

# ENTREPRENEURIAL SKILLS AND ITS RELATIONSHIP WITH MSMES PERFORMANCE

## *COMPETÊNCIAS EMPREENDEDORAS E SUA RELAÇÃO COM O DESEMPENHO DE MPMES*

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## ABSTRACT

**Purpose** – This research aimed to study the relationship between entrepreneurial skills and MSMEs (Micro Small and Medium Enterprises) performance.

**Design/methodology/approach** – A quantitative and descriptive research was conducted, operationalized through a survey with 47 MSMEs entrepreneurs.

**Findings** – (1) Most responding entrepreneurs seek opportunities, take calculated risks, and often demand quality and efficiency in their activities within the company. It can also be noted that they always pointed to being persistent, committed and seeking information. They also demonstrated that they often set goals, plan and monitor, maintain contact with their networks, are independent and self-confident; (2) the majority (60.4%) are in high sales growth, 14.6% found to be very profitable and 68.7% have medium to high profitability, 68.8% of them have good market share - so, companies show a positive perception of performance; (3) it was possible to verify that there is a relationship between entrepreneurial skills and the performance of MSMEs.

**Research implications** – even young adults are a representation of future main leaders there is no significant difference between their entrepreneurial skills with other MSMEs owners. Moreover, in the set power, in our study just Persuasion and Network showed relation with performance, even in previous study independence and self-confidence had a relationship with performance.

**Originality/value:** It was possible to conclude that the systematic planning and monitoring and the persuasion and network of contacts are the decisive entrepreneurial characteristics in the performance of the MSMEs.

**Keywords** - Entrepreneurship. Entrepreneur skills. Performance. MSMEs.

## RESUMO

**Objetivo** – Este estudo se dedicou a verificar a relação entre as competências empreendedoras e o desempenho de Micro, Pequenas e Médias Empresas (MPMEs).

**Design/ metodologia** – uma pesquisa quantitativa e descritiva, operacionalizada por meio de um levantamento com 47 micro, pequenos e médios empreendedores foi conduzida.

**Resultados** – A maior parte dos empreendedores respondentes buscam oportunidades, assumem riscos calculados, e exigem qualidade e eficiência com frequência em suas atividades dentro da empresa. Também pode-se observar que mostram ser sempre persistentes, comprometidos e buscar informações. Ainda, estabelecem metas, planejam e monitoram, mantém rede de contatos, são independentes e autoconfiantes. A maioria (60,4%) estão em alto crescimento das vendas, 14,6% constataram ser muito lucrativas e 68,7% tem lucratividade média ou alta, 68,8% delas possuem boa parte da fatia de mercado (market share) - assim, as empresas mostram ter uma percepção de desempenho positiva; (3) foi possível verificar que há relação entre as competências empreendedoras e o desempenho de MPMEs.

**Implicações da pesquisa** - mesmo os jovens adultos sejam uma representação dos futuros líderes não há diferença significativa entre suas habilidades empreendedoras com outros proprietários de MPMEs. Além disso, na dimensão poder, em nosso estudo apenas Persuasão e Rede apresentaram relação com o desempenho, mesmo que em estudos anteriores a independência e a autoconfiança mostraram relação com o desempenho.

**Originality/ value:** Foi possível concluir que o planejamento e acompanhamento sistemáticos e a persuasão e rede de contatos são as características empreendedoras decisivas na atuação das MPMEs.

**Palavras-chave:** Empreendedorismo. Competências Empreendedoras. Desempenho. MPMEs.

## 1 INTRODUCTION

The word entrepreneurship is formed by a set of concepts, such as innovation, ideas, creativity, risk, discovery, and economic growth. Entrepreneurial behavior is context-free, as it can occur in different types of organizations, ranging from small companies to large corporations, and even in public and hybrid organizations (Audretsch, Kuratko & Link, 2015). The essence of the entrepreneur is the willingness to seek opportunities, regardless of the available resources (Stevenson & Jarillo, 1990).

Entrepreneurs who gather a greater set of skills, considering in this article those proposed by Lenzi (2008), tend to show the ability to resolve complex situations, transforming them into an opportunity for entrepreneurship (Feuerschütte & Godoi, 2008), since entrepreneurial skills reinforce strategic perception, enabling the glimpse of opportunities for innovation, business growth and the development of better capabilities from organizational resources (Souza & Teixeira, 2013; Behling & Lenzi, 2019). It should be noted that business owners` entrepreneurial skills lead small and medium-sized companies to greater capacity and strategic vision, and consequently, it can affect their performance (Sarwoko, 2016).

In analysis of recent research conducted on the theme, it was found that it has been frequently addressed, however, it appears to be fragmented. For example, the study of entrepreneurial skills with microentrepreneurs in an emerging country (Behling & Lenzi, 2019), with comedians (Silva, Paiva & Lima, 2019), with rural producers (Casali et al., 2019), with university directors (Lizote et al., 2018), with professionals working in coworking offices (Zanotto et al., 2017), oriented productive microcredit borrowers (Arnaut & Picchiai, 2016), with software developers (Tolfo et al., 2018), among others.

Linking entrepreneurial skills with performance, many studies were conducted, like Lizote and Verdinelli (2014) analyzing accounting services owners; Leite Filho and Colares (2016) studied which entrepreneurial skills would be related to the sales growth; Lizote et al. (2018) universities courses` performance; and Sarabi et al. (2020) studied the impact on subsidiary performance.



This research intends to answer the research gap indicated by Behling and Lenzi (2019), which, among other suggestions, recommended associating entrepreneurial skills with the performance of organizations. Thus, this research aims to study the relationship between the entrepreneurial skills of managers and the performance of MSMEs in Santa Catarina. The study also seeks to verify whether young adults have a greater set of entrepreneurial skills, as well as whether they represent a determining factor in the performance of the studied MSMEs.

The choice to study small and medium-sized companies, is because they are majority in Brazil, and have a fundamental role in driving economic growth, job creation and poverty reduction. In addition to encouraging individuals to have their own business and considering they have the necessary elastic business skills, they quickly adapt to market changes (Durst & Edvardsson, 2012; Lin, 2014).

Young adults represent not only the future leaders, but they are a part of human capital to promote development (Olujide, 2008; Rijkers & Costa, 2012; Ataei et al., 2020). Youth deserve more attention as important share of the population that should be endowed with the facilities for growth and they are a potential human resource that can contribute to human resource supply considerably (Ataei et al., 2020).

Hence, this study advances in the theoretical and practical fields in at least three ways. First, by checking the phenomenon of entrepreneurial skills in MSMEs. Second, it studies a specific group of entrepreneurs, who represent the entrepreneurial body of the coming decades: young adults. Third, the study also contributes to a large body of research that seeks to better understand entrepreneurship in developing economies (Babbitt, Brown & Mazaheri, 2015; Poggesi, Mari & De Vita, 2015).

This article is structured in five sections. The first one was intended to present the research gap, as well as to contextualize the study. The second section brings theoretical evidence about entrepreneurial skills, and its relationship to the performance of organizations. Afterwards, the search method is presented, followed by the results. Finally, the study's final considerations, limitations and suggestions for future studies are made.

## 2 THEORETICAL BACKGROUND ABOUT ENTREPRENEURIAL SKILLS AND THEIR RELATIONSHIP WITH ORGANIZATIONAL PERFORMANCE

Despite previous records, there is a consensus in the literature that the French word for “entrepreneur” was introduced in the economic context of creation and management of new businesses mainly by two authors: Richard Cantillon (1755) and Jean-Baptiste Say (1880) (Bittar, Bastos & Moreira, 2014).

However, entrepreneurship can be explained and analyzed from three theoretical perspectives. The first one, by economists, who based mainly on Schumpeter (1988), is a pioneer in associating the figure of the entrepreneur with innovation. The second perspective, by Behavioralists, based mainly on McClelland's studies (1972; 1985) highlight the creative and intuitive aspects of the entrepreneur's attitudes. This is based on the analysis of the characteristics of the person responsible for the changes in the organizational environment, which enables the development of new technologies and, mainly, new management procedures made available to organizations. The third theoretical perspective of entrepreneurship is the sociological one (following the assumptions of Hofstede, 1983; Weber, 1982) which seeks to understand the influence of culture, social structures on entrepreneurial activity.



The study of Entrepreneurial Competencies fits into the second theoretical current, the behaviorist. Thus, based on the definition of McClelland (1972), it appears that entrepreneurs have the need for success, recognition and the desire for power and control. Entrepreneurship, on the other hand, is the process of creating something different and worthwhile, dedicating the time and effort required, assuming the financial, psychological and social risks and receiving the rewards from economic and personal satisfaction (Hisrich, Peters, & Shepherd, 2014).

The development of the ten competences by Cooley (1990), was based on the approach of McClelland (1972). Cooley's skills (1990) are widely used as a parameter for evaluating and training entrepreneurs, as well as for studies such as those developed by Lenzi (2008), Lana et al. (2013), and other researchers from Brazil. More specifically, Lenzi (2008), adapted the study by Cooley (1990) and other authors, proposing the division of entrepreneurial skills into 10 dimensions, as shown in Table 1.



Table 1 – Entrepreneurial skills and their dimensions

Action set	Dimension	Observable Variables
Realization Set	Search for opportunities	Leads or executes new projects, ideas and strategies that aim to conceive, reinvent, produce, or commercialize new products or services.
		Takes pioneering innovation initiatives generating new methods of work, business, products, or markets for the company.
		Produces results for the company resulting from the sale of products and services generated from the business opportunity that it identified and captured in the market.
	Taking calculated risks	Evaluates the risk of its actions in the company or in the market through collected information.
		Takes action to reduce the risk of proposed actions.
		Willing to take risks, as they represent a personal challenge and may in fact bring good returns for the company.
	Quality and efficiency requirements	His actions are very innovative, bringing quality and efficiency to the processes.
		It is recognized for satisfying its internal and external customers through his actions and results.
		It sets deadlines and complies with a quality standard recognized by all.
	Persistence	Acts to circumvent or overcome obstacles when they are present.
		Does not give up in unfavorable situations and find ways to achieve his goals.
		He admits to being responsible for his actions and results, taking the lead to achieve what is proposed.
	Commitment	Completes a task within the established conditions, honors sponsors and internal partners.
		When necessary, becomes “hands on” to help the team get the job done.
		He is willing to keep customers (internal and external) satisfied and in fact he succeeds.
Planning set	Information search	He personally looks for reliable information to carry out a project.
		He personally investigates new processes for his projects or innovative ideas.
		When necessary, personally consult specialists to assist him in his actions.
	Setting goals	Defines his own goals, regardless of what is imposed by the company.
		His goals are clear, specific, and understood by everyone involved.
		His goals are measurable and perfectly tracked by everyone on the team.
Systematic planning and monitoring	Develop plans with well-defined and clear tasks and deadlines.	
	Constantly reviews plans, adapting them when necessary.	
	He is bold in decision-making but relies on information and records to project results.	
Power set	Persuasion and network	He manages to influence other people to be partners in its projects, enabling the necessary resources to achieve the proposed results.
		He can use key people to achieve the proposed results or obtain the necessary resources.
		Develops and strengthens internal and external relationship network
	Independence and self-confidence	He is willing to break rules, overcome barriers and overcome obstacles that are already rooted in the company.
		He trusts his point of view and keeps it in the face of opposition.
		He is confident in his actions and faces challenges without fear.

Source: Adapted from Lenzi (2008)



In the search for studies that had related entrepreneurial behavior to organizational performance, there is Clemente and Almeida (2013) who examined the entrepreneurial behavioral characteristics of an entrepreneur of a home appliance retailer. The following stood out: commitment; demand for quality and efficiency; search for information, independence, and self-confidence, with positioning strategy actions by competitors.

Maciel and Camargo (2010) related entrepreneurial behavior, locus of control and organizational performance. The results showed that there was a negative influence of the locus of external control on performance; positive, internal locus on entrepreneurial behavior and behavior on performance.

Lizote and Verdinelli (2014) studied the relationship between the performance of companies providing accounting services and the entrepreneurial skills of their owners, according to the approach of Lenzi (2008). The results obtained from the research show that there are significant relationships between the search for opportunities and initiatives and the demand for quality and efficiency, the search for information, the establishment of goals and systematic planning and monitoring, and independence and self-confidence with performance.

Leite Filho and Colares (2016) studied, in small and medium-sized Brazilian companies, which entrepreneurial skills, represented by intangible knowledge assets, would be related to the sales growth of these companies. Thus, from the point of view of the Resource Based View, the improvement in internal processes showed signs of being an entrepreneurial competence that significantly influenced the sales growth rate of the companies in the sample.

Lizote et al. (2018) evaluated how directors of the university center perceive the entrepreneurial skills of the courses' coordinators in the academic unit they direct and how they relate to the courses' performance. The findings confirm that the entrepreneurial skills that the coordinators have, according to the perception of their superiors, are positively and significantly related to performance. In addition, the competencies of the "achievement" set do not show an association with performance, however, the "planning and power" sets have a positive and significant link with performance.

Behling and Lenzi (2019) studied the relationship between the set of entrepreneurial skills (Cooley, 1990) and the strategic behavior (Miles et al., 1978) adopted by 211 individual Microentrepreneurs (MEI) entrepreneurs in response to the economic and social environment in which they operate. The results show that there are differences between the averages for entrepreneurial skills when comparing the strategic behavior patterns adopted by the entrepreneurs. The results indicated that entrepreneurial skills could impact the adoption of more consistent business strategies, contributing to actions to respond to unstable social and economic scenarios.

Casali et al. (2019) analyzed the entrepreneurial skills of rural milk producers in the north-west of Rio Grande do Sul based on Lenzi's (2008) model of entrepreneurial skills. The results demonstrated that the 10 entrepreneurial skills are present in the surveyed producers, with emphasis on the demand for quality and efficiency, persistence, and commitment, demonstrating that the producers act as rural entrepreneurs on their properties. However, systematic planning and monitoring and goal setting were the skills least present in the sample.

Silva, Paiva and Lima (2019) studied the entrepreneurial skills of Ceará humorists belonging to the local creative industry. The results showed that: (i) comedians developed entrepreneurial skills throughout their careers, acquiring a set of knowledge, skills and attitudes aimed at entrepreneurship, with financial returns and success in their professional activities; and (ii) entrepreneurial skills can drive the development of the creative industry, in view of the creation of businesses to generate employment and income for society.



Sarabi et al. (2020) studied managers of international subsidiaries, especially subsidiary CEOs' impact on subsidiary performance. The results showed that subsidiary CEOs' entrepreneurial leadership enhances subsidiary performance and that this relationship is strengthened by managerial discretion.

### 3 METHODOLOGICAL PROCEDURES

The nature of the research is quantitative. In this approach the results can be quantified. The operationalization of the research took place through a survey, where people were directly questioned about a certain behavior that they wanted to learn about (Gil, 2008), in this case, aimed at entrepreneurs of Santa Catarina's MSMEs.

This study was carried out through a survey, aimed at entrepreneurs from MSMEs in Santa Catarina. This survey contained two main blocks of questions. The first block is related to the entrepreneur's profile and his entrepreneurial skills, using as a basis the measurement scale developed by Lenzi (2008). The second block is aimed at the company profile and satisfaction with performance, using Brouthers, Brouthers and Werner (1999) as a basis. Thus, the questionnaire was structured as follows:

- **Company Profile:** Geographic region where the company's headquarters is located; company's operating area; total number of company employees; sector in which the company operates; what is the company's annual gross income range in the last year.

- **Entrepreneurial skills:** Adapted from Lenzi (2008), according to Table 1, being closed questions, analyzed using a five-point Likert scale (1-5), ranging from (1) never and (5) always.

- **Performance:** it was verified, through four non-financial variables and three financial variables, with a model adapted from Brouthers, Brouthers and Werner (1999). Satisfaction was found in relation to: (1) sales growth; (2) sales level; (3) profitability; (4) market share; (5) marketing; (6) reputation; (7) distribution; and (8) market access. The variables were verified using a Likert scale, ranging from (1) much worse to (5) much better.

To access MSMEs, contacts from the Federation of Business Associations of Santa Catarina (FACISC) were used, which provided contact (e-mail) from trade associations, which in turn, forwarded the associated companies. The initial email had a presentation of the study, and an invitation to participate in the research, via access link.

The link sent referred to the online questionnaire, prepared using the online forms tool. The choice to apply the online questionnaire was due to efficiency gains and importance comparable to the design and application of self-administered questionnaires (DILLMAN, 2000). The choice of respondents was simple random, for convenience, that is, the survey is considered non-probabilistic, where the probability of including everyone in the population is neither known nor equivalent. Thus, the research sample consisted of returned valid questionnaires, with 47 questionnaires being obtained.

The 47 respondent companies are located, mostly (89.4%) in the Midwest region and the remainder are distributed in the Far West and North regions. Of these, 57.4% work in the provision of services, followed by commerce and retail (27.7%), and a less significant part in the manufacturing industry, represented by 14.9%.

Regarding the company's annual gross income range, it was found that most of the responding companies (46.8%) have an annual gross income greater than R\$360 thousand and less than or equal to R\$ 4.8 million, while 38.3% of the responding companies have annual gross income less than R \$ 360 thousand, micro companies, and a small part that has monthly gross income



greater than R\$ 4.8 million and less than or equal to R\$300 million which are considered medium-sized companies.

The data collected were analyzed using SPSS Statistics 21. Initially, the preparation of the data entry matrix was conducted, where missing values, outliers, and the normality of data distribution were analyzed. After that, a descriptive analysis of the data was performed. Then, the univariate analysis of the variables, where we can identify the presentation of the measures of mean, standard deviation (SD), minimum and maximum values of the frequency of behaviors. Finally, a bivariate analysis of the data was performed, to test the correlations between the variables, and a linear regression was conducted to understand the association between the constructs.

## 4 RESULTS

Entrepreneurial skills are subdivided into three sets: set of achievement, set of planning, and set of power. The results of each set and dimensions, are presented in Table 1. In the analysis of Entrepreneurial Skills, it appears that most entrepreneurs seek opportunities, take calculated risks, and frequently demand quality and efficiency in their activities within the company. They also pointed out that they are always persistent, committed and seek information. They also demonstrated that they often set goals, plan, and monitor, maintain a network of contacts, are independent and self-confident. Then, the respondents' perception of performance of their MSMEs was verified (see Table 2).

Table 1 – Analysis of Entrepreneurial Skills

Set	Latent variable	Young Adults		Adults		Overall Average		Reliability
		Mean	SD	Mean	SD	Mean	SD	
Realization	Search for opportunities	4.18	.649	3.87	.799	3.99	.753	.859
	Take calculated risks	3.85	.474	3.96	.692	3.92	.614	
	Quality and Efficiency Requirement	4.12	.513	3.97	.683	4.03	.622	
	Persistence	4.42	.569	4.58	.414	4.52	.480	
	Commitment	4.62	.321	4.57	.487	4.59	.428	
Information search	Information search	4.22	.723	4.41	.759	4.34	.743	
	Setting goals	3.92	.745	4.14	.699	4.06	.717	
	Systematic planning and monitoring	4.05	.585	3.78	.905	3.88	.802	
Power	Persuasion and network	3.83	.639	3.75	.929	3.78	.823	
	Independence and self-confidence	3.90	.569	3.98	.669	3.95	.627	
<b>Total</b>		<b>4.11</b>	<b>.415</b>	<b>4.10</b>	<b>.472</b>	<b>4.11</b>	<b>.446</b>	

Source: Research data/ reliability measured by Cronbach's Alpha

\*\* Differences between groups are not statistically significant





Table 2 – Performance Perception Analysis

Observable Variable	Young Adults		Adults		Average		Reliability
	Mean	SD	Mean	SD	Mean	SD	
Sales growth	3.83	.707	3.52	1.122	3.64	.987	.938
Sales level	3.78	.808	3.41	1.086	3.55	.996	
Rentability/Profitability	3.67	.767	3.14	1.217	3.34	1.089	
(Market share)	3.39	.698	3.21	1.373	3.28	1.155	
Marketing investment	3.11	.963	3.03	1.267	3.06	1.150	
Distribution	3.44	.784	3.17	1.284	3.28	1.117	
Reputation	4.17	.786	4.34	.897	4.28	.852	
Market access	4.11	.758	3.72	1.222	3.87	1.076	
<b>Total performance</b>	<b>3.68</b>	<b>.578</b>	<b>3.44</b>	<b>1.027</b>	<b>3.53</b>	<b>.883</b>	

Source: research data / Reliability measured by Cronbach's Alpha /

\*\* Differences between groups are not statistically significant

Regarding the perception of performance of these companies, it was found that the majority (60.4%) are in high sales growth, 14.6% found to be very profitable and 68.7% have medium to high profitability, the others are of low profitability, 68.8% of them have a good part of the market share, and (14.6%) dominate the market share. In addition, 41.6% invest heavily in marketing. Concerning distribution, only 12.5% of these companies are well distributed, and most of them (52.1%) show a high level of reputation and 68.7% of them have access to the significant market. It appears that the companies are satisfied in an intermediate (but positive) way with their performance related to the growth and level of sales, profitability, Market share, investment in marketing and distribution. On the other hand, the companies are satisfied with their reputation and market access.

After this initial stage, a bivariate analysis was carried out, to verify whether there is any correlation (positive or negative) between the entrepreneurial skills and the perception of performance of the studied MPMEs. The correlation analysis was performed using Pearson's linear correlation coefficient (Table 3).

Before evaluating the verified relationships, it is also necessary to present the meaning of Pearson's correlation coefficients ( $r$ ). According to what was explained in Hair Jr. et al. (2005) is considered a: (1) very strong relationship when the variation is between 0.91 and 1.00; (2) high when the variation is between 0.71 and 0.90; (3) moderate when the variation is 0.41 and 0.70; (4) small, but defined when it varies between 0.21 and 0.40; and (5) light, almost imperceptible when the variation is between 0.01 and 0.20.

Among the obtained relationships, it is worth highlighting the moderate relationship between the "Search for Opportunity" with the variables of sales growth, sales level, profitability / profitability and market share (Market share), in relation to the "Behavior of Taking Calculated Risks" it also has a moderate relationship with sales growth, profitability / profitability, market share (Market share). Distribution and market access, in relation to "Quality and Efficiency Requirement", presented a strong relationship with sales level, rentability / profitability, market share (Market share), investment in marketing, distribution and reputation.

The "Information Search" is related to sales growth, sales level, rentability/ profitability, market share (Market share), investment in marketing, distribution, and market access. It is important to point out that the competencies "Systematic Planning and Monitoring" and "Persuasion and Networking" are related to all observable variables in a moderate and high manner. For example, the relationship with distribution was high, the others were moderate, but quite significant in the results

of the companies. Finally, it is worth highlighting the moderate relationship between entrepreneurial skills and the performance of MSMEs. In addition, only persistence, commitment and independence and self-confidence did not correlate with the overall performance of MSMEs.

Table 3 – Relationship between the dimensions of entrepreneurial skills and the performance

	Realization Set					Planning set			Power set		ES_ Total
	SFO	TCR	QER	PER	C	IS	SG	SPM	PN	ISC	
Sales growth	.308*	.346*	.269	.027	.144	.379**	.166	.587**	.572**	.162	.477**
Sales level (indexes)	.295*	.273	.342*	.077	.196	.357*	.233	.624**	.527**	.212	.498**
Rentability/ profitability	.356*	.441**	.388**	.094	.146	.310*	.185	.543**	.567**	.191	.509**
(Market share)	.394**	.307*	.349*	.046	.202	.386**	.232	.558**	.596**	.106	.508**
Marketing investment	.193	.212	.311*	.148	.466**	.406**	.373**	.629**	.497**	.054	.505**
Distribution	.287	.338*	.350*	.061	.300*	.346*	.348*	.658**	.688**	.110	.553**
Reputation	.082	.139	.350*	.186	.174	.111	.302	.428**	.406**	.307**	.380**
Market access	.205	.335*	.267	.090	.216	.391*	.245	.570**	.582**	.153	.484**
Performance (total)	.322*	.361*	.391**	.107	.280	.408**	.312*	.690**	.666**	.186	.587**

Source: Research Data.

\*\* The correlation is significant at the 0.01 level (2 ends).

Notes: Search for opportunities (SFO); Take calculated risks (TCR); Quality and Efficiency Requirement (QER); Commitment (C); Information search (IS); Setting goals (SG); Systematic planning and monitoring (SPM); Persuasion and network (PN); Independence and self-confidence (ISC); Entrepreneurial skills (ES) (Total).

In the final analysis of the model (see Table 3), the effect of entrepreneurial skills on organizational performance was assessed through linear regression.

Table 4 – Linear regression between the dimensions of entrepreneurial skills and the performance

	R <sup>2</sup>	R <sup>2</sup> -ajus	SD Residual	F Statistic	t	Sig
Entrepreneurial skills → performance	.345	.330	.72305	23.675	4.866	.000

Source: Research Data.

The linear regression showed that the entrepreneurial skills predict the organizational performance [F(1,45)= 23.675, p < 0,001; R<sup>2</sup> 0.345]. So, the 1.233 points in entrepreneurial skill analyses increase 1.161 points the organizational performance.

## 5 DISCUSSION

Knowing that entrepreneurship in Brazil is constantly growing, and that most entrepreneurs own small businesses, the present study aimed to study the relationship between entrepreneurial skills and the performance of MSMEs. To achieve the objective, a quantitative and descriptive research was developed, operationalized through a survey with 47 MSMEs from Santa Catarina.

It was possible to verify that there is an association between entrepreneurial skills and the performance of MSMEs. Among the competences, it was possible to conclude that the systematic planning and monitoring and the persuasion and network of contacts are the decisive entrepreneurial characteristics in the performance of the MSMEs. These characteristics showed a moderate relationship with the performance of MSMEs in relation to the growth and level of sales, profitability, market share, marketing, distribution, reputation, and market access. Demand for quality and efficiency and search for information were entrepreneurial characteristics that showed a small, but defined correlation with most of the variables of perception of performance that impact the

performance (performance) of companies. Hence, the results show that planning and monitoring, persuasion and maintaining a network of contacts is fundamental to the performance of MSMEs.

So, our results extend the literature in at least two ways. First, even young adults are a representation of future main leaders (Olujide, 2008; Rijkers & Costa, 2012; Ataei et al., 2020), we found that there is no significant difference between their entrepreneurial skills with other MSMEs owners.

Second, our results contribute partially to Lizote and Verdinelli (2014) results. That is, in set realization beyond Search for opportunities and Quality and Efficiency Requirement we found a relationship of take calculated risks with performance. The set planning, both Information Search, Setting Goals and Systematic Planning and Monitoring showed a relationship with performance in our study, even in Lizote and Verdinelli (2014) results just Setting goals and Systematic planning and monitoring have a relationship with performance. The set power, in our study just Persuasion and Network showed relation with performance, even in previous study independence and self-confidence had a relationship with performance.

## 6 LIMITATIONS AND FURTHER RESEARCH

Even having achieved the proposed research objectives, this study had some limitations. The difficulty of accessing the companies prevented the assembly of statistically representative samples and, before that, the definition of stratification criteria. Thus, the sample of this research was constituted as a non-probabilistic and intentional sample, in which the chance of selecting a component of the population is unknown and the elements selection for the sample is not necessarily made in order to be statistically representative of the population (HAIR et al., 2005).

So, our sample is, moreover, limited to 46 cases and biased by MSMEs. Therefore, larger-scale studies focusing on large companies and including failed cross-industry efforts could shed light on when and how the highest performance can be achieved.

Another important limitation could be inherent in our study. We operationalized both (entrepreneurial skills and organizational performance) using the perception of the entrepreneurs to apply an objective measure. Other researchers use other measures, especially to performance. By using non-financial variables and financial variables (Brouthers, Brouthers, and Werner (1999) model) we can have a bias into our study but were aware of this limitation. Future studies, by analyzing large companies could use just financial information or than, consolidated data published by companies in business reports.

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1. Definition of research problem	✓	✓		
2. Development of hypotheses or research questions (empirical studies)	✓	✓		
3. Development of theoretical propositions (theoretical work)	✓	✓	✓	
4. Theoretical foundation / Literature review	✓	✓		
5. Definition of methodological procedures	✓	✓		
6. Data collection	✓	✓	✓	
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