

# Entrepreneurial Competence and Supply Chain Value Creation in Local procurement

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**Abstract.** The purpose of the study was to investigate how resource-constrained suppliers that are participating in local procurement create supply chain value. The study investigated supply chain performance by testing the relationship between entrepreneurial competences and supply chain value. Feedback from a cross-sectional survey of 294 suppliers in construction, furniture and fitting and agricultural sector was utilized to test hypothesized relationships. The study employed factor analysis and structural equation modelling (SEM) to conduct analysis. The results revealed that building value-driven supply chains in Uganda's local procurement context requires specific competences that have an integrative role. The competences that are valued in integrating local supply chain activities include; opportunity competence and commitment competence. Both innovativeness and analytical competences are not common among local entrepreneurs. Focus should be given to developing competences in identifying and developing new market opportunities, establishing and managing long term relationships with suppliers and integrating new supply chain actors.

**Keywords:** Entrepreneurial competence, supply chain value, local procurement.

## 1. Background

Supply chains are extremely pressured by buyers' requirement to reduce prices, deliver on quality and ensure reliable supply (Luo et al., 2018), keeping resource-constrained suppliers out of the chain, particularly in emerging economies. An increasing evidence base has shown how small and medium size enterprises (SMEs), in emerging economies struggle to penetrate large markets (Esteves et al., 2009; Lu & Yan, 2007). Usually, SMEs that are involved in local procurement depend on local governments (directly or indirectly), and a few large companies, mostly foreign firms. The key hindrances for Ugandan SMEs that are involved in commodity

supply relate to: cost of doing business, poor infrastructure; policy gaps and the technological environment and innovation (Muhanguzi & Kyobe, 2013:8). These issues inhibit supply chain integration and the creation of supply chain value (SCV); operationalised in terms of customer value, supplier value and internal process value (Jayaram et al., 2004). This study seeks to establish the key competences successful entrepreneurs deploy to overcome the challenges in creating value for the local supply chain network.

SME supply chains in Uganda have significant potential for growth, given the growing emphasis on traceability and origin, especially for foodstuffs. Consequently, Uganda's public procurement regulation was revised to promote procurement from local suppliers (Public Procurement and Disposal of Public Assets Authority, 2018). While the new regulations attempts to address demand-side constraints inhibiting SMEs participation in upstream activities occurring within local communities, multiple supply-side challenges still inhibit SME participation in local procurement (e.g. information gap, access to finance). Leuschner et al. (2013) concur that creating SCV requires entrepreneurs to integrate the key functions of a supply chain, suggesting the use of information technology, relational ties and information to integrate supply chain activities. By focusing on well-established SMEs in the manufacturing sector within the developed world, Leuschner et al.'s (2013) study does not provide a solution for resource-constrained firms in emerging economies.

SMEs in Uganda do not have resources needed to invest in modern technologies and associated infrastructure to improve information flow between supply chain actors. The limiting factors in the external environment (such as access to finance) within emerging economies reduce options for supply chain integration. Therefore, resource-constrained firms in emerging economies do not look beyond relational capabilities in seeking a solution for supply chains integration. Bajpai & Singh (2019) highlighted the inherent role of competences in integrating supply chain activities, but were not explicit on key competences needed to create supply chain value. Moreover, Esteve & Barclay (2011) decried the continued lack of empirical evidence on how SMEs that involved in local procurement create supply value, but few studies have attempted to exploit this research gap. Since SME advantage tend to be behavioural, the overarching research question guiding this study is; what entrepreneurial competences are needed for creating supply chain value in local supply chain networks?

The insights from entrepreneurial research attribute the performance of SME to strategic factors, most importantly entrepreneurial competences (Hsu et al., 2011). SMEs in Uganda employ one or two people in senior positions, so business success can easily be attributed to the owner's competences, because he is the sole decision-maker in the business. So the value creation process of Ugandan SMEs is thus related to the capability of SME owner-managers in acquiring and developing resources (Barney, 1991; Capaldo et al., 2004), hence suggesting a strong relationship between managers' competences and the value creation potential of small firms (Rasmussen et al., 2011). While resources are vital, they are not always sufficient in explaining entrepreneurial success (Gümüşay & Bohné, 2018). Entrepreneurial competences may influence the success of individual entrepreneurs (Mitchelmore & Rowley, 2010; Solesvik,

2012), but it is not clear in the literature how individual achievements may create benefits for the entire supply chain.

Hsu et al.'s (2011) work attempted to propose competence areas that are expected to influence supply chain performance, by testing the relationship between supply chain performance and entrepreneurial orientation, namely; innovation orientation, pro-activeness orientation, relational orientation, risk-taking and coordination capability, but their study did not find any significant relationships between the variables due to the small sample size that was utilised in the study. Since entrepreneurial competences are context specific (Capaldo et al., 2004), there is merit in identifying competences which are relevant for supply chain integration in the emerging country context, particularly competences that will benefit firms that are involved in local procurement.

This paper comprises of six sections, including the introduction. In the next section, we review previous literature to establish the basis of formulating study hypotheses, by examining prior studies on supply chain management to explain how resources-constrained firms create SCV. We explore entrepreneurial competences to identify competences that are common among local suppliers. In section three, we present research the methodology employed and the study results are presented in section four. In section five and six, we present a discussion of findings and conclusions drawn from the study.

## **2 Literature review**

### **2.1 Definition of entrepreneurial competence**

There is no single definition of entrepreneurial competence, however, drawing from earlier studies, Mitchelmore & Rowley (2010:96) defined entrepreneurial competence as “those underlying characteristics (such as specific knowledge, motives, traits, self-image, social roles and skills) that result in venture birth, survival and/or growth”. Consonant with this, Morris et al. (2013) state that entrepreneurial competences are carried by individuals who start a business, transform it and add value to it through organizing resources and opportunities. In relation to SMEs, entrepreneurial competence mean the “capability of the entrepreneur and of his collaborators in successfully acquiring, using and developing resources for their business purpose, in the specific context in which a firm operates” (Mitchelmore & Rowley, 2010:104). The above definitions highlight the continued lack of a unified definition of entrepreneurial competence, suggesting a concept that merits further clarification. We contend that entrepreneurial competence not only lead to success of individual entrepreneurs, they can help SME-owner managers to integrate less dispersed supply chains, akin to the local procurement market. Since this research focuses on SME owner-managers, we adopt Capaldo et al.'s (2004) definition of entrepreneurial competences, because their unit of analysis is the owner-manager.

### **2.2 Resource Based View**

The theorists advancing the resource-based view attribute the value creation process of a firm to competences and capabilities of a manager in finding and developing resources (Barney, 1991).

Omar et al. (2016) assert that entrepreneurial competences of SME owner-managers are valuable intangible resources determining success of any business. SMEs operating in an environment with limited access to resources such as finance and human capital, find it almost impossible to mobilise resources within their network. Only competent managers can coin and develop successful strategies towards SCV creation. The entrepreneurial competence perspective extends the boundaries of resource-based view (Alvarez & Busenitz, 2001), by providing a firmer theoretical explanation why and how entrepreneurs operating in less dispersed supply chains develop new opportunities, innovate and trust one another, an ability which is the primary source of creating SCV. By revealing a positive relationship between entrepreneurial competences and value creation, Kayakutlu & Büyüközkan (2010) predict the possibility of utilising competences of the SME owners and managers in creating SCV.

The value creation process of supply chains depends on building collaborative relationships, and may involve a number of supply chain practices, including collaborative communication, creation of mutual goals, information sharing and use of technology (Leuschner et al., 2013). These supply chain practices help SMEs to integrate supply chain activities. However, SMEs in Uganda find it costly to collaborate where poor technological infrastructure remain a threat to information sharing and collaboration, implying, only the entrepreneurs with relevant capabilities will afford to deploy competences that add value. Such competences are learnable, though many SME owners and managers are lacking the relevant competences. Entrepreneurs with the desired competences will remain dominant members of the supply chain.

### **2.3 Entrepreneurial competences and SCV**

Research on entrepreneurial competence is driven by aspirations to achieve superior performance and consequently business success (Mitchelmore & Rowley, 2010). The success of local SME suppliers in Uganda depends on collective responsibility and how individual suppliers are committed to the group. Hence, the value creation process of local suppliers is related to the capability of individual managers in mobilizing fellow suppliers, in acquiring and developing resources (Barney, 1991; Capaldo et al., 2004). SMEs that are resource-constrained often depend on competences of owner-managers for business success. These firms acquire competences to improve supply chain performance, by emphasizing qualitative differentiation (Thakkar et al., 2009). Entrepreneurial competences enable them in mobilising and acquiring relevant resources that create distinct value (Rasmussen, Mosey & Wright, 2011). While previous studies have focused on identifying competences relevant to a firm's performance (Man Lau & Chan, 2002; Mitchelmore & Rowley, 2013; Solesvik, 2012), and the creation of new ventures (Gümüşay & Bohné, 2018), this study aims at identifying competences that create SCV.

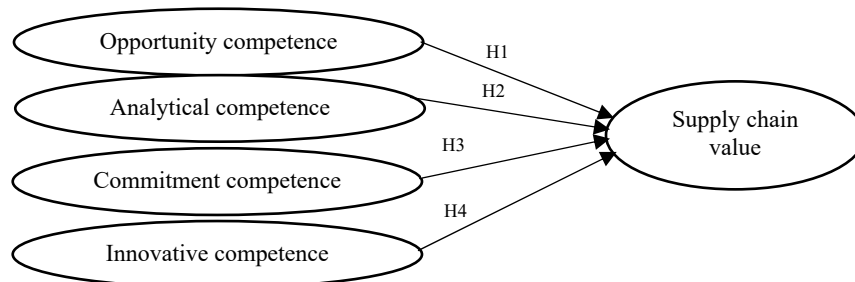
Mitchelmore & Rowley (2010) painted an integrated picture of all contributions relating to entrepreneurial competences from studies conducted in various countries, underlining the importance of discussing the impact of personal variables on entrepreneurial competences. In their subsequent study, Mitchelmore & Rowley (2013) encouraged future researchers to give particular attention to developing models that establish the relationship between entrepreneurial

competences, business performance and growth. In an earlier study, Solesvik (2012) explored entrepreneurial competences among female entrepreneurs in an emerging economy context to establish competences that are common among successful female entrepreneurs. Female entrepreneurs were associated with six entrepreneurial competences, namely: opportunity; organizing; commitment; relationship; innovative competences and analytical competences but strategic competences were underdeveloped in all the cases.

Gümüşay & Bohné (2018) classified entrepreneurial competences as ranging between six and three, including: opportunity competence; relationships competence; organizing competence, strategic competence, commitment competences and conceptual competence. Conceptual competences were further divided into two, namely; analytical competence and innovative competence. The above findings emphasized that entrepreneurial competences are heterogeneous, suggesting that successful SME owners and managers that are participating in local procurement may have distinctive competences helping them to integrate local supply chain activities. In fact, not all competences have an integrative role, so there is merit in focusing on those that strengthen unity among suppliers.

As highlighted above, it is evident that entrepreneurial competences are positively related to supply chain management (SCM) strategies. However, given the uniqueness of the business environment from which SME suppliers in emerging economies operate, examining all the above competences in turn may not be appropriate. In fact, some of the competences cannot be generalized across contexts: for example, strategic competences are always underdeveloped among women (Mitchelmore & Rowley, 2013). Therefore, suppliers that are operating within close proximity may not need focus on developing relationship competences and because they don't hire professional managers, organising competences are scarce among entrepreneurs being studied. The fact that large firms continue to marginalise SMEs (Loader, 2013), they struggle to look for markets and become loyal to their customers and suppliers. In doing so, we hypothesise that SME owners and managers require opportunity competences, commitment competences and conceptual competences (both innovativeness and analytical skills) to remain dominant in the local supply chain. While commitment competences reduce uncertainties among supply chain partners which is likely to facilitate integration of supply chain activities, conceptual competences and opportunity competences open new doors for market opportunities. These competences may play distinct roles in integrating local SME supply chain activities that create value for the supply chains. We, therefore, hypothesise that opportunity competence, analytical competence, commitment competence and innovative competence create SCV for SMEs that involved in local supply chains, represented as hypothesis H1, H2, H3 and H4 shown in figure 1.

**Figure 1: Theoretical model**

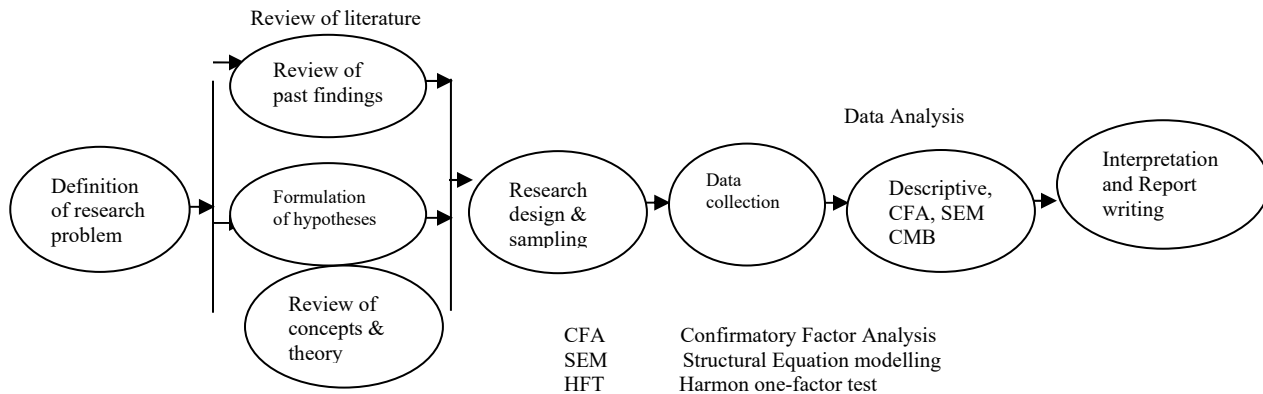


### 3. Methodology

#### 3.1 Questionnaire and data collection

Questionnaires were utilised to elicit opinions and attitudes from SME suppliers, to test the different relationships stated by the hypotheses. The survey targeted SME owner-managers because they are more likely to provide reliable information related to supply chain management. Cross-sectional data was collected at a single point in time. The aim was to test existing theory in solving a practical problem hindering SME success in local procurement. The survey design selected was appropriate because it suits the post-positivist paradigm and it offers economy. The survey utilized a sample size of 294 SME owner-managers drawn from the population of 974 registered SMEs, which depend on local content in Uganda (Uganda Bureau of Statistics, 2011). The sample size was generated using Krejcie and Morgan's (1970) simplified heuristics and stratified random sampling method. The sectors where the sample was drawn include; construction, food processing, furniture and fittings and agriculture<sup>1</sup>. These are the sectors that support SMEs in the local procurement within Uganda, akin to the less dispersed supply chain markets (Narasimhan and Nair, 2005). The research process is illustrated in figure 2

Figure 2: Research process



#### 3.2 Measures

##### 3.2.1 Operational definition of competences

The study variables were measured on various scales. Table 1 below shows the items in the instrument utilized for measuring entrepreneurial competences as well as citations for the items adopted. Twenty-one items related to entrepreneurial competence were utilized to measure entrepreneurship competences. For each item, seven-point Likert scale was developed and

<sup>1</sup> The entire population of SMEs was grouped into strata representing the five commercial zones (Kampala District, Central region, Eastern region, Western region and Northern region) according to the Uganda census of business establishment report 2018. A random sample was then drawn from sectors than mainly depend on local procurement in Uganda.

utilized in previous studies (Jayaram et al., 2004; Man et al., 2002; Man & Lau, 2005; Man et al., 2008). Since knowledge about competences is still challenging for many scholars, the approaches for measuring competences are diverse, prompting different researchers to use different approaches in understanding the concept (Mitchelmore & Rowley, 2010). Some researchers explicitly adopt the antecedent perspective, employing a wide review of the literature to develop statements, which respondents use to self-assess their own level of competence or their level of agreement with a competence-related statement. Other scholars argue for qualitative methods such as interviews and case studies, arguing that exploratory designs give more insight into competences from a process perspective (Mitchelmore & Rowley, 2010). Unlike the latter, this study utilized the antecedent perspective in explaining how entrepreneurial competences create SCV in the local procurement context. The fact that competences are situational and context-specific, we adopted the antecedent perspective as suggested by Hayton and McEvoy (2006), to make it easier in prioritizing some competences over others.

Man et al. (2002) categorized competences into six major areas, namely; opportunity, commitment, relationship, conceptual, organizing, and strategic competences. Man & Lau's (2005) additional work identified four new competences including, learning competence; innovative competence; operational competence; and human and personal strength competence. The four additional competence areas proposed by Man & Lau (2005) are simply a breakdown of the conceptual and organizing competence already captured in earlier theoretical framework. This variation in the nature of competences explains the influence of contextual factors (Man and Lau, 2005). Man et al. (2008) further proposed two more competences: learning and personal strength competence to develop a new instrument for entrepreneurial competences. Similar to Man and Lau's (2005) study, the new competence areas suggested by Man et al. (2008), were considered for the purpose of minimizing cross-loading in related competence areas. To avoid cross-loading, Man et al. (2008) separated conceptual competences into two competency areas: analytical competence and innovative competence. Organizing competence was also separated into two competence areas: operational and human competence, representing business management and people-related operations respectively. The refined items incorporated into Man et al.'s (2008) questionnaire gave a Cronbach's alpha ranging between 0.78 and 0.94, considerably beyond the recommended value of 0.7 (Nunnally, 1978). The competences and items adopted in the current study are provided in Table 1.

**Table 1: Entrepreneurial competences**

Item	Description of items
<b>a) Commitment competence</b>	
CMC1	Even if we could, we would not drop our partners because we like being associated with them.
CMC2	We want to remain a member of our partners' network because we genuinely enjoy our relationship with them.
CMC3	Our positive feelings towards our partners are a major reason we continue working with them
CMC5	The renewal of our relationships with our partners is virtually automatic
<b>b) Opportunity competence</b>	
OP1	Searching for new way to integrate supply chain
OP3	Recognizing and developing new market opportunities
OP2	Involving new supply chain members
<b>c) Innovative competences</b>	
IC1	We look at old problems in new ways
IC2	We Explore new ideas
IC3	We treat new problems as opportunities
<b>d) Analytical competences</b>	
AC1	We understand what others mean by their words and actions
AC2	We apply ideas, issues and observations to alternative context
AC3	We Integrate ideas, issues and observations into more general context
AC4	We monitor progress towards objectives in risky actions

### 3.2.2 Operational definition of SCV

Value creation in supply chain relationships is conceived as a multifaceted construct that may be measured via three sub dimensions, namely customer value, supplier value and internal process value. Internal process value is a set of benefits a firm generates from her internal processes. The definition of value in relationships such as supply chains, is given in terms of benefits that accrue to customers, suppliers and the focal firm. Unlike the measures for competences, the items measuring the creation of SCV, capture the manager's evaluation of the firm, suppliers and customers. Twenty-one items related to value creation process were utilized. For each item, a five-point Likert scale was developed that focused on the importance of the specific practice. Table 2 lists the items selected for the questionnaire, and adopted in the current study.



**Table 2: Supply chain value**

Item	Description of items
<b>a) Supplier value</b>	
SV1	Suppliers' ability to meet due dates
SV2	Commitment to continuous improvement
SV6	Quick response time for emergencies, problems, special requests
<b>b) Customer value</b>	
CV1	Employing routine follow-up procedures
CV2	How the customers use products and services
CV4	Firm's ability to meet due dates set by the customer

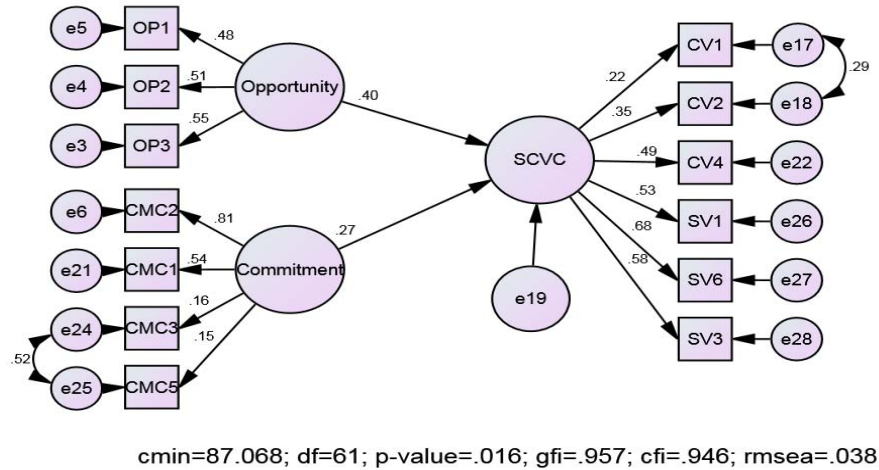
## 4 Results

### 4.1 Models and testing

Data was gathered from 295 respondents; 65% male and 35% female. Majority of respondents (43%) range between 30-40 years of age, followed by 41% who are in the age group of 20-30 years. Those above 41 year were 13% and the ones below 20 years were 6%. Reliability tests were conducted for the measurement instruments using Cronbach's alpha while validity was tested using different indicators. The outcome from reliability test generated a Cronbach's alpha ranging from 0.516 and above, signifying that the measurement instruments consistently measured the constructs. A confirmatory factors analysis (CFA) was utilised to test for the quality of the measurement instrument, using Analysis of Moments Software (AMOS). The p-value of the indicator variables in the measurement model were above the minimum critical value of 1.96 ( $p < 0.05$ ), providing sufficient evidence to support the measurement of entrepreneurial competences. Utilizing Fornell and Larcker's criteria, the researcher evaluated whether Average Variance Extracted (AVE) for the constructs was considered greater than the square root of the correlation between two constructs. AVE computed to test for convergent validity was above 0.506, implying the latent variables explain more than half of the variance in the indicator variables, signifying sufficient evidence of convergent validity. The model fit indices for the measurement model (CMIN/DF = 0.1593 at  $P=0.009$ ; CFI=0.948; GFI=0.961; and RMSEA=0.045) show good representation of model fit for the measurement model.

Both innovative competence and analytical competence were dropped from the measurement model because they had exhibited poor factor loadings, which points towards the potential utility of a more in-depth analysis of conceptual competences in future. Having adjusted the measurement model during CFA, both validity and reliability tests proved sufficient to proceed with further analysis. Following the convincing estimates of the measurement model, the structural model was subjected to empirical testing to establish the relationship between entrepreneurial competences and SCV.

**Figure 3: Structural model estimated**



**Key:** Opportunity (Opportunity competence), Commitment (Commitment competence), SCV (supply chain value)

As with all self-reported data, there was potential for common method biases resulting from the effects of response style, item wording, consistency motif, proximity and reversed items, social desirability (Podsakoff & Organ, 1986; Liang et al., 2007). The study enforced procedural remedies as recommended by Podsakoff and Organ (1986) to control for method biases. The questionnaire was shared with senior researchers to remove ambiguity and reverse-coded items. The measurements of the predictor and criterion variable were obtained from different sources to minimize the possibility of common method biases. In addition, respondents were asked to answer anonymously and were assured that there is no right or wrong answer to reduce tendencies of social desirability. The researcher performed statistical analyses to estimate the possibility and magnitude of common method biases, first by using Harmon one-factor test (Podsakoff & Organ, 1986) on the study variables. The results from testing the measurement models showed that the variance explained by one factor was 25.9 percent which is below the lower limit (50 percent) for detecting common method bias. A comparison of the standard regression weights for model with a common latent factor (CLF) and without CLF showed no significant differences, something which rules out common method biases. In addition, model fit indices of CFA without CLF were better than model fit indices of CFA with CLF.

The structural models were built using IBM AMOS 23 software which provides maximum likelihood estimate with covariance matrix as input. The results show that opportunity competence exerted positive influence on SCV. The estimated path coefficient for the

relationship between opportunity competence and SCV was 0.398 ( $p=0.017$ ) and the coefficient for the relationship between commitment competence and SCV was 0.273 ( $p=0.049$ ). In the light of this evidence, hypotheses H<sub>1a</sub> and H<sub>1b</sub> were accepted for being significant. The ratio of Chi-square to the degree of freedom was 1.427, which is within the acceptable range. The p-value of 0.16 indicates no difference between the estimated model and a saturated model. The RMSEA value of 0.038 indicates a good fit and both the lower limit and the upper limit of RMSEA are within the acceptable range. The value generated for GFI is 0.946, indicating a good fit, and CFI is 0.957 confirming a good fit. Overall, the model fit indices suggested a good fit but not necessarily a perfect one. It nevertheless confirmed the hypothesis. The results suggest that the data collected for this study fit the model adequately.

## **5 Discussion and managerial implications**

The result from our study provide a managerial perspective on building value-driven supply chains for resource-constrained firms that are participating in local procurement. Local procurement in Uganda takes place mainly in rural communities with poor infrastructure, technology adoption is low, market information is scarce and suppliers are few. Sourcing from SME that are involved in local procurement is complex because SME suppliers are less aware of how to create value for their customers. While earlier studies (e.g. Leuschner et al., 2013) deliberated on information technology, operational efficiency and supply chain collaboration as useful tools for creation of SCV, resource-constrained firms do not typically collaborate (Katz & Martin, 1997). Entrepreneurial activities are pushing the frontiers of knowledge, by demonstrating the role of entrepreneurial competences in integrating supply chain activities. Specifically, commitment competences and opportunity competence, not only improve individual firm performance (Singh, 2011; Solesvik, 2012), they are important in coordinating supply chain activities, corroborating with Hsu et al.'s (2011) findings.

However, not all competences are relevant in bridging local supply chain activities. The study shows that innovative competences and analytical competences are not common among successful SME owner-managers that are involved in local procurement. Both analytical and innovative competences are less valued possibly due to the simplistic nature of small businesses in Uganda. The top three factors constraining innovation among SMEs in Uganda are cost, knowledge and market factors. The uncertain demand for innovative goods and services, dominance of well-established firms and the tendency by firms to imitate innovation are often cited as the limitations to innovation among SMEs (Shinyenkwa & Kiwala, 2020). Moreover, innovations are costly for small firms, due to the fact that SMEs lack of funds within the enterprise and the sources of finance outside the enterprise are inaccessible. The above challenges are attributable to the education system that is not producing graduates with the essential skills to promote innovation.

A competence-based approach has proven that SME owners and manager having relevant entrepreneurial competences, have capacity to disrupt local supply chain processes by improving the coordination of resource-constrained suppliers. For instance, the positive relationship

between opportunity competence and SCV demonstrated that SME owners and managers who are competent in recognizing and developing market opportunities and are diverse in their methods of integrating supply chain activities, enhanced SMEs' ability to meet the due dates set by customers. Consequently, SME suppliers who have the relevant entrepreneurial competences stand high chances of staying relevant to local procurers.

The study revealed that local SME suppliers can create value for local procurers by involving in discussions regarding market opportunities, corroborating with Singh's (2011) findings. The joint discussions about marketing opportunities: (i) improve suppliers' ability to meet dates set by customers; (ii) influence suppliers' commitment to quality; and (iii) enhance suppliers' flexibility in responding to clients' demands and emergencies. The implication of this result is that if local SMEs need to maximize value, the suppliers' focus should be on continuous engagement with buyers to understand their needs and strengthen competences in (i) recognizing and developing market opportunities; (ii) searching for new ways to integrate local supply chain; and (iii) involving new supply chain members. When SME owner-managers' capacities are developed along these areas, it is likely that SME suppliers will offer faster response to customer needs thereby increasing their visibility to new customers.

The significant positive relationship between commitment competence and SCV implies that commitment competence help local suppliers to work closely with their clients, both upstream and downstream. This result corroborates Singh's (2011) earlier findings supporting commitment as a driver for the kind of coordination that improves value creation. The results show that commitment competence: (i) influenced suppliers' ability to respond to special requests made by procurers; (ii) enhanced supplier's ability to make timely deliveries; and (iii) improved quality. Quality is always a challenge for SME in Uganda (Ernst & Young, 2011), and this research strongly implies that maintaining strong commitment to customers helped small suppliers to improve the quality of supplies. In brief, commitment competence influenced suppliers, by motivating three main value drivers: flexibility, time management and quality.

Commitment competence also improved the suppliers' routine follow-up procedures for customers, specifically regarding how customers used products and services, and enhanced their firm's ability to meet the due dates set by procurers. This is because commitment helps collaborating partners to share resources they would be lacking (Fynes et al., 2005). Specifically, SME owner-managers expressed willingness to remain members of local supply network because; (i) they genuinely enjoy their relationship, (ii) they have positive feelings towards their partners, (iii) expect their relationship with partners to continue for a long time and (iv) they are hopeful that they will be doing business with their partners in future.

## **6 Conclusion**

The study makes empirical contribution by separating out the key competences most important in the management of SME supply chains. These include among others; opportunity competence and commitment competence. The findings revealed that both innovative competence and analytical competence are not common among local SMEs owner and

managers, hence excluding these from the list of competences successful SMEs suppliers deploy to create value in the local supply chain network. In fact, not all competences have an integrative role, so there is merit in focusing on developing a few competences that will benefit resource-constrained suppliers. These competences add to the list of Entrepreneurial Supply Chain Management Competences (ESCMC) being distinct from other competences. Thus, there remains scope to expand the list of ESCMC by future researchers. The study results confirm that Ugandan SME create value for local procurers through developing SME owners and managers' competences. The competence areas meriting attention for integrating local supply chains are opportunity and commitment competence. These competence areas jointly influence the quality of goods supplied by SMEs, reduce the time to the market and enhance customer service. Leuschner et al. (2013) have proven that creating SCV requires entrepreneurs to integrate activities in a supply chain. However, not all entrepreneurial competences have an integrative role.

From a managerial point of view, the study findings point clearly to the benefits of a shift in supply chain management strategies towards developing entrepreneurial competences of SME suppliers. In other words, adopting a strategic focus with emphasis on developing suppliers' competences is likely to make local procurement more successful. This directly addresses a current research gap. Establishing a solid relationship with potential suppliers within the local procurement context has always been a challenge in Uganda. However, the past absence of a research focusing on entrepreneurial competences may explain why this problem remained relatively untheorized. Because of this gap, earlier research offered no clear evidence on the relationship between entrepreneurial competences and SCV (Leuschner et al., 2013). In view of the above, practitioners should give particular attention to developing: i) the managers' competences in integrating new supply chain partners into local supply chains; (This is likely to have a widespread but gradual effect that significantly impacts on quality, flexibility and customer responsiveness); ii) the managers' capacity to identify and develop new market opportunities and ways of integrating the local SMEs supply chain such as the use of ICTs; iii) the managers' capacity in establishing and managing long term relationships with suppliers to improve SCV.

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