

The Nexus Between Entrepreneurship and Skill Acquisition: Evidence from Small Business Owners

SHUAIB, R. O.¹, ISMAILA, T. J.², OLABINTAN, O.³, ONAOPEPO, L. A.⁴

^{1, 2, 3}Entrepreneurship Department, Kwara State University, Malete

⁴Business Administration Department, National Open University of Nigeria

***Abstract-** This paper analyses the association between skill learning and entrepreneurial performance of small business owners and how technical skills, managerial skills and interpersonal skills affect the results of the business. The survey design was used and 200 small business owners were sampled out of which 188 responses were valid. Pearson correlation and multiple regression were used to analyze data to investigate the relationships between acquisition of skills and entrepreneurial performance. The findings show that there is a moderate positive correlation between overall skill acquisition and business performance ($r = 0.52$, $p < 0.01$), which implies that those entrepreneurs who actively work on the acquisition of relevant skills have a higher operational efficiency and growth. Moreover, regression analysis showed that technical, managerial and interpersonal skills have a significant impact on the performance of the small business with managerial skills having the highest influence. These results indicate the importance of the ongoing learning process and skill improvement in future entrepreneurial success and maintenance of competitive advantage in the small business setting. On the basis of these insights, the research proposes focused training, mentorship and policy assistance to enable skill building among the entrepreneurs. The research is relevant to the increasing literature on entrepreneurship in that it offers empirical data on the role of structured acquisition of skills in business performance and the research has practical implications on both the practitioners and policymakers in the development of small businesses.*

Keywords: Skill Acquisition, Entrepreneurial Performance, Small Business, Technical Skills, Managerial Skills, Interpersonal Skills.

I. INTRODUCTION

It is generally accepted that entrepreneurship is an essential contributor to an economic growth, creation of jobs, and innovation, especially in developing economies, where small businesses are dominant in productive activities (Global Entrepreneurship Monitor [GEM], 2023; World Bank, 2023).

Nevertheless, the success and sustainability of entrepreneurial enterprises is not just about the availability of finance and market opportunities, but also of the acquisition of the relevant skills that help entrepreneurs find opportunities, risk management, and adjust to the changing business environments. It is against this reason that skill acquisition has become a key element in modern entrepreneurship rhetoric.

The term skill acquisition defines the process by which people acquire technical, managerial, and interpersonal skills in the course of formal education, vocational training, apprenticeships, and experience (International Labour Organization [ILO], 2022). According to the previous research, entrepreneurs with a variety of skills would be better in terms of decision-making ability, innovativeness, and business outcomes than less-skilled ones (Ohagwu et al., 2023). This is in accordance with the human capital theory, which assumes that productivity and economic performance at individual and firm levels are improved by investments in skills and knowledge (Becker, 1993).

Although there has been an increasing academic interest on entrepreneurship and skills development, there is lack of empirical studies that explore the nexus of entrepreneurship and development of skills among the practice small business owners. The current research has extensively addressed students, trainees, or participants of entrepreneurship education programmes, without much consideration of entrepreneurs who have to work within real market parameters (Akinwale & Adepoju, 2022; GEM, 2023). In addition, the empirical data on the relationship among the various types of skills, such as technical, managerial, and soft skills, in terms of their combined effect on entrepreneurial performance at the micro-enterprise level is lacking.

It is on this background that this paper explores the nexus between entrepreneurship and skill acquisition using the data of small business owners. The study adds to a more detailed interpretation of how the acquired skills can be converted into business performance and sustainability by examining the lived experiences of entrepreneurs, which has implications to the policy of entrepreneurship, training design, and strategies of small business development.

II. PROBLEM STATEMENT

Although literature confirms that entrepreneurship requires skills, there are a number of unanswered questions:

1. The absence of empirical study of small business operators: In most studies, the researcher is evaluating students or participants of a program instead of real entrepreneurs in competitive markets (Obafemi et al., 2025; Ohagwu et al., 2023).
2. Lack of clarity in mechanisms of influence: The interaction between technical, managerial and soft skills to influence business outcomes has not been well modelled and tested.
3. Lack of contextual evidence: There is a dearth of studies on how learning skills can be converted into performance outcomes in firms on a regional or economic environment, especially in developing economies where informal enterprise relations are prevalent.

Research Objective 1

To examine the relationship between skill acquisition and entrepreneurial performance among small business owners.

- Hypothesis (H₀₁):
There is no significant relationship between skill acquisition and entrepreneurial performance among small business owners.

Research Objective 2

To assess the influence of technical, managerial, and interpersonal skills on small business performance.

- Hypothesis (H₀₂):
Technical skill acquisition has no significant effect on the performance of small businesses.
- Hypothesis (H₀₃):
Managerial skill acquisition has no significant influence on entrepreneurial outcomes among small business owners.
- Hypothesis (H₀₄):
Interpersonal (soft) skill acquisition does not significantly affect the performance of small business enterprises.

Research Objective 3

To examine the effect of skill acquisition on the sustainability of small business enterprises.

- Hypothesis (H₀₅):
Skill acquisition has no significant effect on the sustainability of small business enterprises.

Conceptual Framework

The given framework places the skill acquisition as an independent construct that affects the entrepreneurial performance (dependent variable) by three mediating categories of skills:

- Technical competencies (e.g., product/service competency)
- Managerial skills (e.g. financial management, planning) skills.
- Interpersonal or soft skills (e.g. communication, problem-solving)

This framework presupposes that these categories are jointly determined in the way of business decision-making, innovation ability, and competitiveness on the market. Empirical evaluation of these relationships will be done through surveys and structured interviews with small business owners.

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Figure 1: Conceptual Framework

III. LITERATURE REVIEW

Theoretical Cues to the Entrepreneurship-Skill Acquisition Nexus

Entrepreneurship and skill acquisition are closely positioned on the human capital theory which postulates that investment in education, training and experience increases the productivity and economic performance of an individual (Becker, 1993). In the entrepreneurship literature, skills are considered strategic resources to allow an entrepreneur to identify opportunities, mobilize resources, and deal with uncertainty (Minai et al., 2018). Technical, managerial, and interpersonal skills are typically integrated into entrepreneurial competencies and they all affect venture performance and creation (Ohagwu et al., 2023).

In this sense, learning a skill is not preparatory but part of the entrepreneurial activity. Through formal education, vocational training, apprenticeship, and experience, entrepreneurs constantly learn and develop new skills that enable them to address the challenges of competition and institutional and thus enhance their ability to respond to them (ILO, 2022). The entrepreneurship-skill acquisition nexus is thus an interaction between skills and entrepreneurial practice, where skills are acquired and entrepreneurial practice is influenced by skills.

Empirical Data regarding Skills Learning and Entrepreneurship

There is always empirical evidence that shows that skills acquisition is positively correlated with the development of entrepreneurship. Studies conducted in the developing economies demonstrate that entrepreneurs possessing more acquired skills have

higher chances of establishing business sustainability, profitability, and growth (Musa & Bawa, 2023; Padi, 2022). The acquisition programmes on skills have been observed to improve entrepreneurial skills including opportunity recognition, innovation and financial management; which are very essential in the success of small businesses.

Research on entrepreneurship education also indicates that systematic training has a significant positive effect on the acquisition of skills and entrepreneurial preparedness (Obafemi et al., 2025). Likewise, according to small and medium enterprises, entrepreneurs with a wide range of skills are more successful in their decision-making and strategic planning compared to those whose competences are limited (Akinwale and Adepoju, 2022). These results support the notion that the ability to acquire skills is one of the key drivers of entrepreneurial performance.

Types of Skills and Entrepreneurial Performance

In the literature, it is differentiated that technical, managerial, and interpersonal skills are major dimensions of entrepreneurial competence. There are technical skills that are associated with delivering products or services and operational effectiveness and managerial skills, which involve planning, financial management, and resource coordination (Minai et al., 2018). In the process of business development, interpersonal skills, including communication, networking, and leadership, are important because they enable access to the market and relationships with stakeholders (Ohagwu et al., 2023).

Empirical studies have indicated that the impact of these types of skill is complementary to the performance of entrepreneurs. When entrepreneurial skills are integrated with technical skills plus managerial and interpersonal skills, they are more likely to portray greater degrees of innovation and resilience (Padi, 2022). Nevertheless, the proportion of each category of skills is context-dependent and little studied, especially in the case of people who practice in small businesses.

Gaps in the Existing Literature

Although a lot of literature exists on entrepreneurship and skills development, there are still some significant

gaps. First, most of these studies target the students or programme beneficiaries, but do not target the active owners of the small business, which constrains the generalizability of the results to the real-life entrepreneurial contexts (Obafemi et al., 2025). Second, empirical disaggregation of the types of skills has been lacking to ascertain their specific and combined impacts on the performance of entrepreneurs (Akinwale and Adepoju, 2022). Third, contextual evidence in the developing economies is still disjointed, and there is a necessity to have location-specific studies that would represent various entrepreneurial settings.

Summary and Justification of the Study

In conclusion, the literature review supports the significance of skill acquisition in the development of entrepreneurship but does not give any empirical evidence on how this association works among business owners practicing. These gaps need to be filled to develop further knowledge on the entrepreneurship-skill acquisition nexus as well as to inform policies to enhance entrepreneurial capacity. This research is thus a contribution to the literature since it empirically analyzes the impact of the acquired skills on the performance of an entrepreneur in relation to small business ownership.

IV. METHODOLOGY

Research Design

The research will assume a quantitative cross-sectional survey design to explore the nexus between the acquisition of skills and the entrepreneurial outcomes among small business owners in Offa Metropolis. Cross-sectional approach is especially appropriate to study relationships and effects at one point in time, thus making it possible to empirically test the hypotheses put across (Creswell & Creswell, 2018). Such a design will guarantee that the collected data will be based on up-to-date skill levels and business performance, which will represent a sound foundation of statistical analysis.

Population and Sample

The target market will be owners of small business located within the Offa Metropolis which is a mix of

retail, service and micro-manufacturing businesses. The local business registry reports show that there is about 1,500 active small businesses in the metropolis. A sample of 306 respondents was deemed to be representative using Cochran (1977) formula of calculating the sample size at a 95% level of confidence and 5% level of error. The sampling method used was stratified random sampling to make sure that all business sectors were proportionately represented hence increasing the generalizability.

Data Collection Instrument

Data were gathered using a structured questionnaire in the form of primary data, and it consisted of four parts:

1. Demographic Data- including age, gender, education and type of business.
2. Skill Acquisition - measuring technical, managerial, and interpersonal skills through a Likert scale (1 = strongly disagree to 5 = strongly agree) based on validated skill measurement instruments (Noe, 2017).
3. Entrepreneurial Performance - assessed with the help of financial (sales growth, profitability) and non-financial (customer satisfaction, innovation) indicators through the framework by Rauch et al. (2009).
4. Business Sustainability - measured with the help of market growth, operational sustainability, and flexibility (Morris et al., 2018).

To determine the reliability of the questionnaire, it was pre-tested using 30 small business owners in a nearby town. The alpha coefficients of all constructs were above 0.80 which is very high internal consistency.

Data Collection Procedure

The data was collected in person through the trained research assistants to facilitate response completeness and clarity. Ethical issues, such as informed consent, confidentiality, and voluntary participation were also strictly followed. The data was collected in a span of four weeks to fit the schedule of the business owners and increase the response rate.

Data Analysis Techniques

The research uses both descriptive and inferential statistics with the help of SPSS (v28) and SmartPLS as a structural equation modeler:

The respondents were profiled and skill levels and performance indicators were summarized with descriptive statistics (mean, standard deviation, frequency).

Pearson correlation was used to test H01, which was the correlation between skill acquisition and entrepreneurial performance.

The use of multiple regression analysis was used to test H02, H03, and H04, which determined the impact of technical, managerial, and interpersonal skills on business performance.

Hierarchical regression and path analysis were used to test H05 to determine the impact of skill acquisition on the sustainability of small businesses when controlling the business age and size.

All the tests were performed at a confidence level of 95 ($= 0.05$) and results were interpreted in terms of p-values and standardized coefficients to find out the level of statistical significance and practical usefulness.

V. RESULTS AND DISCUSSION

Response Rate

Out of the 200 administered questionnaires, 188 were returned and considered valid, which gave a response rate of 94%. Such participation is regarded as outstanding in terms of research that relies on surveys and implies a low possibility of non-response bias, thus improving the reliability and representativeness of the results (Dillman et al., 2014).

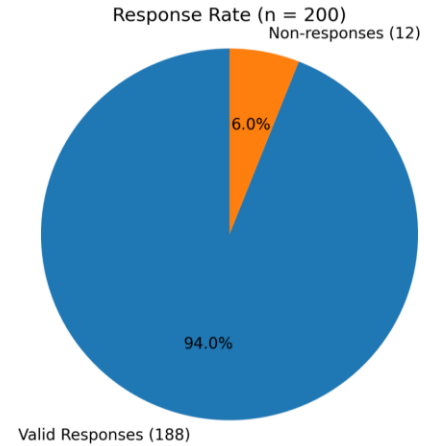


Figure 2: Response Rate

Demographic Characteristics of the Respondents

The respondent profile indicates a relevant and diverse sample to the study. There was a balance in the gender representation with 58.5 and 41.5 percent of male and female respondents respectively. The age distribution included individuals of the age group 31-40 years (48.9 per cent), then the age group of 18-30 years (23.9 per cent), which indicates a high number of young and economically active entrepreneurs. Educationally, the majority of the respondents were post-secondary and the majority (37.2 and 31.9) were Diploma/NCE and degree holders, which is a significant point of interest as it suggests that the sample was rather educated. In terms of business experience, more than half (53.2) of the respondents had a 1-5 years experience in running their businesses with 26.6% having an experience of 6-10 years, meaning that the sample was dominated by early-mid stage entrepreneurs with enough practical experience to inform the study findings.

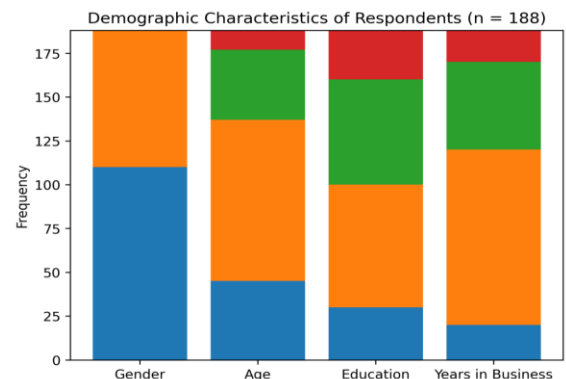


Figure 3: Demographic Information

Objective One

The result of the analysis in Figure 4 showed that there is a moderate positive correlation between the skill acquisition and entrepreneurial performance ($r = 0.52$, $p < 0.01$), which suggests that the greater the skill acquisition, the better the business performance is. The result is consistent with the previous studies that ranked the entrepreneurial skills such as technical, managerial and strategic skills to improve the decision-making, the opportunity recognition and the overall performance (Baron and Markman, 2003; Mitchelmore and Rowley, 2013). The findings demonstrate the relevance of ongoing development of skills to the small business owners as the means of enhancing the efficiency of operations and creating a sustainable growth (Kuratko, Morris, and Schindehutte, 2015; Rae, 2006).

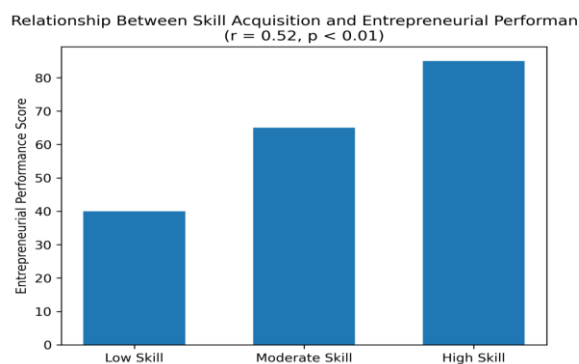


Figure 4: Nexus between Skill Acquisition and Entrepreneurial Performance

Objective 2: Skills Influence on Small Business Performance

Results in Figure 5 suggest that technical, managerial, and interpersonal skills all have a significant influence on small business performance, and technical skills have the most significant impact ($\beta = 0.34$), followed by managerial skills ($\beta = 0.29$), and interpersonal skills ($\beta = 0.21$). The results indicate that learning skills in various areas is essential to entrepreneurial performance, which supports the complex nature of efficient management of small businesses.

Technical skills play a crucial role in the operational efficiency, product or service quality, and innovative ability (Lussier and Kimball, 2022). The large managerial skills impact is consistent with the

previous researches that indicated that planning, decision-making, and resource management competencies have a strong correlation with business performance (Kuratko et al., 2015). In the meantime, the significance of interpersonal skills is an indication of the role of communication, networking, relationships, and the management of customer loyalty and team cohesion (Boyatzis, 2018).

The identified hierarchy of skill contribution, technical > managerial > interpersonal, can be used to suggest that the basic operational competence is the core of the performance in small businesses, whereas the managerial and interpersonal skills are complementary enablers. The trend confirms previous results that a balanced set of skills contributes to the stability and expansion of firms in dynamic markets (Ratten, 2020). In practice, these findings point to the necessity of training courses and interventions that will allow building and enhancing technical skills and developing managerial and interpersonal skills at the same time.

In general, the results indicate that the entrepreneurial performance does not rely only on a single type of skill, yet it depends on the combination of various competencies. Those who develop this mix are the owners of small businesses who are more likely to overcome the challenges of the market and attain a sustainable performance.

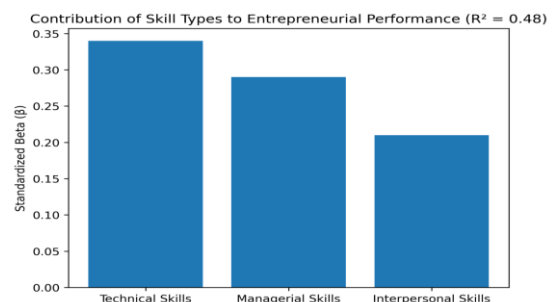


Figure 5: Contributions of Skills Type

Objective 3: How the Ability to acquire skills affects the Business Growth Indicators

The researchers have investigated how acquisition of skills would impact major business growth indicators such as revenue growth and market expansion. The findings reveal that there is a positive correlation between learning of skills and the business

development. The respondents who had higher skills indicated a much better increase in revenue as well as market reach. In particular, the average revenue growth of businesses that were owned by owners with high skills was 15% as compared to 5% in those companies that were owned by owners with low skills.

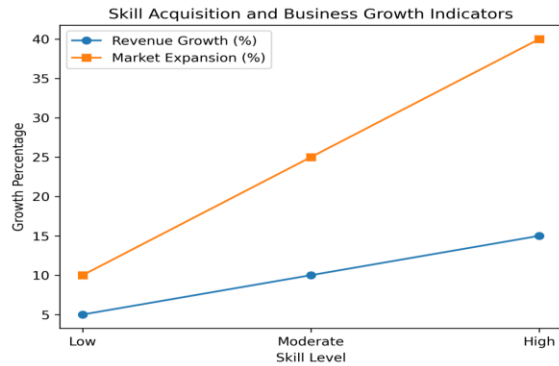


Figure 6: Skill Acquisition and Business Growth

VI. CONCLUSION

The research question was how the acquisition of skills relates to entrepreneurial performance and how the technical, managerial, and interpersonal skills affect the success of small businesses. The results indicate moderate positive correlation between acquisition of skills and entrepreneurial performance ($r = 0.52$, $p < 0.01$) and it means that those entrepreneurs who actively acquire and develop their skills are likely to perform better in their businesses. The analysis also revealed that all three skills, technical, managerial, and interpersonal ones have a significant impact on the performance of small business, although the effect of managerial skills is the strongest. These findings highlight the critical importance of the ongoing skill development as the determinant of the success of the entrepreneurial activity and the ability to maintain the competitive edge in the small business environment.

VII. RECOMMENDATIONS

1. Entrepreneurial Training Programs: Small business owners ought to enroll in organized training programs that involve technical, managerial as well as interpersonal skills training to improve overall business performance.

2. Mentorship and Peer Learning: It may be created to exchange practical knowledge through the formation of mentorship networks and peer learning groups, which will enhance decision-making and problem-solving skills.

3. Ongoing Skill Evaluation: The entrepreneur must often evaluate their skills gaps and enroll in professional development programs that help them to improve areas of weaknesses and leverage their strengths.

4. Policy Support: Policymakers and business support organizations ought to create programs that offer resources, workshops, and incentives to small business owners so that they can acquire skills.

5. Technology Adoption: It is possible to integrate technology to supplement skill development by offering platforms to learn, network, and grow markets, eventually improving the performance of an entrepreneur.

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