that are rare, valuable, non-substitutable, and imperfectly imitable form the basis for a firm’s sustained competitive advantage. This resource-based-view of organizational strategy and competitive advantage has engendered a great deal of theoretical and empirical efforts (e.g., Amit and Schoemaker, 1993; Barney, 1991; Conner, 1991; Hansen and Wernerfelt, 1989; Lado, Boyd, and Wright, 1992; Mahoney and Pandian, 1992; Reed and DeFillippi, 1990; Rumelt, 1991). The resource-based view suggests that human resource systems can contribute to competitive advantage by facilitating the development of competencies that are firm specific. Such competencies embed in a firm’s history and culture, and produce complex social relationships, as well as generate tacit organizational knowledge (Barney, 1992; Reed and DeFillippi, 1990; Wright and McMahan, 1992).

**Distinguishing Between Firms Resources and Capabilities**

Different authors label resources and capabilities differently and these labels reflect a wide range of research objectives and theoretical perspectives. For example, Reed and DeFillippi (1990), and Fiol (1991) label resources and capabilities as distinctive competence, Prahalad and Hamel (1990) label resources and capabilities as core competence, Pavitt (1991) labels resources and capabilities as firm-specific competencies, Ulrich and Lake (1990) as well as Stalk, Evans, and Shulman (1992) label resources and capabilities as organizational capabilities, Prescott and Visscher (1980), Ranson (1987), and Tomer (1987) label resources and capabilities as organizational capital, while Kagire and Munene (2007) also label resources and capabilities as operant competencies. Cheng et al. (2003) view each of these perspectives as incomplete and not providing a comprehensive frame for understanding both managerial competence and the management of performance. Cheng et al. (2003) argue that these perspectives fail to deal with issues of the dynamic environment and the widely different contexts for managerial performance, particularly with regard to identifiable cultural differences. Chong (2008) reinforces Cheng et al.’s (2003) argument by noting that competencies of executives from different nationalities are subject to cultural factors that shape personality and behavioral choices. The arguments by Cheng et al. (2003) and Chong (2008) establish the need to study and understand managerial competences and its impact on employee performances and firm productivity within a sociocultural setting. In this respect, this study has the following two objectives: (1) to identify the competencies that executives of small firms in Ghana use in managing their workplace; (2) to understand why these firms are non-performing. The study poses the following research question. Do executives of SMEs in Ghana possess the relevant managerial competencies for effective work? In addition, the study tests the following hypothesis; executives’ managerial competencies do not relate with their operant competences.

**Conceptual Framework**

The study uses the term, “competent”, to identify someone who is efficient and effective in performing to a standard (Kagire and Munene, 2007). Competency refers to a specific behavior and characteristics of a person that result in effective or superior performance. Boyatzis (1982)
defines competency as an underlying characteristic of an individual that relates causally to effective or superior performance. Competence also refers to areas of work in which a person is competent, and competency refers to the dimensions of behavior lying behind the competent performance (Woodruffe, 1991). McLagan (1997) notes that competencies are products of analyzing jobs, and they link work, people and strategy for improving performance once they are generated. Previous studies (e.g., Organ, 1988; Organ and Konovsky, 1989) show that many of these contributions which aggregate over time and persons considerably enhance organizational efficiency and effectiveness. Thus, Cheng et al. (2003) view the establishment of the competency of individuals to be crucial for further development of an organization. Competency assessment is a versatile and powerful tool in human resource management practices (Armstrong, 2003). Thus competence is about what one needs to know as well as how one needs to do it (Armstrong and Baron, 1995). The concept of competency then refers to applied knowledge and skills, performance delivery, and the behaviors required to get things done very well (Armstrong and Baron, 1995).

Competency profiling is a process through which principal accountabilities of ones competencies and critical outputs could be obtained. These indicate what the role holder has to be able to do, and the behavior required of him/her to perform the role effectively (Armstrong, 2000). According to Armstrong (2000), executives uniformly highlight certain characteristics of competence that are: (a) related to realistic practices that are evident at the work place, (b) expressed as an outcome rather than the procedure or process, (c) observable and assessable, (d) not contain evaluative statements, but instead be tied to performance criteria against which they will be assessed, (e) sensible and specific and not subject to diverse interpretations, and (f) transferable across organizations, industries and occupations. Thus, the establishment of the competency of individuals is crucial for further development of an organization (Cheng et al., 2003). All organizations distinguish between behavior-based competencies that relate to “how the executive acts” and attribute-based competencies that refer to “who the executive is” (Jurie, 2000). Competency is the underlying characteristic of an individual that relates causally to effective or superior performance (Boyatzis, 1982). Woodruffe (1991) suggests viewing competency as the dimensions of behavior lying behind a competent performance. Armstrong (2000) notes that in the process of establishing what executives are able to do, and the behavior required of them to perform the role effectively, their competency profiles must be created.

The dominant approaches in the management literature to identify competence build from the scientific principles of rationalistic research tradition that focus on job analysis (Armstrong, 1991; Cascio, 1995; Ferris, Rowland, and Buckley, 1990; Fine, 1988). Three main approaches are distinguishable. These approaches include the worker-oriented approach, the work-oriented approach, and the multi-method oriented approach (Sandberg, 1994; Veres, Locklear, and Sims, 1990). The worker-oriented approach is the operant approach (Munene, 1996). Although advocates of the worker-oriented approaches take the worker as the point of departure, advocates of the work-oriented approaches take the work as the point of departure (Fine, 1988; Flanagan, 1954). In the work-oriented approach, activities that are central to accomplishing specific work are firstly identified, and then transformed into personal attributes. By doing so, more concrete and detail descriptions of what constitutes competence are generated and, this, largely overcome the problem of generating descriptions of competence that are too general. One basic criticism of the work-oriented approaches is that, a list of work activities does not sufficiently indicate the attributes required to accomplish those activities efficiently (Raven, 1994). Proponents of the multi-method oriented approaches also stipulate that a specific set attributes constitutes competence. What distinguishes the multi-method approaches from the other approaches is that they adopt a more comprehensive approach to competence. In attempts to avoid the criticism against the worker approach and the work-oriented approach, the multi-method approach draws
from both of these approaches (i.e., the worker approach and the work-oriented approach). Veres et al. (1990) note that within the worker-oriented approaches, competence is primarily constituted by attributes possessed by workers, typically represented as knowledge, skills, abilities and personal traits required for effective work performance. For example, a commonly used worker-oriented approach is the job element method (Veres et al., 1990). The relevant attributes are captured through the use of a group of job incumbents and supervisors. The attributes identified are organized into predefined categories. The attributes are then rated to allow quantitative measurement of the correlation between success in accomplishing the work and possession of the designated attributes.

METHODS AND MATERIALS

The conceptual appraisal describes several ways of studying and using competences. For the purposes of this research, operant competencies describe the executive’s specific resources and capabilities that enable him/her to develop, choose, and implement value-enhancing strategies. These resources include all individual-specific assets, knowledge, skills, and capabilities embedded in the individual’s capability, ability and interpersonal relationships. Worker-oriented competence framework guides the study here (Veres et al., 1990). Munene (1996) describes worker-oriented competence as the operant competence framework.

Data Collection
The participants (i.e., data sources) are executives of SMEs in Ghana. Random sampling method was used to draw 100 participants to whom a standardized self-completion questionnaire (Kagire and Munene, 2007) was administered. The questionnaire entails an amalgamation of competencies attributes which allow quantitative measurement of the correlation between success in accomplishing the work and possession of the designated attributes. For instance, “Preparing work plans and establishing activities to be executed in the budget”; Cronbach alpha was 0.95. For instance, “find new ways of doing things, and being practical”; Cronbach alpha was 0.85. The response rating in the questionnaire follow the five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Scale scores were computed by averaging across responses to the items in each scale. The duration for data collection was five weeks.

DATA ANALYSIS & RESULTS

The response rate for the administered questionnaire was 72 percent. The specific competences exhibited by the executives are firstly assessed and Pearson correlation analysis is then carried out to establish the levels of their significance in influencing the executives’ competences attributes. Analyses of respondents’ demographic characteristics (see Figure 1) show that there are more males (68%) than females (32%).
The distribution in Figure 2 shows that majority of the respondents (71%) are in their middle-ages (i.e., 30 years and above).

Generally, the respondents are adequately educated (see Figure 3). Forty (55%) of them are university graduates. Twelve (17%) of them are diploma holders while 16 (22%) of them have certificates. Only 4 (6%) of the respondents do not have a degree or diploma or certificate, but have some level of educational training.

In relation to the number of years respondents’ have been functioning as executives in their firms, the distribution in Figure 4 shows that 24 (33%) of them have been managing their firms for more than 7 years. Twenty-eight (39%) respondents have been executives for a period ranging from 3
to 6 years. Thirteen (18%) were executives for periods of one to two years. Seven (10%) respondents have been managing their firms for less than one year.

![Distribution of Year's Respondent's served as Executives](image)

Therefore, the executives surveyed are qualified and experienced to provide the needed information in the questionnaire that is administered. The sections that follow analyze the managerial competences attributes that the executives use in managing their firms. This analysis is done from the perspectives of the following two themes: identification of managerial competence attributes possessed by the executives; understanding the functional complimentalities of the executives’ competence attributes.

**Identification of Managerial Competence Attributes Possessed by the Executives**

An assessment of the executives’ operant competencies show that in their approach towards achieving results and improving individual and organizational contribution, they most often meet deadlines set for organizational activities. They praise their staff whenever they exhibit good performances and also encourage excellence among work teams in their firms. Aside taking risks in the interest of their firms, they are able to use their competences toward the improvement of individual and organizational contribution towards the achievement of results. The executives exhibit the competences that allow for the smooth set up of their firms’ operational systems, as well as the testing and inspections of their products and services. They exhibit such competences by ensuring the smooth set up of their firms’ operational systems by deciding on the kind of tools and equipment necessary to do a job before hand. They estimate causes of operational errors when they (i.e., errors) occur before proceeding on to decide on what to do to address such errors. The executives also conduct tests as well as carry out inspections of products and services. Furthermore, the executives exhibit innovative competence in finding and creating valuable, useful new products, services, ideas, procedures or processes by finding new ways of doing things well, and also by being practical in their approaches.

The executives exhibit competences in motivating their employees to work together to achieve organizational goals by using the medium of delegation and staff empowerment, and quick decision-making. They also ensure that activities in their firms are planned so as to create a desired work environment by involving their staff in decision-making as well as putting organizational resources to their efficient and effective use. The executives show their competence towards enhancing clear communication with their staff by listening to the ideas of their employees, and giving them feedback. The executives also ensure that they manage their
emotions and behaviors as executives in a social interactive context. They do this by trying very well to understand employees’ issues that do not relate to work but which impact on work performance. The executives exhibit the requisite competences of communicating clearly with their staff. They executives also manage their self-emotions, self-behaviors, and that of their employees in a social interactive manner. They do not take offence when employees criticize them.

**Competence in strategically planning for firm**

In the assessment of the executives’ competences when strategically planning for their firms, 50 (70 %) executives communicate their organization’s mission and vision very often. Fifty-three (78 %) executives also enhance their strategic planning process by initiating strategic ideas as well as reviewing and updating the objectives of their businesses. Forty-five (63 %) executives indicate that in their planning process, they put much emphasis on identifying needed resources and also in developing programs, policies and procedures. The results also show that 60 (83.3%) executives engage in follow-ups as well as monitor and assess the progress of their business operations. The implication here is that SME executives in Ghana exhibit the requisite competences that enhance their capacities to strategically plan their businesses, as well as assess and monitor progress of their firms’ operations. Correlation analysis between these managerial competences categories show that they are very significantly correlated (see Table 1). This indicates that the executives’ exhibitions of specific competences are positively influenced by their ability to exhibit the other competences.

**TABLE 1: Pearson Correlation Coefficients for Relationship between Executives’ Specific Competences in Strategically Planning for the Firm**

<table>
<thead>
<tr>
<th></th>
<th>Communicating the organisation mission and vision</th>
<th>Initiating strategic ideas, reviewing and updating the objectives of the department</th>
<th>Identifying resources and developing programs, policies and procedures</th>
<th>Following up, monitoring and assessing the progress of operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating the organisation mission and vision</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiating strategic ideas, reviewing and updating the objectives of the department</td>
<td>.68**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identifying resources and developing programs, policies and procedures</td>
<td>.62**</td>
<td>.83**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Following up, monitoring and assessing the progress of operations</td>
<td>.58**</td>
<td>.65**</td>
<td>.76**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).

**Competence in producing financial resources and budgets**

Analysis of the executives’ competence in developing, mobilizing and producing financial resources and budgets show that 48 (67%) of them review their budget and financial activities most often. Fifty-two (72%) executives most often prepare work plans and establish activities to be executed in the budget, while 47 (65%) others engage in resources allocation and budget implementation. Fifty-one (71%) executives also use the medium of monitoring, evaluation and budget performance review in developing, mobilizing and producing their financial resources and budgets. The implication here is that SME executives in Ghana exhibit the requisite competences that enhance their capacities to develop, mobilize and produce financial resources and budgets for
their firms. These competences are also very significantly correlated (see Table 2), and as such the executives’ exhibition of a specific competence is positively influenced by their ability to exhibit the other competences.

**TABLE 2: Pearson Correlation Coefficients for Relationship between Executives’ Specific Competences in Producing Financial Resources and Budgets**

<table>
<thead>
<tr>
<th>Reviewing previous budget and financial activities.</th>
<th>Preparing Work plans and establishing activities to be executed in the budget.</th>
<th>Allocating resources and implementing budget</th>
<th>Allocating resources and implementing budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewing previous budget and financial activities.</td>
<td>1</td>
<td>.84**</td>
<td>.74**</td>
</tr>
<tr>
<td>Preparing Work plans and establishing activities to be executed in the budget.</td>
<td>.84**</td>
<td>1</td>
<td>.74**</td>
</tr>
<tr>
<td>Allocating resources and implementing budget</td>
<td>.76**</td>
<td>.81**</td>
<td>.81**</td>
</tr>
<tr>
<td>Following up, monitoring and assessing the progress of operations</td>
<td>.74**</td>
<td>.76**</td>
<td>.84**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).

**Competence in creating work environment for high performance**

In this analysis, the competences that the executives use to create work environment for high performance and utilization of human resources and management of their individual development plans is assessed. Fifty (69%) executives note that they often engage themselves in the monitoring and evaluation of their firms’ programs and activities. Thirty-eight (52.8%) others indicate that they often conduct research and surveys of the organization’s products, services and operations. Forty-five (63%) executives note that they assess their firms’ policies and procedures and then make appropriate recommendations. They also earmark organizational issues to be given special attention by reviewing, editing and approving reports. The implication here is that SME executives in Ghana exhibit competences that facilitate their ability to utilize their human resources and manage their employees’ individual development plans. Correlation analysis shows that these competences correlate significantly (see Table 3).
Monitoring, reviewing and evaluating the physical assets management system | Implementing systems for utilization and development of a competent workforce. | Reviewing the capacity of staff, setting and communicating performance targets. | Reviewing assigned tasks, appraising and supporting staff. | Identifying training needs, training opportunities available and costs to be incurred |
---|---|---|---|---|
Initiating, developing and reviewing performance management systems | 1 | .77** | 1 | 1 |
Implementing systems for utilization and development of a competent workforce. | 1 | 1 | .66** | 1 |
Reviewing the capacity of staff, setting and communicating performance targets. | .66** | 1 | .64** | 1 |
Reviewing assigned tasks, appraising and supporting staff. | .64** | .65** | 1 | 1 |
Identifying training needs, training opportunities available and costs to be incurred | .67** | .70** | .78** | .83** | 1 |

**. Correlation is significant at the 0.01 level (1-tailed).

**Competence in developing and safeguarding physical resources**

Regarding the competences that the executives’ exhibit in order to develop, mobilize and produce financial resources and budgets, 48 (67%) executives indicate that they most often ensure that their previous budget and financial activities are reviewed. Fifty-two (72%) executives note that they do these by preparing work plans and establishing activities to be executed in the budget, while 47 (65%) others engage in resources allocation and budget implementation. Fifty-one (71%) executives use the medium of monitoring, evaluation and budget performance review in developing, mobilizing and producing their financial resources and budgets. Forty-eight (67%) executives involve themselves in the monitoring, reviewing and evaluation of their firms’ management system in their approach towards developing and maintaining profitable cooperation and relationship with key stakeholders. Forty-nine (68%) executives indicate that they most often account for the organization’s physical assets, while 49 (70%) executives engage in developing proper classification of their firm’s assets for maintenance and budgetary purposes.

**TABLE 4: Pearson Correlation Coefficients for Relationship between Executives’ Specific Competences in Maintaining Relationship with Key Stakeholders.**

<table>
<thead>
<tr>
<th>Monitoring, reviewing and evaluating the physical assets management system</th>
<th>Accounting for the firm’s physical assets.</th>
<th>Developing proper classification of assets for maintenance and budgetary purposes</th>
<th>Organizing and attending to stakeholder communications</th>
<th>Providing feedback to management and staff on firm’s business trends.</th>
<th>Exploiting opportunities that add value to firm and recommend on how to compete or cooperate effectively.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring, reviewing and evaluating the physical assets management system</td>
<td>1</td>
<td>.76**</td>
<td>1</td>
<td>.77**</td>
<td>1</td>
</tr>
<tr>
<td>Accounting for the firm’s physical assets.</td>
<td>.76**</td>
<td>1</td>
<td>.73**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Developing proper classification of assets for maintenance and budgetary purposes</td>
<td>.73**</td>
<td>1</td>
<td>1</td>
<td>.67**</td>
<td>1</td>
</tr>
<tr>
<td>Organizing and attending to stakeholder communications</td>
<td>.58**</td>
<td>.51**</td>
<td>.62**</td>
<td>1</td>
<td>.71**</td>
</tr>
<tr>
<td>Providing feedback to management and staff on organisation-business trends.</td>
<td>.62**</td>
<td>.62**</td>
<td>.76**</td>
<td>.82**</td>
<td>1</td>
</tr>
<tr>
<td>Exploiting opportunities that add value to firm and recommend on how to compete or cooperate effectively.</td>
<td>.66**</td>
<td>.63**</td>
<td>.74**</td>
<td>.71**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).
The implication here is that SME executives in Ghana exhibit the requisite competences that enhance their capacities to develop, mobilize and produce financial resources and budgets for their firms. The executives also exhibit the requisite competences that facilitate their efforts towards developing and maintaining profitable cooperation and relationship with key stakeholders of the organization. Correlation analysis between these competences that the executives exhibit shows that they correlate significantly (see Table 4). As such, the exhibition of a specific competence by the executives is positively influenced by their ability to exhibit other competences.

**Competence in accessing information and communication systems**

The competences shown by the executives that enable them to maintain as well as access information and communication systems is appraised here. Forty-seven (65%) of the executives indicate that they engage mostly in organizing and attending to stakeholder communications, such as management and staff meetings. Forty-eight (67%) executives note that they engage themselves in the provision of feedback to management and staff on organization-business trends. Fifty-four (75%) executives exploit opportunities that add value to their firms and make recommendations on how to compete or cooperate effectively. The implication here is that SME executives in Ghana exhibit the requisite competences that allow them to maintain and access information, as well manage their firms’ communication systems. Correlation analysis between these competences exhibited by the executives show that they are very significantly correlated (see Table 5). As such, the exhibition by the executives of a specific competence is positively influenced by their ability to exhibit the other competences.

**TABLE 5: Pearson Correlation Coefficients for Relationship between Executives’ Specific Competences in Accessing Information and Communication Systems**

<table>
<thead>
<tr>
<th>Identifying information and communication requirements.</th>
<th>Implementing work flows that facilitate accessing, collecting and processing data</th>
<th>Analyzing, filtering and disseminating available information</th>
<th>Developing networking tools for information and knowledge exchange.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying information and communication requirements.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementing work flows that facilitate accessing, collecting and processing data</td>
<td>.72**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Analyzing, filtering and disseminating available information</td>
<td>.72**</td>
<td>.85**</td>
<td>1</td>
</tr>
<tr>
<td>Developing networking tools for information and knowledge exchange.</td>
<td>.80**</td>
<td>.82**</td>
<td>.82**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).

**Competence in producing and analyzing business reports and policies**

In producing and analyzing reports, proposals, policies and procedures, 47 (65%) executives most often identify their firms’ information and communication requirements as well as implementing work flows that facilitate accessing, collecting and processing data. They compliment these by analyzing, filtering and disseminating available information. The executives also engage in developing networking tools for information and knowledge exchange. The implication from this analysis is that SME executives in Ghana exhibit competences that enhance their capacities towards the production and analyses of reports, proposals, policies and procedures for their firms.
Correlation analysis between these competences exhibited by the executives shows that they are very significantly correlated (see Table 6), and as such the exhibition by the executives of a specific competence are positively influenced by their ability to exhibit the other competences.

**TABLE 6: Pearson Correlation Coefficients for Relationship between Executives’ Specific Competences in Producing and Analyzing Reports, Proposals, Policies and Procedures.**

<table>
<thead>
<tr>
<th>Monitoring and evaluating programs and activities</th>
<th>Conducting research and surveys of the firm’s products, services and operations</th>
<th>Assessing policies and procedures and making appropriate recommendations</th>
<th>Earmarking issues to be given special attention</th>
<th>Reviewing, editing and approving reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring and evaluating programs and activities</td>
<td>1</td>
<td>.29** .31** .40**</td>
<td>.76** .29** .30** .78** .81** .76**</td>
<td>.78** .78**</td>
</tr>
<tr>
<td>Conducting research and surveys of the firm’s products, services and operations</td>
<td>.29** .31** .40**</td>
<td>1</td>
<td>.76**</td>
<td>.78** .78**</td>
</tr>
<tr>
<td>Assessing policies and procedures and making appropriate recommendations</td>
<td>.76** .31** .40**</td>
<td>1</td>
<td>.76**</td>
<td>.78** .78**</td>
</tr>
<tr>
<td>Earmarking issues to be given special attention</td>
<td>.76** .30** .81**</td>
<td>.76** .30** .81** .78** .79**</td>
<td>1</td>
<td>.78** .78**</td>
</tr>
<tr>
<td>Reviewing, editing and approving reports</td>
<td>.78** .29** .30** .78** .81** .76**</td>
<td>.76** .30** .81** .78** .79**</td>
<td>1</td>
<td>.78** .78**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).**

Understanding the Complimentalities of the Executives’ Competence Attributes

The executives’ show specific competency attributes necessary for managing an organization. Based on this observation, further correlation analysis (see Table 7) test whether or not the different competence attributes the executives use in executing the specific tasks correlate significantly to each other. The executives’ perceptions of status, the need for consultation, and the degree of openness of communication between executives and their subordinates are likely to influence the managerial competencies (i.e., intra-competence attributes) (Chong, 2008).

**TABLE 7: Pearson Correlation Coefficients for Relationship between Different Competences Attributes Exhibited by Executives**

<table>
<thead>
<tr>
<th>Strategically plan for the firm</th>
<th>Develop, mobilize and produce financial resources and budgets.</th>
<th>Create a work environment for high performance.</th>
<th>Develop and implement system for utilizing physical resources and also maintain profitable cooperation and relation with key stakeholders.</th>
<th>Maintain and access information.</th>
<th>Produce and analyze reports, proposals, policies and procedures.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategically plan for the firm</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Develop, mobilize and produce financial resources and budgets.</td>
<td>.51** - .72**</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>.14 - .87**</td>
</tr>
<tr>
<td>Create a work environment for high performance.</td>
<td>.42** - .78**</td>
<td>.52** - .77**</td>
<td>-</td>
<td>-</td>
<td>.15 - .86**</td>
</tr>
<tr>
<td>Develop and implement system for utilizing physical resources, and also maintain profitable cooperation and relation with key stakeholders.</td>
<td>.40** - .71**</td>
<td>.45** - .69**</td>
<td>.39** - .68**</td>
<td>-</td>
<td>.14 - .73**</td>
</tr>
<tr>
<td>Maintain and access information.</td>
<td>.44** - .64**</td>
<td>.56** - .72**</td>
<td>.53** - .72**</td>
<td>.57** - .81**</td>
<td>.17 - .82**</td>
</tr>
<tr>
<td>Produce and analyze reports, proposals, policies and procedures.</td>
<td>.14 - .67**</td>
<td>.15 - .86**</td>
<td>.14 - .73**</td>
<td>.17 - .82**</td>
<td>.29** - .84**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).**

*. Correlation is significant at the 0.05 level (1-tailed).
From the correlation coefficients ranges shown in Figure 7 above, the specific competences in five of the competence attributes used by the executives to carry out specific tasks are significantly correlated to each other. These concern the competence attributes the executives exhibit in carrying out the following five functions: (1) strategically planning for the firm; (2) developing, mobilizing and producing financial resources and budgets for the firm; (3) creating a work environment for high performance and utilization of the firm’s human resources and the management of their individual developments; (4) developing, reviewing, maintaining and implementing a system for the acquisition, utilization and safeguarding physical resources, as well as maintaining profitable cooperation and relation with key stakeholders of the firm; (5) maintaining and accessing the firm’s information and communication systems.

The only exception is that some specific competences in this competence attributes do not significantly correlate with the executives’ specific competence in conducting research and surveys of their firms’ products, services and operations. Correlation analysis shows that the executives’ competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .14$) to their competences in initiating strategic ideas, reviewing, and updating their firm’s objectives. Similarly, the executives’ specific competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .18$) to their specific competence in identifying resources and developing programs, policies and procedures. The implication here is that the executives cannot use their competences in producing and analyzing reports, proposals, policies, and procedures to reinforce their capacity to strategically plan for their firms.

The executives’ specific competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .15$) to their specific competence in preparing work plans and establishing activities to be executed in the budget. The implication here is that the executives cannot use their competences in producing and analyzing reports, proposals, policies and procedures to reinforce their capacity to develop, mobilize and produce their firm’s financial resources and budgets.

The executives’ specific competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .14$) to their specific competence reviewing the capacity of staff, setting and communicating performance targets. The implication here is that the executives cannot use their competences in producing and analyzing reports, proposals, policies and procedures to support their ability to create a work environment for high firm performance, and the utilization of human resources.

The executives’ specific competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .17$) to their specific competence in organizing and attending to stakeholder communications like management and staff meetings. Similarly, the executives’ competence in conducting research and surveys of their firms’ products, services and operations is not significantly correlated ($\alpha = .19$) to their competence in exploiting opportunities and making recommendations on how to compete or cooperate effectively. The implication here is that the executives cannot use their competences in producing and analyzing reports, proposals, policies and procedures to compliment their capacity to develop and maintain profitable cooperation with their firm’s key stakeholders.
DISCUSSION

The SME executives exhibit competence in working to achieve results and to improve individual and organizational contribution. This relationship is due to their ability to meet deadlines, praise good performance, encourage excellence among the team, and take risks in the interest of the organization. The executives also show the requisite competence in ensuring smooth set up of operational systems by deciding the kind of tools and equipment necessary to do a job. They also decide causes of operational errors and deciding what to do, and conducting tests and inspections of products and services. The executives’ show their managerial competence for motivating employees to work together to achieve organizational goals by delegating tasks and empowering staff. They also engage in quick decision-making and work hard to set pace for the teams in their firms. Involving staff in decision making and putting resources to their efficient and effective use portrays the executives as possessing the requisite competence for ensuring planning activities to create a desired organizational/work environment. By delegating, the executives need to allow for the existence of freedom in work activities within their firms’ contexts of directions. This delegation is necessary, according to Kim (2004), because, once freedom, support from management, and directions are present, the context empowers workers to achieve high performance for the organization. As Dennison (1984) argues, empowering employees provides them with high work meaningfulness, competence, self-determination and impact that lead to organizational effectiveness (Lee and Koh, 2001). Empowerment within organization is another way to give rise to the intensity of effort (Kim, 2004). In this respect therefore, most SME executives in Ghana exhibit the requisite organizational citizenship behavior attributes that enable them to plan activities in their firms. They create a desired-organizational/work environment and also motivate their employees to work together to achieve organizational goals.

The executives’ tendency to listen to the ideas of others, and also give feedback is reflective of their competency in making efforts to communicate clearly with every staff. Also, their ability to find new ways of doing things, as well as being practical shows them as possessing the competence for finding and creating valuable new products, services, ideas, procedures and/or processes. Finally, the executives portray their competence in ensuring that emotions and behaviors of oneself and others are managed in a social interactive context by valuing and working with subordinates without taking personal offence when criticized. They also show an understanding of workers issues not related to work, but which impact on work performance. Thus, Ghanaian SME executives possess the requisite managerial competence attributes that allow them to function effectively. The executives show specific behaviors and characteristics of persons that result in the effective or superior performance (Mansfield, 1999). In this respect, the executives are competent in their handling of the following four interrelated aspects of jobs outlined by Mansfield (1999): (a) technical expectations, (b) managing change, (c) managing different work activities and (d) managing work relationships. As Organ (1988) argues, business executives need to have the requisite competences that differentiate them from their subordinates. The business executives must use these competences to engage in behaviors that are important to the well-being of their organizations. They must also use it to motivate and increase their employees’ in-role performances.

The conceptual importance of the observations made above is the emergence of the executives’ competences as reflective of those characteristics that signifies superior performance. The executives’ perceptions of their influence on work activities and the use of their discretionary competencies had a strong independent positive influence on the mobilization of competences. Organizational citizenship behavior is the individual’s behavior that is discretionary, and which in the aggregate promotes the effective functioning of the organization (Organ, 1988). Such
discretionary behaviors are more strongly mobilized when the employees have a strong level of affective attachment to the organization (Tremblay, 2000). In this regard therefore, this study has shown that SME executives in Ghana possess the competences to enhance the performances of their firms. This postulation builds on Barney’s (1991) resource-based theoretical argument that, competencies lead to firm performance for sustained competitive advantage. But the analysis of the executives’ managerial competences indicates that their specific competence in conducting research and surveys of their firms’ products, services and operations do not relate significantly to their competences in undertaking some managerial tasks. These tasks include the following: (1) initiating strategic ideas, reviewing and updating the firm’s objectives; (2) identifying resources and developing programs, policies and procedures; (3) preparing work plans and establishing activities to be executed in the budget; (4) reviewing the capacity of staff, setting and communicating performance targets; (5) organizing and attending to stakeholder communications like management and staff meetings; (6) exploiting opportunities that add value to the organization and making recommendations on how to compete or cooperate effectively. Yet, the analysis of the executives’ operant competences shows the executives as exhibiting innovative competence when trying to find and create valuable, useful new products, services, ideas, procedures or processes. They exhibit innovative competence by finding new ways of doing things well and also being practical in their approaches. These activities represent a limitation to the functionality of the firm, and perhaps an indication that the executives engage themselves in finding new ways of doing things for their firms without much emphasis on conducting research and surveys of their firms’ products, services and operations. This observation, as Barney (1991) argues, raises the issue of how competency can lead to firm performance for sustained competitive advantage.

The term, competent, identifies someone who is efficient and effective or who has the ability to perform to a standard (Kagire and Munene, 2007). By this definition, an executive’s competence can become visible if she is efficient and effective in whichever competence attribute that she exhibits. This view brings to the fore the efficiency-effectiveness dilemma in management, whereby executives are challenged in their attempt to be efficient and effective in managing their workplaces.

CONCLUSION

Based on the results and discussion, the executives of SME in Ghana appear to show a high level of autonomy and influence on the work they manage by appreciably combining their operant competences and their organizational citizenship behaviors. The executives’ use of their operant competencies has a strong independent positive influence on the mobilization of their discretionary behaviors (Tremblay, 2000). By implication, and in consonance with the suggestions of MacKenzie, Podsakoff and Fetter (1991), organizational citizenship behavior (Organ, 1988) is apparently an important class of behavior that reflects on the overall managerial performance of SME executives in Ghana. Thus, the findings that the executives possess the requisite competence and organizational behavior attributes, but which characteristics did not impact positively on their performances towards making their organizations competitive is of phenomenal interest.

Since SME executives in Ghana possess the requisite competences and discretionary behaviors to enhance the performances of their firms, it is hypothesized that their inability to make such competences reflect in the performances of their businesses might be due to their abilities to simultaneously attain efficiency and effectiveness in the management of their workplaces. For the competencies inherent in SME executives to become visible and impact positively on the
business they manage, then they must be seen to be efficient and effective in complementing whichever competence attribute they exhibit with their competence for conducting research and surveys of the firms’ products, services and operations. For the executives to be efficient, they should have the capability to use their managerial competences for conducting research optimally (i.e., without wastage) in order to achieve organizational goals. Also, for them to be effective, they should have the capability to use their requisite competences in carrying out research to complement their other managerial competences toward attaining the firm’s set goals.

Nurturing competency of SME executives may be possible by establishing what they (i.e., executives) can do to overcome the limitations relating to their inability to complement their managerial competences in conducting research efficiently and effectively.

LIMITATION

Focusing the study on SME executives in Ghana alone is a limitation, since a study of other countries could provide findings with a broad perspective, and which could have had an impact on the results.

SIGNIFICANCE OF RESEARCH

This research is relevant in its practical and theoretical insights into aspects of the challenges facing executives in Ghanaian SMEs. The findings made on the competences and organizational citizenship behavior among the executives can help sustain and support the achievement of the intended organizational and individual outcomes required of Ghanaian SMEs within a competitive world of work. The outcome of this research contributes to the sum total of knowledge in the study and practice of organizational citizenship behavior and operant competences in the field of human resource management. Specifically, for Ghana, this research provides a platform for the development of a database that will help inform policy-makers on the requisite competences and organizational citizenship behavior to be required of SME executives in managing businesses.

REFERENCES


