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INFLUENCE OF SOCIAL COMPETENCE ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMES): EMPIRICAL EVIDENCE FROM TANZANIA'S MANUFACTURING SMES

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ABSTRACT
The purpose of this study was to examine the influence of dimensions of social competence namely social perception, social adaptability, social expressiveness, impression management, and persuasiveness on SME performance. The study employed a cross-sectional research design where by data were collected from manufacturing SMEs in Tanzania in four types of sub-sectors namely; food processing, woodwork, ironwork and textile. 250 manufacturing SMEs were selected through stratified random sampling procedure. Data were collected using survey method whereby self-administered questionnaires were administered to owner- managers of these SMEs. Thereafter, data were analysed using the Statistical Package for Social Sciences (SPSS version 21). Statistical analysis included factor analysis and multiple linear regression models. Results indicate that social competence as composite variable has a significant influence on SME performance. More specifically, the findings show that persuasiveness, social perception, social expressiveness and impression management have a significant influence on sales; persuasiveness, social adaptability and social expressiveness have a significant effect on profit; persuasiveness, social perception, social expressiveness and impression management have a significant positive influence on ROA and finally persuasiveness, social perception and social expressiveness have a significant effect on ROI. These findings imply that, socially competent entrepreneurs are more likely to experience higher firm performance than less socially effective owners. This research contributes to the literature regarding the role and impact of social competence on business performance, particularly, in the context of SMEs in developing countries.

Key words: Owner-manager, SMEs performance, social competence

1.0 INTRODUCTION
Small and Medium Enterprises (SMEs) is one of the important sector which has high contribution on economic development of both developed and developing countries (Anderson, 2017). In Tanzania, it is estimated that about one third of Tanzania's Gross Domestic Product (GDP) is generated from SMEs (Mgeni, 2015) and above 3 million people are engaged in SMEs related activities (Nkwabi and Mboya,

2019). However, research has shown that despite their contributions many SMEs around the World experience poor performance (Islam and Tedford, 2012; Machirori and Fatoki, 2013). For instance, Rahman *et al.* (2016) indicate that the rate of failure among SMEs in Malaysia is approximately 60 % while in South Africa it is between 70% and 80% (Fatoki, 2011). Generally, in Africa, five out of seven newly established SMEs do not last beyond a period of one year (Yeboah, 2015). Unfortunately, in Tanzania, statistical evidences in regard to SMEs mortality rate are not well documented. However, SMEs poor performance has been reported to be attributed by lack of access to finance, unfavourable legal framework, undeveloped infrastructure, shortage of business skill services and business support institutions, obsolete technology, absence of market information and poor networking activities (John, 2016).

These challenges have compelled firms to apply several strategies to guarantee business performance and survival. One among these strategies is networking. Networks are regarded to be important to entrepreneurs in acquiring important resources such as capital, strategic information and labour (Franco *et al.,* 2016). The usefulness of networks on SMEs performance results from individuals' social competence (John, 2016). This is because social competences support entrepreneurs to create and increase the size of their networks (Meutia, 2015). Hence, social competence can also be considered to make a valuable contribution on business performance. As such, in conceptualising SME performance, it is imperative to take into account the role of social competence on building relationships (networks) and determining business performance.

However, a lot of previous studies have mainly focused on the role of social competence in building business networks. Besides, many social competence and SME performance related studies have been conducted in developed countries and rarely done in developing countries (Meutia, 2015) like Tanzania. Therefore, there is lack of empirical evidence on how social competence is related to SME performance. It is from this context this study intends to examine the influence of entrepreneur's social competence on SME performance in the context of Tanzania as a developing country.

2.0 LITERATURE REVIEW

2.1 Networking Theory

The networking theory highlights the importance of social relationships (networks). Networks mean "connections and interactions between individuals, groups and organisations" (Sirec and Bradac, 2009). For an enterprise, entrepreneurial networks involve all relationships with other individuals, business partners and organisations that influence business performance (Schutjens and Stam, 2003). Likewise, in SMEs context networking involves all activities of the owner-manager to build relations with other actors for the purpose of exchanging resources at low cost and enhancing the firm's performance (Sirec and Bradac, 2009: Machiori and Fatoki, 2013).
The outcome of networking activities is 'social capital' (Greve and Salaff, 2003). Social capital is referred as a collection of actual and potential resources resulting from network relationships (Greve and Salaff, 2003; Liao and Welsch, 2005). These resources may include material, financial, human, information, advice and emotional support that may not be possessed internally (Bratkovic *et al.,* 2009).

Normally, there are two main arguments behind the networking theory. Firstly; networking can reduce the cost of transacting and exchanging resources (Ongong'a and Abeka, 2011). Secondly, as no single firm can have all the resources, entrepreneurs tend to interact with other actors outside their enterprises that can supplement resource deficiency (Premaratne, 2001; Ongong'a and Abeka, 2011). Hence, according to this theory firms need to build external networks in order to compete, survive and perform. More specifically, in entrepreneurship, networking can be regarded as an important tool to enhance business performance. In this view, the networking theory attempts to explore the interactions an enterprise has with other individuals, organisations and groups and how these relationships influence firm's performance. Thus, it can be argued that the success of the entrepreneur networking activities is mainly influenced by their social skills.

2.2 Conceptualising Social Competence

Based on the networking theory it can be assumed that owner-manager's social relations are spurred by social skills such as social competence. Similarly, John *et al.* (2019) stated that the formation of networks is influenced by entrepreneur's social competence. They reveal that networks are formed and sustained through individual's social competence. Hence, a socially competent entrepreneur with relevant networks not only enhances business performance but also maintains it (Bari *et al.,* 2020).

Different definitions have been used to describe the meaning of social competence. Arnold and Lindner-Müller (2012) describe social competence as the "ability to effectively make and maintain positive social outcomes by organising one's own personal and environmental resources". Wu (2008) relates social competence to a number of interpersonal skill and relationship concepts as well as social effectiveness measures such as social skill, social intelligence, emotional intelligence and political skill.

Nonetheless, in the context of entrepreneurship, the most comprehensive definition of social competence was put forward by Baron and Markman (2003). They described social competence as a bundle of social skills and capabilities which enable people to communicate, interact, impress and influence others around them. According to Baron and Markman (2003), social competence is categorised into five dimensions namely; social perception, social adaptability, social expressiveness, impression management and persuasiveness. More specifically, *social perception* refers as the ability to accurately decipher social interactions and behaviours (Baron and Markman, 2003; Ferris *et al.*, 2005), *social adaptability* is the capability to adapt to different social situations in order to prompt specific responses from others and reach one's objectives (Ferris *et al.,* 2005), *social expressiveness* involves a person's ability to communicate verbally, interact (Riggio and Reichard, 2008), and develop a range of relationships (networks) with different actors (Ferris *et al.*, 2005), *impression management* refers to as ability to inspire right reactions such as trust, confidence, sincerity, and integrity in and from others (Baron and Markman, 2000, 2003; Ferris *et al.,* 2005, 2007) and *persuasiveness* is the ability during personal contact to influence others to change their opinion, attitude, and behaviour according to one's wish (Baron and Markman, 2000, 2003).

In general, social competence is important in creating and keeping business networks and hence the utilization of social capital for business performance (Lans *et al.,* 2016). Therefore, operating SME requires entrepreneurs to demonstrate a range of social skills. First, they have to be highly perceptive of the social environment and behaviour of oneself and that of others (Ferris *et al.*, 2005). Second, they need to be very skilled at adapting to various social contexts (Baron and Markman, 2000). Third, they have to show competence in debating and executing business transactions (Ferris *et al.* 2005, 2007). Thus being skilled in social competence enhances network formation and business performance (Zhao *et al.,* 2010).

Therefore, it can be noted that social competence does not only imply to having a particular social skill, but also the ability to use it an effective and beneficial manner.

2.3 The Concept of Business Performance

Performance is a very broad and multidimensional concept applied in several disciplines (Wu, 2009; Bengesi, 2013; Bengesi and Roux, 2014b). Generally, performance is the degree to which a functioning system meets the target (Wu, 2009). In business, Orziemgbe *et al.* (2014) relate performance to the level of success reached by the firm. Similarly, Fatoki (2011) defines business performance as the outcomes (such as productivity) obtained from a firm's inputs like raw materials, processes and machines. Performance is considered as the main approach of evaluating or measuring the success of the business (Mokhtar and Wan-Ismail, 2012; Tendai, 2013).

Business performance can be measured in terms of financial measures such as sales turnover, profitability, number of employees, Return on Asset (ROA) and Return on Investment (ROI) (Prajapati and Biswas, 2011; Tendai, 2013; Bengesi, 2013; Bengesi and Roux, 2014). Similarly, non-financial measures like knowledge and experience, product quality, as well as innovation in products, services and processes can be used to measure performance (Prajapati and Biswas, 2011; Orziemgbe *et al.*, 2014). Financial measures are sometimes referred to as objective indicators of performance while the non-financial measures are considered to be subjective measures of performance (Prajapati and Biswas, 2011; Mokhtar and Wan-Ismail, 2012).This study opted to use financial measures, since Mokhtar and Wan-Ismail (2012) point out that the traditional financial measures of performance are the easiest and most logical approach of assessing business performance.

2.4 Social Competence and SME Performance

The majority of empirical literature in social competence related studies has been carried out in many other disciplines and areas such as sociology, psychology (Blad, 2008), educational science (Arnold and Lindner-Müller, 2012) and organisational behaviour (Beheshtifar and Norozy, 2013). Even studies conducted in entrepreneurship and business perspective have mainly focused on the relationship between social competence and network formation or social capital. In addition, detailed studies on social competence in small firms are rare. Likewise, with the exception of the study of Baron and Markman (2003) that was done in cosmetic and high-tech industry, the rest of studies have not looked into the five social competence factors and the context in which they are more significant to enhancing SME performance, especially, in developing countries.

The few exceptions which have tried to investigate the relationship between social skills and business performance, view that social competence is a crucial determinant of business performance and success (Baron and Markman, 2003; Kristiansen, 2004; Tocher, 2007; Blad 2008; Zhao *et al*., 2010; Meutia, 2015). For instance, in a study of the role of entrepreneurs' social competence on financial success, Baron and Markman (2003) found that social perception, social adaptabilityand social expressiveness influence entrepreneur's financial performance. Further evidence of the benefit of social competence on business performance is provided by the research of Tocher (2007) who examined the role of social effectiveness on new venture success. Findings suggest that, ventures operated by socially effective founders experience higher levels of business performance than ventures operated by less socially effective founders. In a like manner, Tocher *et al.*, (2012) note that social competence has a positive influence on entrepreneurial performance. In line with these findings, Bengesi and Le Roux (2014) reported significant positive influence of relational skills on SME financial performance in terms of profit, ROA, and ROI. Similarly, Jiang *et al.*, (2012) points out that social competence appears to be critical to the successful start-up and growth of women-owned businesses. This is consistent to the findings of the study done by Sallah and Caesar (2021) which indicated that social competence has a positive impact on women business growth. Therefore, it can be proposed that there is a link between the entrepreneur's social competence and business performance. In view of this discussion, the following research hypothesis was developed.

H1: Social competence has a positive influence on SME performance

3.0 METHODOLOGY

This study was carried out in the two largest cities of Tanzania; namely Dar es Salaam and Mwanza. These two cities are leading in terms of the population size, commercial and industrial activities. They have a high concentration of large to small businesses as well as several manufacturing activities of simple goods such as food products, beverages, textiles and wood products. The study adopted a cross-sectional study design where by data were collected from manufacturing SMEs in four types of sub-sectors vis-a-vis food processing, woodwork, ironwork and textile from two administrative regions of Tanzania namely; Dar es Salaam and Mwanza. By using Yamane's formula, the sample size of 250 SMEs was selected through stratified random sampling procedure. Self-administered questionnaires were used to collect data in a survey from owner- managers of these SMEs. In order to capture performance and compare it over the number of years, firm's age was further used as a criterion to determine the relevant population for sampling. Hence, enterprises with less than 5 years old in operation were eliminated.

The five dimensions of social competence were measured using the original questionnaire having 26 items used by Baron and Markman (2003) and Baron and Jintong Tang (2009). The items were measured using a 5-point Likert type scale ranging from 1=strongly disagree to 5= strongly agree. Examples of items were: I am a good judge of other people (social perception), I can easily adjust to being in just about any social situation (social adaptability), I am good at presenting myself in a social situation (social expressiveness), I generally make a good first impression on others (impression management) and people always like and enjoy listening to me (persuasiveness).

Business performance was measured in terms of average sales growth, profits, ROA and ROI for the past three years as shown in equation 1, 2, and 3. Similar measurement of performance have been used by other Authors (John *et al.*, 2019; Kiwia *et al.*, 2019; Le Roux and Bengesi, 2014; Bengesi and Le Roux, 2014b).

$$Profit(Net\ income) = Total\ sales - Total\ cost \ldots\ldots\ldots\ldots\ldots (Equation\ 1)$$

$$ROA = \frac{Net\ income}{Total\ assets} \times 100 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (Equation\ 2)$$

$$ROI = \frac{Net\ income}{Investment\ cost} \times 100 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots. (Equation\ 3)$$

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Multiple linear regression models were used to examine the influence of social competence dimensions on SME performance. The independent variables were factors of social competence, demographic characteristics such as sex, age, managerial experience, working experience and education level of the respondents as well as age of the firm, firm size, type of the business and legal status while the dependent variables were sales, profit, ROA and ROI. The general equation of linear regression is given by

$$E(Y_i) = \beta_0 + \beta_1 x_1 + ... + \beta_p x_p \quad \text{...} \quad \textit{(Equation 4)}$$

Where, $E(Y_i)$ is the mean of the response variable, $x_i\,'s$ are independent variables and $\beta_i\,'s$ are their respective parameters.

The findings of the model were presented in the form of regression parameter estimate (PE) and P-Value (p). The estimated parameter is a difference in mean response between one level of independent variable and its reference category. It tells the increased or decreased in mean response of a given level of the independent variable (social competence) while controlling for the effects of the other variables in the model. The estimates of parameters greater than 0 (positive), indicates that the mean response of a given level of the independent variable is greater than that for the reference category by PE. Estimates less than 0 (negative) indicates that the mean response of a given level of the independent variable is less than that for the reference category of each variable by PE. On the other hand, P-values that are less than 5% indicate statistical significant difference in mean response of a given level of the independent variable as compared to that reference category. The regression analysis assume that the data are normally distributed, hence prior to the multiple regression analysis, data was tested for normality assumption and transformations were made whenever thought necessary to ensure that regression assumptions are not violated. Subsequently, the regression analysis for performance measures namely; sales, profit, ROA, and ROI was done based on their corresponding log linear (Ln) transformed variables.

In order to generalise the findings to the whole population, a normality test was performed for all performance variables that included sales, profit, ROA and ROI. The assumption of normality indicates that the differences between the model and the observed data are most frequently zero or very close to zero and that the differences much greater than zero, happen only occasionally. It is very rare to observe differences between the model and data that is too large from zero. Thus, in many cases the differences between the model and observed data are zero or very near to zero (Bengesi, 2013). The Shapiro-Wilk test for normality was used to test for normality. This test, examined whether the distribution type for the test variable, deviate significantly from normal. The test found that that sale, profit, ROA and ROI are significantly not normally distributed. Therefore, in order get normal distribution of data, log transformation of these variables was done. Table 1 presents the results for the formal test of one sample the Shapiro-Wilk test for normality of transformed data, to test whether the transformed data still deviate significantly from normal distribution.

Table 1: Shapiro-Wilk Test for Normality of Transformed Test Variables

Variables	Statistic	P-Value
LnSale	0.9962	0.8086
LnProfit	0.9955	0.7223
LnROA	0.9921	0.2361
LnROI	0.9941	0.4988

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The findings presented in Table 1 shows that all test variables LnSale (p=0.8086), LnProfit (p=0.7223), LnROA (p=0.2361), and LnROI (p=0.4988), and are not significantly different from normal distribution which suggest that all test variables after transformation are normally distributed.

4.0 FINDINGS AND DISCUSSION

4.1 Demographic characteristics of owner-managers

The detailed description of the demographic profile of the respondents is presented in Table 2. The table shows that more than 76% of the respondents were males while only 23.2% were females. This indicates that males are more engaged in manufacturing business activities than females. These findings concur with previous studies (e.g., Tundui, 2013; Bengesi, 2013) which indicated that more males are engaged in business activities than females. This is supported by the fact that female-led businesses are more likely to be found in personal services and retail trade and less likely to be found in manufacturing and high technology.

Business owner-managers with the age between 30-39 years seem to be dominant constituting 46.8%. On the other hand, business owner-managers with age above 60 years constitute about 2.4%, which was the smallest group of business owner-managers. In general, 74% of all SME owner-managers surveyed in this study were less than 40 years old. These results imply that, many active owner-managers particularly in the manufacturing sector in Tanzania are between the age of 30 and 39 years. These results are also consistent with findings from other studies conducted in Tanzania. For instance, Tundui (2012) found that the majority of business owners were aged between 31 and 39 years while Nchimbi (2002) shows that most of the small business owners were between 31 to 40 years.

Table 2: Demographic Characteristics of Business Owners/managers

Variables	Demographic character	Frequency	Percent
	Male	192	76.8
Sex	Female	58	23.2
	Total	**250**	**100.0**
	20-29 years	68	27.2
	30-39 years	117	46.8
Age categories	40-49 years	48	19.2
	50-59 years	11	4.4
	60 years and above	6	2.4
	Total	**250**	**100.0**
	Primary education and below	119	47.6
	Secondary education	96	38.6
Education level	Certificate	16	6.4
	Diploma and Graduate	19	7.6
	Total	**250**	**100.0**
	1-10 years	177	70.8
	11-20 years	64	25.6
Managerial Experience	20+	9	3.6
	Total	**250**	**100.0**
	1-10 years	145	58.0
Working Experience	11-20 years	91	36.4
	20+	14	5.6
	Total	**250**	**100.0**

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It is also important to note that a majority (47.2%) of the respondents had primary education, 38.6% had secondary education, 6.4% held a certificate and the remaining 7.6% were diploma holders and graduates. Thus, the sample is predominantly composed of business owner-managers with primary and secondary education. These results are comparable with the study done in Tanzania by Tundui (2012), in which 41.3% and 30% of the respondents had primary education and secondary education respectively. This might be due to the reason that, people of this age are more likely to have the capital and energy to establish businesses.

In terms of managerial and working experience, 70.8% of entrepreneurs had 1-10 years of experience of managing a business, while 25.6% had 11-20 years of experience and only 3.6% had more than 20 years of experience. On the other hand, 50% of owner-managers had 1-10 years working experience in the related industry, whereas 36.4% and 5.6% had 11-20 years and above 20 years of experience respectively. This means that the majority of the surveyed SME owner-managers had a reasonable working and managerial experience. This might have been attributed to the fact that this study targeted SMEs that had been in operation for at least 5 years in order to capture performance and compare it over years.

4.2 Description of SMEs

The profile of firms involved in the study is presented in Table 3. About 42.0% of the firms were from the textile sector, woodwork industry formed 30.8% of the surveyed firms, whereas food processing and ironwork constituted 18.8% and 4.8% respectively. This is an indication that textile enterprises and woodwork enterprises are the most commonly manufacturing SMEs. Regarding the age of the firm, the majority of enterprises (54.8%) in the study had the age of 5-8 years, 23.2% had the age of 9-12 year and 22% had the age of above 12 years. Therefore, more than half of the firms which were surveyed in this study can be regarded as new ventures since it takes an average of about eight years of operations for an enterprise to stabilise (Tocher, 2007; Tocher *et al.*.,2012).

Sole proprietorship was found to be the leading legal form of ownership among the enterprises comprising of 58.8%, followed by partnership form which consisted of 32.8% of the enterprises, while the company legal status accounted for only 8.4%. In that view, many SMEs prefer to opt for the sole proprietorship ownership structure since it is easier to start a business in this form (Holt, 2008). In relation to firm size, the results show that small enterprises were dominant making 68.4%, 30.4% were micro-enterprises and only 1.2% of the firms were medium sized. This suggests that the majority of SMEs, especially manufacturing SMEs fall into the small size category.

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Table 3: Profile of Enterprises

Variables		Frequency	Percent
	Food processing	47	18.8
	Woodwork	77	30.8
	Textile	105	42.0
	Ironwork	21	8.4
Type of Business	**Total**	**250**	**100.0**
	5-8 years	137	54.8
Age	9-12 years	58	23.2
	Above 12 years	55	22.0
	Total	**250**	**100**
	Sole proprietorship	147	58.8
Legal status	Partnership	82	32.8
	Company	21	8.4
	Total	**250**	**100.0**
	1-4 employees	76	30.4
Size	5-49 employees	171	68.4
	50-99 employees	3	1.2
	Total	**250**	**100.0**

4.3 Influence of dimensions of social competence on sales

Influence of four dimensions of social competence namely persuasiveness, social perception, social expressiveness and impression management were examined on sales as a proxy of SMEs performance. The findings in Table 4 show that persuasiveness, social perception, social expressiveness and impression management recorded significant and positive influence on SMEs' sales. This model showed that increase in persuasiveness (PE=0.2325, p= 0.0004), social perception (PE=0.6279, p<0.0001), social expressiveness (PE=0.2237, p=0.0260) and impression management (PE=0.6488, p=0.0085) significantly influenced an increase in SMEs' sales. These results suggest that entrepreneurs who are high in persuasiveness, social perception, social expressiveness and impression management achieve high sales growth of their products.

Table 4: Influence of Dimensions of Social Competence on Sales

Variables	Parameter Estimate	Standard Error	T-Value	P-Value
Intercept	15.2864	0.1937	78.92	<0.0001
Persuasiveness	0.2325	0.0646	3.6	0.0004
Social Perception	0.6279	0.1415	4.44	<0.0001
Social Expressiveness	0.2237	0.1461	1.53	0.026
Impression Management	0.6488	0.2444	2.65	0.0085

4.4 Influence of dimensions of social competence and profit

With regard to the influence of social competence on profit while controlling for other demographic variables, the results of the fitted model presented in Table 5 shows that persuasiveness, social expressiveness and social adaptability recorded significant influence on SMEs profit. The findings of the model revealed that, increase in persuasiveness (PE=-0.1788, p=0.0153), social adaptability (PE=-0.1941, p=0.0095) and social expressiveness (PE=0.7320, p=0.0137) lead to significant increase in SMEs profit. These findings imply that owner-managers who are rich in persuasiveness, social adaptability and social expressiveness recorded high profit in the firms.

Table 5: Influence of Dimensions of Social Competence on Profit

Variables	Parameter Estimate	Standard Error	T-Value	P-Value
Intercept	15.5328	0.1938	80.13	<.0001
Persuasiveness	0.1788	0.0732	2.44	0.0153
Social Adaptability	0.1941	0.0742	2.62	0.0095
Social Expressiveness	0.732	0.2946	2.48	0.0137

4.5 Influence of dimensions of social competence on ROA

Linear regression model was also used to study the influence of dimensions of social competence on ROA as a proxy to SME performance. The model revealed that persuasiveness, social perception, social expressiveness and impression management have significant influence on the ROA. As it can be seen in the Table 6, the mean ROA increase significantly with an increase in persuasiveness (PE=-0.2009, p=0.0032), social perception (PE=0.2842, p=0.0474), social expressiveness (PE=0.2554, p=0.0206) and impression management (PE=0.3719, p=0.0058). This implies that entrepreneurs well equipped with persuasiveness, social perception, social expressiveness and impression management achieve good ROA.

Table 6: Influence of Dimensions of Social Competence on ROA

Variables	Parameter Estimate	Standard Error	T-Value	P-Value
Intercept	6.725	0.1274	52.78	<0.0001
Persuasiveness	0.2009	0.0674	2.98	0.0032
Social Perception	0.2842	0.1546	1.84	0.0474
Social Expressiveness	0.2554	0.0619	4.13	0.0206
Impression Management	0.3719	0.2708	2.85	0.0048

4.6 Influence of dimensions of social competence on ROI

The relationship between ROI and each independent variable was also considered. The effect of persuasiveness, social perception and social expressiveness as presented in Table 4.6 were found to be statistically significant. The results of the model show that increasing in score of persuasiveness (PE=0.1996, p=0.0085), social perception (PE=0.0774, p=0.0329) and social expressiveness (PE=0.2535, p=0.0114) lead to the significant increase in mean ROI. This suggests that entrepreneurs skilled in persuasiveness, social perception and social expressiveness tend to realise good ROI.

Table 7: Influence of Dimensions of Social Competence on ROI

Variables	Parameter Estimate	Standard Error	T-Value	P-Value
Intercept	6.1564	0.1757	35.04	<0.0001
Persuasiveness	0.1996	0.0752	2.65	0.0085
Social perception	0.0774	0.0361	2.15	0.0329
Social expressiveness	0.2535	0.0994	2.55	0.0114

In general, the findings support the notion that socially competent entrepreneurs would experience higher firm financial performance than less socially incompetent founders. The fact that significant influence of

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certain dimensions of social competence on financial outcomes were obtained, suggests that entrepreneurs' social competence have influence on financial outcomes across a wide range of industries. Overall, these findings appear to shed a new light on why some entrepreneurs are more successful than others. These findings appear to be consistent with other previous empirical studies. For example, Baron and Markman (2003) found that the higher entrepreneurs' scores with respect to aspects of social competence such as social perception, social expressiveness and social adaptability, the greater their financial success like sales and profit. Similar findings were also observed by Zhao *et al.,* (2005) who found that social competence was significantly related to business growth in terms of sales, profit, number of employees and customers. Moreover, Tocher (2007) showed that social effectiveness had a positive and statistically significant relationship on the financial performance of firms. Further, Meutia (2013) indicated that social competence is one of stimulating factors to increase sales volume among SMEs.

An important question vis-a-vis the present findings, however, concerns the fact that some different expected pattern of results was obtained between several dimensions of social competence and SMEs financial performance. For instance, all components of social adaptability were not significantly associated with sales. Social perception and impression management were not significantly associated with profit. Social adaptability had no significant influence on ROA. Also, social adaptability and impression management did not show any significant influence on ROI. A feasible justification for these contrasting patterns might be explained by previous studies which have indicated that business environments and sectors in which entrepreneurs operate call for different social proficiencies. For instance, Baron and Markman (2003) found that social adaptability might be less relevant for, or, at the very least, less used by entrepreneurs in high technology firms. Therefore, owing to the fact that the firms sampled in this research were from four different industries of manufacturing sector and two regions, this, in turn, could contribute to this contrasting influence of some dimensions of social competence on financial performance. Thus, the hypothesis proposing that social competence influence SME performance is partially supported.

6.0 CONCLUSION AND RECOMMENDATIONS

The findings offer additional empirical support for the notion that social competence is a precious asset for SME performance. Thus, entrepreneurs should consider polishing their social competence (the ability to interact well with others) in order to establish beneficial relationships to enhance their business performance. From a theoretical perspective, these findings suggest that lack of social competence can be a cause of some ventures managed by entrepreneurs who are highly motivated, possess brilliant business ideas, with substantial practical knowledge and resources still fail. Possibly it may be due to their owner-managers' inability to interact effectively with others that accounts for this failure. Therefore, in order to fully understand factors that influence business performance, it may be useful to examine several entrepreneurs' characteristics and their social behaviour such as social skills and effectiveness as well as emotional intelligence. From a practical perspective, these results inform the need for assisting entrepreneurs in improving their social skills including social competence. Therefore, providing entrepreneurs with appropriate training in social skills might assist them in improving business performance.

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