

ROLE OF ENTREPRENEURS' COMPETENCES IN MANAGING FIRMS' PERFORMANCE

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The worldwide interest on entrepreneurship and small business development as a means of economic sustainability and growth have been well recognized and acclaimed in the academic community. Entrepreneurial competencies have been the interest of researchers since last three decades. The present study seeks to study the relationship between entrepreneurial competencies and firm performance; moderated by cluster effect, environmental turbulence and institutional void. A cross sectional study of questionnaire survey research design was conducted and data was generated from 101 owners of small and medium firms in manufacturing industry across Delhi/NCR (National Capital Region), India. The population of the study consisted of first hand owners (founders) of the firms. The data was collected through interviews. The firm performance has been measured in financial and non financial terms.

Stepwise regression method was used for data analysis. Since cronbach alpha was below 0.6 for the variables; the sub- variables could not be combined. However results revealed the influence of entrepreneurial competence on firm performance was only partially supported. Also it was found that environment turbulence; institutional void and cluster effect partially moderate the relationship between entrepreneurial competence and firm performance.

Key words: Entrepreneur, Competences, Environment Turbulence, Institutional Void, Clusters

Introduction

Since the work of Boyatzis (1982), competency approach has been widely used by the academicians and researchers in explaining the entrepreneurial behavior. Entrepreneurship literature widely acknowledges the impact of entrepreneurial competence on the firm's performance (Cooper, 1993; Chandler and Hanks, 1994; Chandler and Jansen, 1992; Baum et al.2006). Firm performance has been used as a

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yardstick by the founder to measure her success. Extending the existing pool of knowledge, we have taken the dimensions of entrepreneurial competence and study their impact on the firm performance.

A competency can be considered as a kind of higher level characteristics, encompassing different personality skills, traits and knowledge, which are in turn influenced by the entrepreneur's experience, training, education, family background and other demographic variables (Bird 1995).

A number of mediating variables affect the impact of entrepreneurial competence on firm performance. Among these, if we talk in Indian context the most influencing would be; environment turbulence, institutional void and the location of firm in a cluster.

Environment turbulence has been characterized by market turbulence, technological turbulence and competitive intensity in the marketplace. Institutional void has been characterized by the insufficiency of infrastructure and inputs for the business. When a number of similar firms are located in proximity with each other or sharing the same geographical space are said to be in clusters. Building of competitive advantage in regimes of rapid change is attributed to the dynamic capabilities of the entrepreneur (SubbaNarasimha P.N., 2001; Roger, B. M.2006; Teece et al., 1997). Aldrich (1999) stated. "Environment affect organizations through the process of making available or withholding resources, and organizational forms can be ranked in terms of their efficiency in terms of obtaining resources." The institutional void in transitional economies has generally resulted into lack of stability necessitating the need for mutual trust we have referred to as relationship competence (Puffer, Sheila M., 2010).

Literature Review

According to conventional wisdom, due to the poor functional competencies of the founders, they are typically replaced by professional managers who have the experience and the necessary competencies required to manage. Although Willard, Krueger and Freeser (1992), found no evidence that professional managers performed better in high-growth companies than the original founder.

While studies found that founder could have the competencies to perform equally well as professional managers.....many studies found that majority of the business failure were due to the lack of management skills or competencies (O'Neill and Drucker, 1986;

Tesprtra and Olsen 1993).

The inclusion of moderating variable leads to a richer theoretical model that researchers can use to explain or specify relationship with greater accuracy (Juma and McGee 2006).

Lewin and Cartwright (1951) gave the equation $B = f(P, E)$ where behavior is said to be the function of the interaction between a person and his environment. There is no denying the fact that entrepreneurship development is a result of complex interactions between the traits of an entrepreneur and his environment (Khanka SS 2010).

The geographic environment and clusters affect the creation of new firms. Entrepreneurial activities can be organized according to the integration of ownership and the degree of coordination of activities into several types (Pfeffer 1977). Entrepreneurial activities are exploited in a geographic area by individuals who have been trained and work in firms in the region (Pfeffer 1977). Rocha and Sternberg (2005) found positive impact of clusters on entrepreneurship. They called geographical proximity of firms as 'Industrial agglomeration' and in their study concluded that it has negative although not significant impact on entrepreneurship.

Apart from environment, resources have been found to have only indirect effect on the venture growth (Wiklund et al 2009). Entrepreneurs seek resources to achieve their objective. Government and policy makers control resources. Entrepreneurs seek to maximize their profit. Government seeks to reallocate both resources and the profits, seeking equitable distribution of wealth (Solymossy 2005).

The following sections discuss hypothesized relationships between entrepreneurial competence and firm's performance and the moderating role of clusters, institutional void and environment turbulence in the relation of entrepreneurial competence and firms' performance measured in financial and non financial terms.

Theoretical Background

Entrepreneurial Competence and Firm performance

The competency approach is a way of studying individual characteristics leading to the accomplishment of job role or organization success. It has been widely applied to the study of managerial performance since the work of Boyatzis (1982), and increasingly in the field of entrepreneurial performance (Man and Lau, 2000). The issue of what

constitutes an entrepreneur approach to management of organization is an important one in delineating and describing the field of small business management/ entrepreneurship and its relationship to general management (Smith *et.al*, 2003).

The competence of the entrepreneur in identifying business opportunities and gathering resources is directly related to the performance of the startup firms (Chandler and Hanks 1994; Man and Lau, 2000; Murray, 2003). There exists a positive relationship between founder competence and firm performance, congruent with that reported by Chandler and Jansen (1992). The present study is not limited to the start ups but includes the old ventures too. The present study focuses on the founder competence taking environment along with other variables as moderators; extending the research by Chandler and hanks (1994) who studied the moderating effect of entrepreneurial competences on venture performance with opportunity as independent factor. Early studies measured firm performance in terms of perceived business growth and business volume (Chandler and hanks, 1994; Chandler and Jansen, 1992; Arbaugh et al, 2005; Luo, 2007; Robinson, 1999). The present study uses firm performance model given by Kaplan and Norton (1992). Founder competences was categorized as entrepreneurial, managerial and techno functional (Chandler and Jansen 1992; Murray, 2003). Man and Lau (2000) considered service sector for their study. The present study focuses on the manufacturing sector.

H1: The dimensions of entrepreneurial competence are positively related to firm performance.

Environment Turbulence and Firm Performance

In its simplest configuration, entrepreneurship requires three elements working in concert, the individual, a business entity, and the environment in which it occurs, and that there are significant differences in success based on the context in which it occurs (Solymossy 1998). Creation and maintenance of a successful venture is a function of individual factors such as competency and the motivation of the entrepreneur and the contextual factors such as environment (Yeo 2003).

The performance of a business founder is measured by the performance of the organization (Schein 1978), which is influenced in turn by the environment within which the organization emerges (Covin and Slevin 1989; Hofer and Sandberg 1987; Randolph and Dess 1984; Sandberg 1986; Tsai, MacMillan and Low 1991). Research

suggest that since the external competitive environment poses factors of both uncertainty and opportunity to organization, it has a major impact on a firms' EO (Dess et al 1997). Cuervo (2005) also mentioned that entrepreneurial activity depends on environmental factors where the individual undertakes the activities.

Business environment significantly moderated the relationship between entrepreneurship – competence and business success (Ahmed et al, 2011). Chandler and Hanks (1994) gives empirical evidence of interaction between environment characteristics and founder competence that are significantly related to the firm performance and beyond the direct relationships explained by original variables.

Environment volatility in an emerging economy is primarily caused by institutional reforms, and regulatory changes, business executives, with their limited rationality, are generally unable to effectively avoid or control volatility- induced transaction uncertainty and information processing difficulty (Luo 2007).

Research by Gnyawali and Fogel (1994) concluded that entrepreneurship can flourish if potential entrepreneur find opportunities in the environment, if environment conditions motivate entrepreneurs to take advantage of these opportunities and if environment conditions enhance entrepreneur's ability to start and manage a business. The immediate social environment provides social support through the transmission of practical skills and experience for a specific occupation that is typically not taught at school (Andersson and Hammarstedt 2011).

Environment forces are demonstrated to operate in four quadrants: turbulence, hostility, complexity and munificence (Solymossy 1998).Aldrich (1999) states that environment turbulence leads to externally induced changes...that are obscure to administrators and difficult to plan for. Mintzberg and Waters (1982) hypothesized “the more dynamic the environment, the more organic the structure.”

Planning has been demonstrated to affect profitability more strongly in turbulent environment (Miller and Cardinal 1994). Pelham (1999) reported a weak relationship between the competitive environment and firm performance; he conjectured that small firms may be especially adaptable to changing business conditions (Chonko et al 2003). Technological turbulence in the environment creates a challenge to incumbents and established norms, and in some cases ethical dilemmas (Hall and Rosson 2006).

Since we have taken the firm performance to be measured in financial and non financial measures, taking the arguments support above it is hypothesized as:

H2 a: High Entrepreneurial Competence with low environment turbulence leads to high financial performance

H2 b: High Entrepreneurial Competence with low environment turbulence leads to high non-financial performance.

Institutional Void and Firm Performance

The basic premise of contingency theory, suggests that congruence or 'fit' among key variables such as industry conditions and organizational processes is critical for obtaining optimal performance (Lawrence and Lorsch 1967). Chandler and Hanks (1994) suggest that a fit between the available resources and the venture strategy should enhance performance of the venture.

As per the resource- dependence and population-ecology paradigm; resources required for organizational survival are the most relevant focus in defining the organizational environment. Aldrich (1979) clearly articulated this view when he stated that "Environments affect organizations through the process of making available or withholding resources, and organizational forms can be ranked in terms of their efficiency in obtaining resources" (1976:61).

Entrepreneurship in transition economies differs from that in more developed economies. It has generally resulted in a lack of stability, necessitating the dominance of personal trust among entrepreneurs, rather than more generalized trust (Puffer et al 2010). Entrepreneurs seek resources to achieve their objectives. Government and policy makers control resources. Entrepreneurs seek to maximize their profits. Government seeks to reallocate both resources and the profits, seeking equitable distribution of wealth (Solymossy 2005).

Barriers to entrepreneurial activity consistently include deficiencies in infrastructure, legal and regulatory framework, financial support and social systems (Bridges 2002). Environment volatility in an emerging economy is primarily caused by structural transportation, institutional reforms, and regulatory changes, business executives, with their limited rationality, are generally unable to effectively avoid or control volatility-induced transaction uncertainty and information processing difficulty (Luo 2007).

Veen (1976) highlight the role of structural factors in India, including market imperfections for venture capital and the non-supporting institutional environment for industrial investments.

Since I have taken the firm performance to be measured in financial and non financial measures, taking the arguments support above it is hypothesized as:

H3 a: High Entrepreneurial Competence with less institutional void leads to high financial performance.

H3 b: High Entrepreneurial competence with less institutional void leads to high non-financial performance.

Clusters and Firm Performance

Porter (1998) points out that while there have been frequent discussions on the influence of economic policies; studies from the viewpoint of the location itself tend to be under evaluated. He emphasizes that a 'cluster' has a positive effect on midterm success. The basic function of cluster are sophistication of accumulated technologies and effective utilization of human and financial resources for research and development (Porter and Stern 2001; Yamada 2004). A key distinguishing feature of a successful SME is a balanced alignment of the owner-entrepreneur's intentions, has business abilities and environment opportunities.

According to Porter (1990, p. 149), a cluster consists of industries linked through vertical (buyer/supplier) or horizontal (common customers, technology, channels etc) also notes the importance of geographical concentration for innovation (Wever and Stam 1999).

It is important to highlight the importance of geographical space while studying entrepreneurial activity (Cuervo 2005). Although a substantial number of studies have been carried out for more than a decade on the internal structure and formation of clusters, these pertain predominantly to operations in developed countries and by and large ignore developing countries (Helmhout and Karabulut 2006).

Entrepreneurship researchers have found that industry characteristics affect venture performance (Bhide 2000; Baum and Locke 2005). Several studies have confirmed that notion that organizational alliances can further the growth of small businesses (Powell et

al 1996; Baum et al 2001). At firm level analysis, firms within clusters are better off than firms not within them (Rocha 2004). According to theory of regional innovation milieu, SMEs being unable to innovate on their own, are enabled to generate innovations by working together intensively (Wever and Stam 1999).

Entrepreneurship is commonly held to be enhanced in regions with strong clusters. Despite the considerable body of existing empirical cluster research, few studies have systematically investigated the effect of clusters on the performance of new entrepreneurial firms and existing research shows inconsistent results concerning whether new firms are positively affected, not affected or even negatively affected by location in a cluster (Rocha 2004). It is believed that economic benefits of clusters represent mechanisms that enhance the productivity of the individual firms through the proximity of other firms (eg Marshall 1920; Saxenian 1985; Storper 1997).

Beaudry and Swann (2001) studied 137,816 UK firms in 57 two digit SIC industries and found that firms grew faster in clusters. Globerman et al (2005) found location effects to be weaker for firm survival. Firms in general benefit from clustering and also that agglomerated clusters are beneficial for regional economic development. Marshall (1966) argues that geographically proximate firms within the same industry generate external economies of scale available to all the firms that operate in the area (Marshall 1966; Krugman 1991; porter 1998). These economies are external to the firm but internal to the geographic area, and increase the efficiency of each individual firm (Rocha 2002).

Krugman (1991) stresses the effects of market size and location of upstream and downstream producers in the same location. The resulting demand effects within industrial agglomerations benefits the creation of new firms because proximate customers do not only increase the likelihood of scales but also minimizes transportation costs. Rocha (2004) suggests that firms cluster geographically materializing flexible production complexes. There exists a positive relation between clusters and firm performance wherein firms in industrial districts were found to have higher profitability and higher productivity (Fabiani et al 2000; Visser 1999).

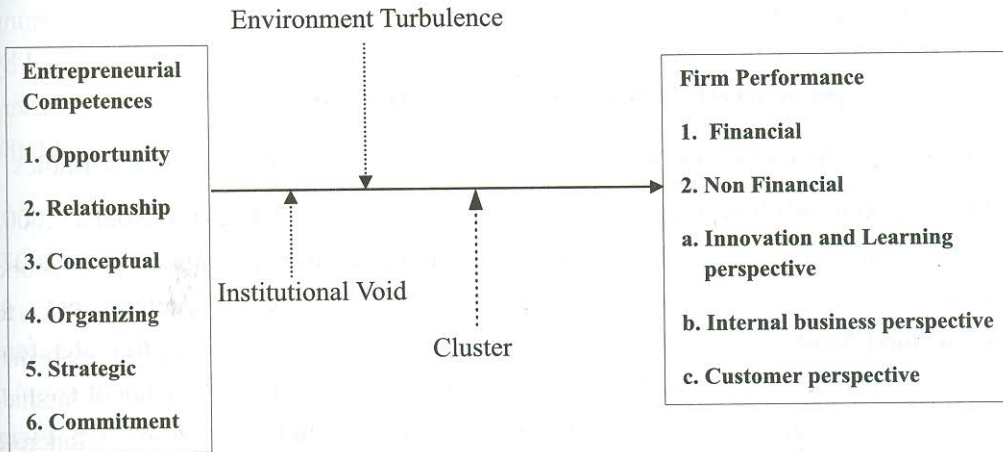
The firm performance is measured in financial and non financial measures taken from Kaplan and Norton (1992), which takes perceived financial performance (market share, cash flow and operating income) measure and perceived non financial measure (Innovation & Learning perspective, internal business perspective, and customer perspective).

Taking the arguments support above it is hypothesized as

H4 a: High Entrepreneurial competence in cluster organization lead to high financial performance.

H4 b: high Entrepreneurial competence in cluster organization leads to high non-financial performance.

Proposed Research Model



A sample of 101 SMEs located in Delhi/NCR (National Capital Region), India was chosen for the study. The study is a cross sectional study which deals in one time study. Research design used is exploratory and descriptive. This geographical area has been chosen as it represents a large number of SMEs in India. The firms deal exclusively in the manufacturing sector. The population of the study consisted of first hand owners (founders) of the firms. SPSS 20.0 has been used for data analysis.

Survey Results

Descriptive analysis shows that out of 101 respondents, 65 were college graduates, 27 have attended upto school level, 2 had Post Graduate degree from non professional university and 7 had professional degrees. 22 were the eldest among siblings, 65 were at middle position and 14 were youngest. 28 of them had upto 4 members in their family. 69 had 5-8 members at their home, 3 had 9-12 members and 1 had 13-16 members. Maximum 51 had their father as self employed but nobody's mother was into business. 2 of the respondent's fathers were working in private sector, 15 had their fathers working in public sector; this number was 4 for mothers. 23 respondent's fathers were unemployed and 86 had their mother unemployed. 5 put their father in 'others' category

and regarding mothers, this figure was 1. 34 respondents belonged to small city and 67 to large cities. The basis for categorization of small and big city was Government of India's 6th pay commission list of cities for house rent allowance (HRA).

87 companies were in cluster and 14 were not in cluster. 49 companies had less than 50 employees. 43 firms had 50-100 employees; 7 had between 101-200 employees and 2 firms had more than 200 employees. 2 firms were less than 2 years old, 6 ranged between 2-4 years; 15 were between 4-7 years old, 24 were between 7-9 years old and 52 firms more than 9 years old.

Effect of Entrepreneurial Competences' on firm performance

Variables and the measures: The following scales were used to measure the variables.

1. Entrepreneurial Competence: Chandler and Hanks, 1994, **2. Cluster:** Rocha (2000) and Rocha and Sternberg (2005), **3. Environment turbulence:** Chonko et al 2007, (characterized by Technology, Market Share, Customer taste and preferences) , **4. Institutional Void:** Questions based on the main indicators obtained after literature review and responses by manufacturers viz., Financial assistance, New talent supply, Certification regulations, GOI (Government of India) laws, Judiciary's role and **5. Firm Performance:** Kaplan and Norton, 1992

Linear regression analysis (Stepwise method) and bivariate regression analysis was used to determine if the dimensions of Entrepreneurial Competence are positively related to the firm performance. Before proceeding for this the assumptions for regression were tested

- i. Collinearity: Variation Inflation factors (VIF) and tolerance; all fall within the acceptable range (VIF=1-10, tolerance=0.1-1.0). This means that there is no much collinearity problem in the regression model used in the study.
- ii. Outliers: The maximum value in residual stats is less than $4/n$, so there exists no important outlier.
- iii. Normality: is depicted by the normal distribution plots.
- iv. Heteroscedasticity: When a graph is drawn plotting independent variable on x axis and dependent variable on y axis, we get a normal bell shaped curve.

The correlation of entire set of item variables from 101 observations are depicted in table no. 1 where results display moderate association of entrepreneurial competence,

Table 1

	EC1_Opp ortunity	EC2_Relat ionship	EC3_Con ceptual	EC4_Orga nizing	EC5_Strat egic	EC6_Com mitment	Fin_perf1	Fin_perf2	Fin_perf3	NF_LnG1	NF_LnG2	NF_IBP1	NF_IBP2	NF_IBP3	NF_CP1	NF_CP2	NF_CP3
EC1_Opp ortunity	1.000																
EC2_Relat ionship	-0.10	1.000															
EC3_Con ceptual	.073	.116	1.000														
EC4_Orga nizing	.173	.034	.098	1.000													
EC5_Strat egic	.179	.212	.014	.055	1.000												
EC6_Com mitment	-0.075	.236	.078	.055	.054	1.000											
Fin_perf1	-0.189	.088	-0.110	-0.160	.182	.122	1.000										
Fin_perf2	.082	.044	-0.038	.245	.141	-0.095	-0.159	1.000									
Fin_perf3	.137	-0.021	.149	.306	.150	.077	-0.083	-0.067	1.000								
NF_LnG1	.187	-0.081	.008	-0.030	.147	.033	.090	-0.146	-0.103	1.000							
NF_LnG2	.118	.131	.132	.167	.131	.113	.258	.160	.132	.085	1.000						
NF_IBP1	.080	-0.023	-0.157	-0.021	.140	-0.009	.024	-0.047	.102	-0.062	-0.160	1.000					
NF_IBP2	.281	.024	.069	.160	.170	-0.010	-0.001	-0.020	.092	.362	.084	-0.015	1.000				
NF_IBP3	.155	-0.051	-0.090	.194	-0.085	.147	-0.050	-0.004	.019	.231	.122	-0.014	.154	1.000			
NF_CP1	.140	.095	-0.091	.135	.252	-0.023	.020	.166	.173	.234	.342	.081	.170	.012	1.000		
NF_CP2	-0.026	.001	.052	-0.094	.125	.083	.161	-0.104	.161	-0.048	.199	-0.006	-0.017	.016	.108	1.000	
NF_CP3	.238	.104	.059	.237	.247	.115	.128	.045	.150	.497	.326	-0.086	.339	.302	.420	.012	1.000

environment turbulence, institutional void and cluster affect with financial and non financial performance of firm. Citing from other entrepreneurial studies, Covin et al (2006) reports that range of co-relation among variables from $r=0.01$ to 0.47 ; Wiklund and Shepherd (2005) find correlation range of similar variables from $r=0.024$ to 0.36 ; and Zhou et al (2005) report correlation values of entrepreneurial variables from low of 0.01 to a high of 0.58 . The results of this study are consistent with results in larger entrepreneurial studies, with correlation coefficients (r) ranging between 0.02 to 0.39 .

The respective mean and standard deviations of items are shown in table 2.

Table 2

	Mean	Std. Deviation
EC1_Opportunity	2.04	.811
EC2_Relationship	1.84	.731
EC3_Conceptual	1.70	.656
EC4_Organizing	1.75	.713
EC5_Strategic	2.15	.753
EC6_Commitment	1.77	.691
Fin_perf1	1.57	.817
Fin_perf2	1.38	.705
Fin_perf3	1.41	.619
NF_LnG1	1.78	1.154
NF_LnG2	1.54	.794
NF_IBP1	1.51	.730
NF_IBP2	1.81	1.138
NF_IBP3	1.81	.796
NF_CP1	1.54	.900
NF_CP2	1.55	.685
NF_CP3	1.60	1.132

Simple Linear Regression (SLR) Analysis

H1: The dimensions of entrepreneurial competence are positively related to firm performance.

Since the cronbach alpha for financial performance was 0.27 , the dimension could not be combined therefore analyzed separately; whereas for non financial performance alpha value is 0.665 which is acceptable. The results are depicted in table no. 3.

Table 3

Dependent variable	dimension	Sign.EC	p value	R²
Financial Performance	Market Share	Relationship	0.03	0.047
		Commitment	0.036	0.089
	Cash Flow	Strategic	0.007	0.071
Non Financial Performance	Operating Income	Strategic	0.021	0.053
		Relationship	0.002	0.093
		Commitment	0.023	0.14

Relationship, commitment and strategic competences only prove to be affecting venture performance whereas Conceptual, organizing and opportunity competences are not supported in predicting the venture performance.

We can say that H1 is partially supported.

H2 a: High Entrepreneurial Competence with low environment turbulence leads to high financial performance

Table 4

Financial Performance									
	Market Share			Cash Flow			Operating Income		
ET Dimensions	Sign.EC	P value	R²	Sign.EC	P value	R²	Sign.EC	P value	R²
Market Turbulence	Nil			Commitment	0.039	0.05	Nil		
Technology Turbulence	Organizing	0.042	0.325	Nil			Nil		
Customer Taste	Nil			Strategic	0.047	0.044	Strategic	0.008	0.08

When environment turbulence is low; strategic, organizing and commitment competence of the entrepreneur helps him to gain financial performance whereas relationship, conceptual and opportunity competence gets no support.

H2 b: High Entrepreneurial Competence with low environment turbulence leads to high non-financial performance.

Table 5

Dependent variable	ET dimension	Sign.EC	p value	R²
Non Financial Performance	Market Turbulence	Commitment	0.004	0.093
	Technology Turbulence	Nil		
	Customer Taste	Relationship	0.002	0.113
		Commitment	0.015	0.179
		Opportunity	0.049	0.216

When environment turbulence is low; commitment, relationship and opportunity competence of an entrepreneur helps him to gain non financial performance whereas conceptual, organizing and strategic competences get no support.

Hence H2 b is partially supported.

H3 a: High Entrepreneurial Competence with less institutional void leads to high financial performance

Table 6

Financial Performance									
IV Dimensions	Market Share			Cash Flow			Operating Income		
	Sign.EC	P value	R²	Sign.EC	P value	R²	Sign.EC	P value	R²
Financial Assistance	Nil			Conceptual	0.035	0.32	Nil		
Talent Supply	Nil			Strategic	0.004	0.099	Organizing	0.038	0.05
				Commitment	0.035	0.15	Strategic	0.097	
Certification norms	Nil			Organizing	0.04	0.533	Nil		
Laws	Opportunity	0.023	0.36	Conceptual	0.002	0.556	Strategic	0.026	0.35
Judiciary restrictions	Nil			Strategic	0.003	0.101	Strategic	0.018	0.06
				Commitment	0.035	0.147			

When institutional void is low; commitment, conceptual, opportunity, strategic and organizing competence of an entrepreneur helps him to gain financial performance whereas relationship competence gets no support.

Hence we can say that H3a is partially supported.

H3 b: High Entrepreneurial competence with less institutional void leads to high non-financial performance.

Table 7

Dependent variable	IV Dimensions	Sign.EC	p value	R²
Non Financial Performance	Financial Assistance	Nil		
	Talent Supply	Strategic	0.082	
		Commitment	0.008	0.086
	Certification norms	Nil		
	Laws	Strategic	0.032	0.328
	Judiciary restrictions	Relationship	0.019	0.147
		Commitment	0.019	0.091
		Opportunity	0.077	

When institutional void is low; commitment, relationship, strategic and opportunity competence of an entrepreneur helps him to gain non financial performance whereas conceptual and organizing competences get no support.

H3 b is partially supported.

H4 a: High Entrepreneurial competence in cluster organization lead to high financial performance.

Table 8

Financial Performance									
	Market Share			Cash Flow			Operating Income		
Cluster Dimensions	Sign.EC	P value	R ²	Sign.EC	P value	R ²	Sign.EC	P value	R ²
Interdependency	Relationship	0.084*	0.153	Nil			Nil		
Guanxi	Relationship	0.05		Strategic	0.015	0.153	Nil		
	Organizing	0.057*							
	Strategic	0.049							
	Commitment	0.085*							

* sig. at 90% confidence level.

In a firm existing in a cluster; commitment, relationship, strategic and organizing competence of an entrepreneur helps him to gain financial performance whereas conceptual and opportunity competences get no support.

H4 a is partially supported.

H4 b: high Entrepreneurial competence in cluster organization leads to high non-financial performance.

Table 9

Dependent variable	Cluster dimension	Sign.EC	P value	R ²
Non Financial Performance	Interdependency	Nil		
	Guanxi	Relationship	0.042	0.214
		Commitment	0.023	

In a firm existing in a cluster; commitment and relationship, strategic and organizing competence of an entrepreneur helps him to gain non financial performance whereas conceptual, strategic, organizing and opportunity competences get no support.

We can say that H4 b is also partially supported.

Discussion

Results from hypothesis 1-4 have answered the questions related to entrepreneurial competence, moderating influence of environmental turbulence, institutional void and cluster effect over firm's performance. All four hypotheses are partially accepted. The results revealed that generally entrepreneurs' competences' and moderating variables (environmental turbulence, institutional void and cluster effect) partially influences a firm's performance. Relationship, commitment and strategic competences seems to play major role while talking about gaining financial success in an entrepreneurial firm, whereas for non financial performance an entrepreneur has to have relationship and commitment competence.

Working in a turbulent environment and achieving financial success requires an entrepreneur to be committed, strategic and have organizing competence, whereas for non financial success apart from being committed he has to have relationship and organizing competences.

To sustain in institutional void, an entrepreneur has to be an opportunist, conceptually sound, strategic and committed and have organizing competence for achieving financial success. For success in non financial terms, apart from being opportunist, strategic and committed he has to have relationship competence.

For entrepreneurs whose firms exist in a geographical cluster, they have to be strategic, committed as well as should have organizing and relationship competences for achieving financial success. For non financial success, an entrepreneur must have relationship and committed competences.

The results of simple linear regression analysis positive relationship of entrepreneurs' competence' over firm performance, having a moderate influence over later. Although, competences which proves to be important are relationship (p value=0.030, $R^2= 0.047$), strategic ($p=0.007$ in case of cash flow and 0.021 in case of operating income; $R^2=0.124$) and commitment competence ($p= 0.036$, $R^2= 0.089$), implying that these competences explain 26% of the contribution in explaining entrepreneurs success in firm performance.

Environmental turbulence does impact the relation of entrepreneurs' competence and firm performance though in moderate manner. Organizing, strategic and commitment

competences helps an entrepreneur to cope up with the turbulence in environment in gaining the firm's financial performance. For non financial performance relationship, organizing, conceptual and opportunity competence comes to the rescue of entrepreneur.

For combating the institutional void to gain financial performance; conceptual, organizing, commitment and majorly strategic competence proves to be important for an entrepreneur. Relationship, strategic, commitment and opportunity competences prove to be influencing the non financial performance when facing institutional void.

For harnessing the cluster synergies, an entrepreneur must have the organizing, strategic, commitment and most important relationship competence to gain financial performance. This goes true with relationship and commitment competence in case of non financial performance.

The study includes firms which are more than 8 years; can be considered as old firms (Chandler and Hanks, 1994) and found that competencies will have a great impact on long term performance too, extending the findings of Murray (2003) who proved this impact on short term projects only. Also the study worked on the suggestion by Baum et al (2001) stating that individual, organizational and environmental research domains predict venture growth better when the web of complex indirect relationship among them is included compared to when only multiple simultaneous direct effects are studied. Along with moderating impact of environment only (Ahmed et al, Gnywali and Fogel, 1994) and organization structure and policies only (Chrisman et al, 1998); institutional void and cluster effects are also taken care of.

Research Implications, Benefits and Limitations

This study has practical and academic implications for entrepreneurship, especially under the moderating conditions as empirically tested in the research. It also sheds light on how the dimensions of entrepreneurs' competences' interact together for a contributing effect towards financial and non financial performance of firms.

For scholarly research, we need to further elaborate the entrepreneur competence constructs in light of other dimensions. Similarly, fresh insights on the role of environment turbulence, institutional void and cluster effect and their moderating and synergistic effect on firm performance may uncover new avenues for research. This

shall greatly help to explore dynamics of complementary relationship between entrepreneur competence and firm performance for value creation to equally benefit the community of research and practitioners. The study has certain limitations too. The study is limited to Delhi/NCR region of India and is restricted to manufacturing SMEs only.

Future Directions

Looking at future, this research topic needs to take a comprehensive approach to incorporate in detail all the dimensions of entrepreneur competence and firm performance, and to study the impact of other plausible moderating variables on firm performance.

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