Article

Competitive Advantages of the Relationship between Entrepreneurial Competencies and Economic Sustainability Performance

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Abstract: This study investigated the mediating and moderating effects of competitive advantage and access to working capital, respectively, on the relationship between entrepreneurial competencies and informal microenterprise economic performance in Senegal from the lens of resource-based view theory (RBV). Data were randomly gathered using the cross-sectional research design from 356 informal micro-entrepreneurs operating in the informal sector. The study outcomes revealed that entrepreneurial competencies and competitive advantage emerged as significant predictors of economic performance for informal microenterprises in Senegal. On the contrary, access to working capital displayed an adverse moderating effect, while competitive advantage exhibited a partial and positive mediating effect on the relationship between entrepreneurial competencies and economic performance of informal microenterprises. The Important and Performance Matrix Analysis (IPMA) results signify that the most significant considerations for the economic performance of informal microenterprises in Senegal were competitive advantage, access to working capital, commitment competency, and relationship competency. Simultaneously, this study expanded the reach of RBV by enhancing our understanding pertaining to the mediating and moderating roles in the relationships among entrepreneurial competencies, competitive advantage, and access to working capital towards improving the economic performance of informal microenterprises across developing countries. Since many have lost their jobs due to the Coronavirus Disease 2019 (COVID-19) pandemic, the Government of Senegal and its policymakers should place more emphasis on the importance of informal entrepreneurship, such as provision of low-interest credit facilities for their working capital, as well as thorough training in the strategic advantage and competencies domains. This is because informal entrepreneurs have the ability, via jobs creation and income generating activities, to contribute to the economic growth of the country.

Keywords: entrepreneurial competency; competitive advantage; access to working capital; economic performance

1. Introduction

Microenterprises are small businesses that not only generate income profits, but also address socioeconomic issues related to poverty [1]. Researchers consider small businesses as drivers for economic progress [2,3] that contribute to low-cost employment [4], income distribution [5], and wealth creation in the country's economic system [6]. Hence, the role of small business is essential for individuals, countries, and standard of living [7].

Micro-entrepreneurs take great pride in their operations, which they consider as a critical driver of both local and national growth [8]. As small companies use and add value to national resources, they are ideally placed in both local and regional market to meet local needs [9]. Investing in a small business contributes to employment development [2], besides increasing trade from the socioeconomic context for both the micro-entrepreneur and the whole community [1,3]. The bulk of small businesses are operating in the informal sector. Informal entrepreneurs mainly run small-scale businesses that enable micro-firms to rely primarily on the owner's competencies [10]. Many entrepreneurs take advantage of the informal market opportunities to sustain and increase their working capital [11], wherein the informal sector is viewed as a source of dynamism and entrepreneurial creativity distinguished by resilience, adaptability, job development, and economic growth [8]. As such, informal small businesses have an essential role to solve socioeconomic issues that lurk in many countries across the globe, particularly in developing countries [12]. At the start-up stage, more than two thirds of small businesses in the world were established in the informal sector [13]. Webb, Bruton, Tihanyi, and Ireland [14] asserted that, in developed economies, informal enterprises contribute to 10–20% of GDP and up to 60% across developing countries. The informal sector seemed to blanket about 70% of the overall informal business segment across Sub-Saharan African countries [15,16]. Meanwhile, 91% of small- and medium-sized enterprises (SMEs) in Ghana were reported to be informal enterprises, which contributed to 70% of GDP and accounted for 80% of employment [17,18]. In the case of Senegal, 97% of the economic units operated in informal areas [19] with 60% contribution to GDP [20,21]. In addition, according to the last National Survey of Informal Sector in Senegal [19], the informal sector contribution in the national production is estimated at CFA F 4336 billion in 2010, or 39.8% of production; it has created CFA F 2665 billion of value-added, representing 41.6% of GDP and 57.7% of non-agricultural value-added, and the share of taxes has increased relatively from 1.9% to 4.2% between 2002 and 2010 [19]. Furthermore, the informal non-agricultural sector employs 2,216,717 workers or 48.8% of the employed workforce estimated at 4,538,360 [19]. Recently, the Direction of Prevision and Economic Studies [21] in Senegal reported that the informal sector enterprise created on average 55% of gross value added between 1980 and 2014 [22], and its contribution in value-added is a little higher 57% average during 1984–1991 and 1995–2002, before it has stabilized around 54% since 2002. There are many definitions and interpretations of informal business practices that may be linked to illegality, but economically and socially legitimate [14,23]. Turning to this study, informal businesses denote small businesses that are unregistered in the National Identification Number of Companies and Association and those that do not maintain an accounting system that complies with the requirements of West African Accounting System (WAAS) [19]. These businesses, nevertheless, are registered with the Chamber of Commerce or the local municipal administration and adopt non-formal accounting system.

Although informal enterprises significantly contribute to employment and economic growth in most developing economies and specifically in Senegal [19], a large fraction of micro-entrepreneurs in developing countries face numerous constraints related to entrepreneurial competencies [2,3], access to working capital [24,25], and economic performance of enterprises [1,26]. Small enterprises are unable to maintain competitive advantage due to inaccessibility of working capital [4], insufficient competencies, poor commitment, and lack of managerial training [6]. Access to working capital has been reckoned as the primary barrier for running a small business in Senegal. In comparison to formal and large enterprises, small enterprises are denied loans by formal financial institutions due to the following reasons: failure to provide collateral [18]; higher transaction costs of lending to small businesses [27]; inadequate financial knowledge, business record, and entrepreneurial skills [2]; and perceived danger linked with their informal status [17]. Moreover, academics and policymakers denounced the limited access to formal finance [2,28] and restricted access to working capital as the key inhibitors of the performance of small

enterprises [29]. These issues have been related to several reasons, such as lack of collateral, repayment difficulties, small cash flows, and high interest rates [18].

For businesses to succeed, the requisite knowledge of entrepreneurial competencies and competitive strategies is essential because competencies and skills are the fundamental factors to enterprise performance [30,31]. Nevertheless, informal business owners/managers in Senegal often lack adequate competencies and strategies [32]. Lack of critical entrepreneurial expertise in the field of competencies area in terms of identifying potential opportunity, building partnerships, retaining effective organization, and maintaining a high degree of dedication and conceptuality are some serious issues faced by micro-entrepreneurs [2,33]. Despite the significance of entrepreneurial competencies, lack of knowledge and information has caused some entrepreneurs to be not innovative, not risk-takers, not enthusiastic about what they do, not proactive, and neither prepared nor willing to learn new competencies [33]. Micro-entrepreneurs should be alert, inventive, imaginative, dedicated; possess conceptual capacity to explore, recognize, and analyze; and take advantage of opportunities and turn them into efficient competitive strategies and profitable performance [10,33].

Access to working capital and entrepreneurial competencies are integral for small business activities [27] to significantly improve their economic performance [29] in most developing economies, and especially in the Sub-Saharan African region [5]. The literature depicts that not much attention is given to informal businesses in most African countries, particularly on how informal business entrepreneurship changes entrepreneurial behavior, including entrepreneurial competencies and access to their working capital on small business performance [12,14,24]. Precisely, the phenomenon of entrepreneurial small business economic performance from informal entrepreneurship area has garnered relatively little attention, especially in the Sub-Saharan African context and particularly in Senegal. It is noteworthy to highlight that the recent literature focuses on emerging countries and conglomerates, while less priority given to small businesses within the informal segment. Only a handful of studies have assessed the combined effects of entrepreneurial competencies, competitive advantage, and access to working capital on the economic performance of informal small businesses. This gap should be bridged to increase the economic performance of informal entrepreneurship, mainly because small companies need various competencies, competitive advantage strategies, and access to working capital. Thus, this study addressed three main objectives. The first objective was to examine the direct effect of entrepreneurial competencies and access to working capital on the economic performance of small businesses in Senegal. The second objective was to analyze the mediating effect of competitive advantage on the relationship between entrepreneurial competencies and economic performance of microenterprises. The last objective was to assess the moderating effect of working capital on the relationship between competitive advantage and economic performance of informal microenterprises in Senegal.

2. Literature Review

2.1. Theoretical Foundation

From the lens of the RBV theory [34], this study explored both the possible mediating and moderating effects of competitive advantage and access to working capital, respectively, on the relationship between microenterprise entrepreneurial competencies and economic performance. The underlying principle of the RBV theory postulates that if a business acquires and manages valuable, rare, inimitable, and non-substitutable resources, capabilities, and competencies [35]; it can attain competitive advantage and sustainable performance [34,36], as long as it has the competencies for execution [25]. The accessibility of unique resources largely relies on entrepreneurial competencies [37]. Competitive advantage is conceptualized as the acquisition of a strategy that creates specific and unique resources [38]. Resources that can create sustainable competitive advantage, such as entrepreneurial competencies [9], particularly in identifying opportunities, building partnerships, and managing the business well [39], refer to higher levels of commitment, concep-

tuality, and effective strategies [3]. A competent entrepreneur must have unique enterprise experience, be innovative, be enthusiastic, be motivational, willing to take risks, as well as being an outstanding planner and a problem solver [33]. The RBV upholds that the sources of competitive advantage could be precious, rare, and inimitable [34], since entrepreneurial competencies [40] and access to working capital of informal owners/managers [29] have been labeled as highly valued, rare, and inimitable resources [25,41]. Empirical findings indicate that the RBV promotes the exploitation of entrepreneurial competencies and access to working capital as specific and useful resources to maximize competitive advantage [30,42] and to enhance microenterprises performance [2,3,10].

2.2. Entrepreneurial Competencies

Entrepreneurial competency is defined from the general characteristics to specific aspects of entrepreneurial perspectives [41,43] and the categorization of entrepreneurial competencies [33,44,45]. The general characteristics of entrepreneurial competencies include generic and specific knowledge, motivation, attitude, self-image, social roles, and skills [43,46], while the categorization of entrepreneurial competencies in performing a successful job role is comprised of opportunity, relationship, strategic, conceptual, organizing, and commitment, [44,47]. These competencies, which are linked with knowledge, skills, and experience, may be acquired through practical and theoretical learning [10]. For its effectiveness and succinctness, this study probed into this categorization of entrepreneurial competencies developed by Man et al. [44] within the context of informal entrepreneurship.

2.2.1. Opportunity Recognition Competency

Opportunity recognition competency denotes the entrepreneurial skills and abilities to find, recognize, and exploit business opportunities that are available in the market and environment [48]. Entrepreneurs may recognize opportunities to start businesses as they have the ability to observe, experiment, and network [49]. Recognizing business opportunities inspires entrepreneurs to develop enterprise activity [33] and take risks in order to transform these opportunities into successful outcomes [50]. A successful entrepreneurship strategy is driven by the identification of opportunities [51]. It is assumed that people who consider themselves as entrepreneurially competent are alert and receptive to opportunities and are able to take advantage of certain opportunities that lead to business success [38]. Several studies reported that the ability of identifying opportunity is a significant and distinctive ability for successful business performance [10,52]. In Nigeria, opportunity competency had enabled women entrepreneurs to explore significant market opportunities that had ultimately turned out to be successful growing businesses [10]. The opportunity competency of entrepreneurs facilitates them in recognizing the demands of consumers and the potential opportunities to satisfy those demands and unforeseen needs [53]. This competency helps in the exploration of opportunity [37], wherein those conditions enable the needs and wants of consumers to be successfully satisfied [10]. To achieve economic success, entrepreneurs should seriously take possession of this category of competency. Hence, the following hypothesis is proposed:

H1A: *Opportunity recognition competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.2.2. Relationship Competency

Competency in relationships exemplifies the ability of an entrepreneur to develop, sustain, and use good communication skills between individual relationships or group-related interactions, based on trust and interaction with all stakeholders of the organization [47,48]. Within the business industry, entrepreneurs are expected to interact and deal with all stakeholders, including suppliers, clients, staff, government officials, and competitors [33]. A micro-entrepreneur who relies heavily on relationships of competence [52] develops formal and informal partnerships with stakeholders, including customers and suppliers, staff and workers, family, and friends, as well as business partners and associates [54–56]. This com-

petency generates competitive advantage [30] that leads to business performance [42,45]. Hence, the following is hypothesized:

H1B: *Relationship competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.2.3. Organizing Competency

Owners/managers of small businesses are expected to take on a number of roles and manage diverse operational areas [33], such as financial, human, physical, and technical domains [44]. Organizing competency demands the ability of an enterprise to plan, lead, delegate, and coordinate a vast range of resources [47]. Organizing competency enables micro-entrepreneurs to efficiently organize their company resources for optimal use by ensuring that the necessary work is accomplished by the right person at the right time [10]. Business performance fails in the absence of successful coordination of limited microbusiness resources [10]. These resources are comprised of people, technology, equipment and facilities, information, and money for products and materials [33]. In light of the RBV, prior studies revealed that organizing competencies significantly influenced both competitive advantage [30,42] and business performance [10,39]. Thus, the following hypothesis is proposed:

H1C: *Organizing competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.2.4. Commitment Competency

Commitment competency is linked to the willingness of entrepreneurs to take action, push, and step forward with the organization [44]. This competency denotes the fundamental features of effective entrepreneurs, including dedication, commitment, initiative, and positive orientation [57]. Entrepreneurial commitment represents also the emotional, analytical, and physical energy that is used to accomplish the main goal of the enterprises [38]. The basis for enterprise generation and success is entrepreneurial competence in engagement [38]. Competency in entrepreneurial commitment represents the desire to take initiatives and innovation through to fruition [38]. Entrepreneurial competencies in commitment and practice are crucial for the development, growth, and sustainability of enterprises [41]. Micro-entrepreneurs should acquire commitment competency to gain competitive advantage [30] that enhances business performance [45]. With that, the following hypothesis is formulated:

H1D: *Commitment competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.2.5. Strategy Competency

Strategic competence refers to the capacity of an entrepreneur to establish viable strategies in business by preparing, planning, formulating, and implementing [44], setting specific standards and priorities, identifying long-term issues [47], predicting financial needs, and delivering new concepts that contribute to exceptional business progress and success [58]. Such bold vision encourages entrepreneurs to plan more strategically on their decisions and actions [33], apart from giving their businesses the substantial competitive advantage over their contenders [30]. This forms competence that enables entrepreneurs to devise clear, strategic, and long vision for companies [50], which is not easy to find in microenterprises due to their short-term business needs strategies [10]. Creating a long-term and detailed business strategy is not a priority for small business owners. However, past studies reported that strategic competence of micro-entrepreneurs had helped them to plan, execute, and achieve their enterprise success [3,10]. Thus, the following is proposed:

H1E: *Strategic competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.2.6. Conceptual Competency

Conceptual competence is linked to the capacity to create or pursue new concepts, to solve problems, to make decisions, to innovate, to take risks [44], to treat new mistakes as opportunities, and to control progress towards goals in risky behavior [58]. A high degree of conceptual competency aids companies to flourish their projects, take risks, and create new companies [37]. This competency helps entrepreneurs to improve, make effective decisions, as well as become more creative and innovative in their business endeavor [50], thus enhancing enterprise performance [2]. It facilitates in formulating a business technical skill and in improving networking [37]. Conceptuality for small businesses is, although barely reckoned, a major entrepreneurial achievement [52]. Hence, the following hypothesis is proposed:

H1F: *Conceptual competency has a positive effect on economic performance of informal microenterprises in Senegal.*

2.3. Competitive Advantage and Economic Performance

Identifying and understanding key factors that contribute significantly to economic performance is crucial for the development of effective economic policies [55,56,59]. Economic performance is more related to the achievement of economic objectives [60]. From the stance of informal small businesses, economic performance is linked to financial and non-financial performances [61,62]. In this study, economic performance is operationalized as achieving economic objectives connected to small business activities that, by reaching optimum and high profits and sales, respond to consumer demands and satisfaction [11].

Competitive strategy is a favorable competitive position [63] that derives from an economic business strategy [6], which focuses significantly on the organization's competitiveness in achieving superior performance [34,42]. Competitive advantage refers to a strategy that creates product or service value from rivals with an added advantage if it is valuable, imitable, and non-substitutable [34]. The two primary strategies to gain competitive advantage are cost or price advantage and differentiation strategy [63]. Price strategy facilitates businesses to achieve cost-based advantage by minimizing the different costs associated with goods/services, product development, marketing, wages, and management that benefit from high performance in the long run [63,64]. Due to their propensity to deliver cheaper prices than their competitors for identical goods, informal small enterprises have the potential to adopt a cost-advantage strategy to reap above-normal profits. Besides, due to low-level revenue in most developing countries, small businesses have adopted a price strategy that is perceived as a critical influential factor to customer choice and purchase decision [64,65]. Differentiation advantage denotes a competitive strategy introduced by entrepreneurs to manufacture products/services with certain specifications, in comparison to rivals [42]. These specifications are typically connected to product/service quality, design, technological innovation, brand image, and customer satisfaction, which must be difficult to replicate for competitors [63–65]. For customers to be satisfied with the products/services at cheaper price, a business strategy in competitive advantage is required [42]. Small enterprises that adopt price-strategy and differentiation advantage may gain competitive edge over their rivals and reach greater business performance [35,66]. Within the changing competitive market environment, businesses without competitive advantage strategy in product differentiation or price strategy would not attain success [42]. Past studies have empirically proven a strong mediating effect of competitive advantage on the correlation between entrepreneurial competencies and firm success performance [42,66]. Hence, the following is formulated:

H2: *Competitive advantage has a positive effect on economic performance of informal microenterprises in Senegal.*

H3: *Competitive advantage positively mediates the relationship between entrepreneurial competencies and economic performance of informal microenterprises in Senegal.*

2.4. Moderating Effect of Access to Working Capital

Financial access is a significant determinant of success in microenterprises as it provides working capital [67], which is indispensable and constitutes the fundamental part for business performance and growth [68]. Access to working capital is a key consideration in supporting the performance of small businesses [29]. In SMEs, access to working capital is crucial as it has a critical role in the company's profitability [69]. In assessing the role of informal enterprises in job generation and poverty eradication [12,17], it is vital for both the government and financial institutions to assist small enterprises in facilitating and supporting the success of their businesses in accessing working capital [5]. They should be financially supported at a relatively reasonable interest rate from financial institutions, which can improve their competitive advantage and performance [29], thus contributing to national economy [4]. Small businesses are the foundation of many developing economies, whereby the entire economy is affected in the absence of access to working capital for micro-entrepreneurs to run effective businesses [67]. Access to working capital minimizes financial constraints for informal entrepreneurs, ameliorate their socioeconomic conditions [29], and contribute to both economic and business progress [11]. Besides, access to working capital and its management for company is crucial for their business competitiveness and success [68]. Past empirical studies demonstrated a strong link between access to working capital and microenterprise performance [29,70]. Thus, it is integral to enhance our understanding and interpretation of the moderating effect of access to working capital on the relationship between competitive advantage and microenterprise economic performance. As such, the following is hypothesized:

H4: *Access to working capital positively moderates the relationship between competitive advantage and microenterprise economic performance in Senegal.*

3. Research Methodology

This study adopted the cross-sectional research design and quantitative data were gathered from structured interviews with informal micro-entrepreneurs in Senegal. All associations hypothesized and tested, presented in Figure 1 below. Micro-entrepreneurs who operated in the informal sector across three provincial capitals of the Senegalese population, namely Dakar, Thies, and Diourbel, were the research population. A list of each regional chamber of commerce reflects the sampling frame. Questionnaire responses were requested from the sampling frame by microenterprises operating in the informal sector in these three regions. Almost 60% of the country's micro and small enterprises working in the informal sector are found in these three regions. These microenterprises were not listed in the National Companies and Association Identification Number and did not maintain the accounting system that complied with the WAAS requirements [19]. However, they are registered with the Chamber of Commerce and adopt non-formal accounting system.
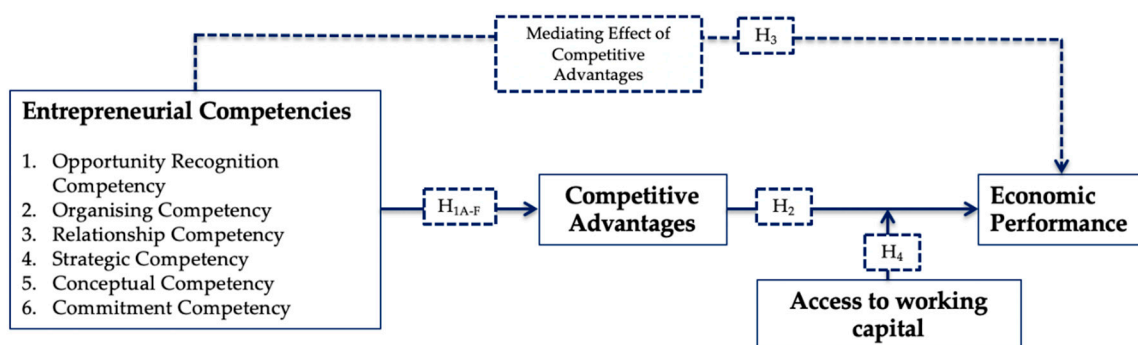

Figure 1. Research Model.

3.1. Sample Selection and Data Collection

The data were collected using structured interview as it is the most effective and suitable approach for micro-entrepreneurs operating in the informal sector. The sampling method employed for this study was the cluster sampling technique. The sampling of clusters included the spatial stratification of the entire country into areas occupied by operations of informal enterprises. The survey adhered to the definition of informal enterprise devised by the National Agency for Statistics and Demographics. Six enumerators were hired and provided training for data collection purposes. These enumerators were fully informed of the study's geographical coverage and a list of the names and telephone numbers of the sampled companies to be contacted was given. The addresses and telephone numbers of the businesses sampled were collected from each region's chamber of commerce and respondents were randomly chosen. The enumerators ensured that these enterprises are not registered in the National Companies and Association Identification Number and did not maintain the accounting system that complied with the WAAS requirements. To obtained higher response rate, techniques such as telephone calls, WhatsApp messages, and text messages were often sent to owner–manager entrepreneurs to enable them to actively engage in interview questionnaires. The sample size required for this analysis was 166, as calculated from G-Power 3.1 with power of 0.95, effect size of 0.15, and nine predictors of the model [71]. A minimum threshold of 100 samples was needed to use structural equation modeling via partial least square (PLS-SEM) [72]. Kline [73] suggested that a sample size over 200 is considered large for non-complex model. Based on structured interviews held across three regions in Senegal, data were gathered from 356 informal entrepreneurs to prevent potential complications due to the limited sample size.

3.2. Research Instrument

The questionnaire was developed in the English language and was translated into French for the purpose of this analysis. Simple and easy language was used so that the respondents could easily understand the items and provide answers based on their own comprehension. The questionnaire items were adopted from prior research with slight modifications. Items for entrepreneurial competencies were retrieved from Man et al. [45], Li, [52], and Zainol et al. [62]. Competitive advantage items were adopted from Anwar [74] and Danso et al., [65]. Items that measured access to working capital were obtained from Khan and Quaddus [11] and Adomako et al. [25]. Finally, economic performance items were extracted from Zainol et al. [62].

3.3. Assessment of Common Method Variance (CMV)

To mitigate the impact of CMV, multiple approaches were used for this study. First, this study assured the respondents of their privacy and confidentiality, thus emphasizing on the importance of responding to the questions as honestly as possible and ascertaining the respondents that there was no wrong or right answer to the questions [75]. It should, therefore, be open for the informal micro-entrepreneurs to express their honest opinions [75]. The Harman's one-factor test was performed to assess the effect of CMV, as recommended by Podsakoff et al. [75]. As a result, the Harman's one-factor test explained 45.21% of variance, which was below the necessary 50% threshold and verified the negligible effect of CMV.

3.4. Multivariate Normality

The Web Power online was used to assess multivariate normality in this study [76]. The multivariate Mardia tool that calculated skewedness, kurtosis coefficient, and p-values indicated that the data had non-normality issue as the p-value was below 0.05 [77].

3.5. Data Analysis Method

The PLS-SEM describes the methods of causal modeling, causal analysis, simultaneous equation modeling, variance structure analysis, and model path analysis [78]. This study

used the PLS-SEM with the main objective of maximizing the explanation of variance across the dependent latent construct defined in the modeling of structural equation, thus enabling the incorporation of both non-normal and limited data. As prescribed by Hair, Ringle, and Sarstedt [78], this study reports the following: indicator loading, internal consistency reliability with Cronbach's alpha and composite reliability, convergent validity with average variance extracted (AVE), cross loadings, effect size (f^2), path coefficient estimates, and predictive relevance (Q^2). To determine high or low significant outcomes, the importance of performance matrix analysis (IPMA) was performed as the exogenous model constructs. From both management and academic perspectives, the IPMA had defined and differentiated the conceptual model that can optimize both the importance and performance of the outcome variables.

4. Data Analysis

4.1. Descriptive Statistics

As noted in Table 1, the majority of the respondents were males (77.5%), while only 22.5% were females. Their age ranges are as follows: 18–29 years (11.5%), 30–44 years (60.6%), and 45–59 years (26.9). The following are the results for the education background of the respondents: no formal education (3.6%), primary school (26.9%), junior high school (35.6%), senior high school (10.3%), Arabic level (8.7%), vocational (11.7%), and university degree (2.8%). Firm age that represented the experience of micro-entrepreneurs is: 3–6 years (18.3%), 7–10 years (60.1%), and more than 10 years (21.3%). The marital status of the respondents is as follows: single and never married (11.5%), married (74.7%), divorcee (7.8%), and widow (5.9%). The majority of the enterprises were established in Dakar (52.2%), followed by Thies (25.8%) and Diourbel (21.9%).

Table 1. Profile of the Respondents.

	n	**%**		**n**	**%**
Gender			**Age Group**		
Male	276	77.53	18–29 years of age	41	11.51
Female	80	22.47	30–44 years of age	216	60.67
Total	356	100	45–59 years of age	96	26.96
			60– and Above	3	0.008
			Total	356	100
Firm Age					
3–6 Years	66	18.53			
7–10 Years	214	60.11	**Marital Status**		
11– and Above	76	21.35	Single	41	11.52
Total	356	100	Married	266	74.72
			Widow	21	5.89
Education			Divorcee	28	7.86
No Formal Education	13	3.65	Total	356	100
Primary School	96	26.96			
Arabic Level	31	8.70	**Location**		
Junior High School	127	35.67	Dakar	186	52.24
Senior High School	37	10.39	Thies	92	25.84
Vocational	42	11.79	Diourbel	78	21.91
University Degree	10	2.80	Total	356	100
Total	356	100			

4.2. Validity and Reliability

The reliability of this study was estimated with Cronbach's Alpha, Composite Reliability, Dillon–Goldstein rho (DG rho), and AVE. As indicated in Table 2, the alpha value of each construct was above the 0.70 benchmark [79]. Similarly, the composite reliability and the DG rho for each construct exceeded 0.80, signifying that all the items are indeed reliable [78]. The AVE for each construct was higher than 0.50, thus indicating good conver-

gent validity [78]. Hence, the study constructs had satisfied both reliability and convergent validity requirements. Lastly, the variance inflation factors of this study, which showed that all items scored below the threshold of 5, indicated the absence of multicollinearity issue [80].

Table 2. Reliability analysis.

Variables	Items	Cronbach's Alpha	DG Rho	CR	AVE	VIF
Opportunity Recognition Competency	5	0.871	0.874	0.906	0.660	2.042
Organizing Competency	5	0.927	0.930	0.945	0.773	1.460
Relationship Competency	5	0.853	0.859	0.895	0.630	2.360
Strategic Competency	5	0.914	0.948	0.935	0.742	2.027
Conceptual Competency	5	0.905	0.991	0.926	0.716	2.087
Commitment Competency	5	0.852	0.854	0.894	0.628	1.735
Access to Working Capital	5	0.927	0.931	0.945	0.774	1.286
Competitive Advantages	6	0.865	0.869	0.899	0.597	1.485
Economic Performance	5	0.869	0.874	0.905	0.657	

CA, Cronbach's Alpha; DG rho, Dillon–Goldstein rho; CR, Composite Reliability; AVE, Average Variance Extracted; VIF, Variance Inflation Factors. **Source**: Author's data analysis.

Appendix A tabulates the discriminant validity of cross loading, whereby all the cross-loading values of the constructs satisfied the minimum threshold value of 0.708 [80]. The load of indicators was on their own construct, but low on the other constructs. These results indicate the presence of discriminant validity among all the constructs, which distinctly differed from each other. Hence, discriminant validity is established for the constructs of this study.

Table 3 shows that all constructs exhibited satisfactory discriminant validity, mainly because, based on the Fornell–Larcker criterion, the square root of the AVE was larger than the correlation for all constructs.

Table 3. Fornell–Larcker Criterion.

	AWC	COM	CAD	CON	ECP	OPP	ORG	REL	STR
AWC	0.880								
COM	0.374	0.793							
CAD	0.421	0.630	0.773						
CON	0.220	0.222	0.154	0.846					
ECP	0.496	0.574	0.608	0.188	0.811				
OPP	0.633	0.556	0.527	0.203	0.645	0.812			
ORG	0.103	0.427	0.409	0.308	0.327	0.293	0.879		
REL	0.543	0.587	0.599	0.218	0.555	0.680	0.482	0.794	
STR	0.239	0.164	0.115	0.709	0.143	0.178	0.272	0.183	0.861

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; AWC, Access Working Capital; CAD, Competitive Advantages; MEWC, Moderating Effect of Access to Working Capital; ECP, Economic Performance.

As shown in Table 4, all the values had fulfilled the criterion of Heterotrait–Monotrait (HTMT) as they scored below the threshold value of 0.9. This ascertained discriminant

validity. The results retrieved from HTMT inference displayed that the confidence interval did not show the value of 1 for any construct, thus confirming discriminant validity [73].

Table 4. Heterotrait–Monotrait Ration (HTMT).

	AWC	COM	CAD	CON	ECP	OPP	ORG	REL	STR
AWC	-								
COM	0.415	-							
CAD	0.469	0.728	-						
CON	0.249	0.234	0.159	-					
ECP	0.550	0.666	0.691	0.207	-				
OPP	0.702	0.638	0.600	0.224	0.741	-			
ORG	0.123	0.480	0.451	0.304	0.362	0.316	-		
REL	0.611	0.687	0.691	0.237	0.644	0.785	0.536	-	
STR	0.259	0.188	0.130	0.797	0.162	0.193	0.292	0.203	-

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; AWC, Access Working Capital; CAD, Competitive Advantages; ECP, Economic Performance.

4.3. Path Analysis

Table 5 presents the path coefficients of entrepreneurial competencies and competitive advantage. The path coefficients revealed that the coefficient value for opportunity recognition competency was 0.124 (*p*-value = 0.019), while organizing competency was 0.104 (*p*-value = 0.006), which signified that both opportunity and organizing competencies exerted significantly positive effect on the competitive advantage of informal microenterprises. Similarly, the f^2 values of opportunity and organizing competencies at 0.015 and 0.014, respectively, indicated that these two competencies had almost no effect on competitive advantage. Next, the coefficient values for relationship and commitment competencies were 0.254 and 0.377, respectively (*p*-value = 0.000 for both), and revealed significantly positive effect on competitive advantage. The f^2 values of 0.054 and 0.161 for relationship and commitment competencies, respectively, indicated small and medium effect sizes on competitive advantage. However, strategy competency (*p*-value = 0.313, coefficient value = −0.027) and conceptual competency (*p*-value = 0.325, coefficient value = −0.022) exhibited insignificantly negative effect on competitive advantage of informal microenterprises. The f^2 value of 0.001 and 0.000 for strategic and conceptual competencies, respectively, denoted zero effect on competitive advantage.

Table 5. Path Coefficients.

	Beta	Mean	STDEV	*t* Values	*p* Values	r^2	f^2	Q^2	Decision
				Factors Effecting Competitive Advantages					
OPR → CAD	0.124	0.126	0.059	2.082	0.019		0.015		Accept
ORG → CAD	0.104	0.104	0.041	2.529	0.006		0.014		Accept
REL → CAD	0.254	0.250	0.063	4.026	0.000	0.491	0.054	0.277	Accept
STR → CAD	−0.027	−0.020	0.056	0.489	0.313		0.001		Reject
CON → CAD	−0.022	−0.019	0.049	0.455	0.325		0.000		Reject
COM → CAD	0.377	0.378	0.055	6.896	0.000		0.161		Accept
				Competitive Advantages on Economic Performance					
CAD → ECOP	0.349	0.351	0.046	7.573	0.000	0.508	0.167	0.316	Accept
				Moderating Effect of Access to Working Capital					
AWC → ECOP	0.223	0.221	0.042	5.360	0.000				
Moderating Effect	−0.209	−0.219	0.048	4.350	0.000				Moderates

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; CAD, Competitive Advantages; AWC, Access Working Capital; ECP, Economic Performance. **Source**: Author's data analysis.

The r^2 value for competitive advantage was 0.491 and signified that 49.1% of the variance in competitive advantage can be explained through entrepreneurial opportunity, relationship, organizing, conceptual, strategy, and commitment competencies. Next, the Q^2

value of 0.277 (above 0) revealed that entrepreneurial opportunity, relationship, organizing, conceptual, strategy, and commitment competencies had sufficient and moderate predictive relevant for competitive advantage of informal microenterprises [79].

The *p*-value for competitive advantage displayed a significant effect (*p*-value = 0.000) and a positive coefficient value (β = 0.349) on economic performance of informal microenterprises with a medium effect size (f^2 = 0.167). The r^2 value of 0.508 suggested that a substantial fraction (50.8%) of the variation in economic performance could be explained by competitive advantage. Since the Q^2 value of 0.316 exceeded 0, it exemplified that competitive advantage had a sufficient and moderate predictive relevance for the economic performance of microenterprises [79].

As for the effect of access to working capital, its coefficient value was positive (β = 0.223) and it exerted a statistically significant (*p*-value = 000) effect on economic performance. The f^2 value of 0.078 indicated a low effect of access to working capital on economic performance. However, the coefficient value for the moderating effect of access to working capital was negative (β = -0.209) with a statistically significant (*p*-value = 000) effect on economic performance.

4.4. Mediating Effects

Table 6 presents the mediating effect of competitive advantage on the relationship between entrepreneurial competencies and economic performance of informal microenterprises. In the presence of competitive advantage, commitment competency and opportunity recognition competency positively influence the economic performance of microenterprises with *p*-value = 0.00 (β = 0.132) and *p*-value = 0.030 (β = 0.043), respectively. In the presence of competitive advantage, organizing and relationship competencies exhibited significantly positive effect on the economic performance of informal microenterprises with β = 0.036 (*p*-value = 0.010) and β = 0.089 (*p*-value = 0.000), respectively. Nevertheless, in the presence of competitive advantage, strategy and conceptual competencies displayed significantly negative effect on economic performance. Competitive advantage did not mediate the relationship between entrepreneurial competencies (conceptual and strategy) and economic performance. As such, it was concluded that competitive advantage had partially mediated the relationship between economic performance of informal microenterprises and entrepreneurial competencies (commitment, organizing, relationship, and opportunity recognition). Both the direct and indirect effects of entrepreneurial competencies were significantly positive on the economic performance of informal microenterprises.

Table 6. Mediating Effect of Competitive Advantage.

	Mean	**SD**	**Beta**	*t* **Values**	*p* **Values**	**f^2**	**Decision**
COM → CAD → ECOP	0.133	0.028	0.132	4.683	0.000	0.132	Mediation
CON → CAD → ECOP	−0.007	0.017	−0.008	0.453	0.326	−0.008	No Mediation
OPR → CAD → ECOP	0.045	0.023	0.043	1.888	0.030	0.043	Mediation
ORG → CAD → ECOP	0.036	0.016	0.036	2.331	0.010	0.036	Mediation
REL → CAD → ECOP	0.088	0.024	0.089	3.628	0.000	0.089	Mediation
STR → CAD → ECOP	−0.007	0.020	−0.010	0.488	0.313	−0.010	No Mediation

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; CAD, Competitive Advantages; ECP, Economic Performance. **Source**: Author's data analysis.

4.5. Importance–Performance Matrix Analysis (IPMA)

IPMA contrasted the structural model total effect and performance of microenterprise economic performance, in order to highlight the significant areas for improvement [78]. IPMA is effective in extending the finding of basic PLS-SEM outcomes using the predictor variable scores. In addition, it compared the structural model total effects (importance) and the average values of the latent variables scores (performance) of a specific endogenous construct to illustrate areas for enhancing management activities [78]. Essentially, IPMA is useful in explaining the results for management implications. Based on Table 7, IPMA

revealed that the most important areas of microenterprise economic performance were competitive advantage (34.9%), access to working capital (22.3%), commitment competency (13.2%), and relationship competency (8.9%). As a result, informal owners/managers should place more focus on competitive advantage strategies, access to working capital, and entrepreneurial commitment competency as they emerged as the first priority areas for improvement.

Table 7. Importance–Performance Matrix.

Target Construct	Economic Performance	
Variables	Total Effect	Performance
Access to Working Capital	0.223	80.358
Commitment Competency	0.132	86.726
Competitive Advantages	0.349	86.092
Conceptual Competency	−0.008	39.672
Opportunity Recognition Competency	0.043	86.465
Organizing Competency	0.036	69.258
Relationship Competency	0.089	83.715
Strategic Competency	−0.010	39.569

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; AWC, Access Working Capital; CAD, Competitive Advantages. **Source**: Author's data analysis.

5. Discussion, Implications, and Conclusions

5.1. Discussion

This study empirically addressed the three main objectives outlined, which are the direct effect of entrepreneurial competencies on economic performance of informal microenterprises, the mediating effect of competitive advantage on the relationship between entrepreneurial competencies and economic performance, and the moderating effect of access to working capital on the relationship between competitive advantage and economic performance of informal microenterprises.

Based on the first objective, the findings indicate that entrepreneurial competencies (relationship, commitment, opportunity recognition, and organizing competencies) displayed significantly positive effect on the economic performance of informal microenterprises. This result is consistent with that reported by Kabir et al. [10], who asserted that entrepreneurial competencies (opportunity, organizing, and strategic) had significantly positive effect on the performance of informal microenterprises run by women. Similarly, Ahmed, Kar, and Ahmed [3] demonstrated that entrepreneurial competencies (relationship, commitment, opportunity, and organizing) were vital for effective management and performance of micro and small enterprises. However, this study found that conceptual and strategy competencies were statistically insignificant and negatively correlated with the economic performance of informal microenterprises. A plausible explanation of the negative and insignificant effect of strategy and conceptual competencies on economic performance is the fact that these competencies are concerned with the company's long-term planning success while the majority of informal small businesses concentrate on short-term strategies. Second, conceptual and strategic competency reflects a characteristic of skilled and professional management that are typical of medium to large organizations. Thirdly, conceptual competency refers to the use of technical expertise to constantly find solutions to complicated problems and to mitigate risky behavior [45], that may not be evidence for informal entrepreneurs.

Referring to the second objective, competitive advantage had partially mediated the relationship between entrepreneurial competencies (commitment, relationship, organizing, and opportunity) and economic performance of microenterprises operated in the informal sector. This finding is in line with past studies that indicated the positive mediating effect of competitive advantage on the link between entrepreneurial competencies and enterprises performance [67,81].

Based on the final objective, this study revealed the negative moderating effect of access to working capital on the relationship between competitive advantage and economic performance of informal microenterprises. This significantly negative moderating effect of access to working capital on the tested relationships is ascribed to the barriers faced by informal micro-entrepreneurs in gaining access to working capital stemming from high interest rate, inability to provide collateral, and lack of financial knowledge [17,18,27].

5.2. Implication

This study presents a significant implication for informal micro-entrepreneurs and policymakers. The results sculpt a powerful message to informal micro-entrepreneurs about the importance of entrepreneurial competencies and competitive advantage strategies to enhance their business performance. Informal micro-entrepreneurs should, therefore, concentrate on the competency to recognize entrepreneurial opportunities, commitment competency, relationship competency, and organizing competency in order to boost their economic progress. Informal small business owners and managers are responsible for the performance and success of their companies, hence the need to learn more expertise and competencies to optimize their business performance [2,62]. They should focus on competitive advantage, access to working capital, and commitment competency due to their high priority effect on the economic performance of microenterprises, making them the first priority areas to enhance their informal business endeavor.

This study suggests a more focused approach for policymakers, in particular across the government departments, to develop micro-entrepreneurial training programs in the field of entrepreneurial competencies areas, competitive advantage strategies, and access to working capital, so as to boost the economic performance of informal microenterprises. The performance of informal enterprise segment may be increased by deploying the following: enhancing the competence of informal entrepreneurs, increasing access to working capital with low interest rate, executing competitive advantage strategies to initiate differentiation strategy, improving the quality of services, ensuring convenience of place for informal microenterprises to operate, and offering price advantages [42]. The practical implications for small companies are that demonstrating their competence and strategies to potential stakeholders is important. The policy implications for investors and government agencies are that small companies should be more informed with competence and strategic concerns [38].

As many have lost their jobs due to COVID-19 in this present time, the Government of Senegal and its policymakers should address issues faced by the informal entrepreneurship domain, such as provision of comprehensive training, education, and skills, as well as working capital with low-interest credit facilities. This is because informal entrepreneurs possess the capacity to boost the economic growth of the country through employment, income generation, and poverty eradication. Another practical implication of this study is that policymakers and institution-supporting micro and small enterprises in Senegal, such as Agency for Development and Supervision of Small and Medium Enterprises (ADEPME) must assist and formalize informal small businesses. In addition, this study indicates the government should continue to support small businesses by implementing structured credit more accessible and available to informal entrepreneurs in order to achieve their business economic performance.

Finally, from a theoretical viewpoint, this study adds to the current body of literature, building on the resource-based perspective in the sense of informal entrepreneurship. The results of this study expand the scope of RBV theory at the same time improving our understanding of entrepreneurial competencies, competitive advantage, access to working capital and economic performance interplay, specifically in the area of small businesses operating in the informal sector in developing economies.

5.3. Conclusions

This study empirically investigated the potential moderating effect of access to working capital on the linkage between competitive advantage and economic performance, as well as the mediating effect of competitive advantage on the link between entrepreneurial competencies and economic performance of informal microenterprises in Senegal. The research model of relationships among entrepreneurial competencies, competitive advantage, access to working capital, and economic performance was empirically tested based on a sample size of 356 informal microenterprises via SEM.

The study outcomes revealed that entrepreneurial competencies (commitment, relationship, opportunity, and organizing) displayed significantly positive influence on the economic performance of informal entrepreneurship in Senegal. The results support that competitive advantage is a partial mediator and enhancer for the relationship between entrepreneurial competencies and economic performance in the informal segment. Unfortunately, access to working capital displayed a negative moderating effect on the association between competitive advantage and economic performance of microenterprises. The IPMA signified that informal micro-entrepreneurs should concentrate on competitive advantage, access to working capital, and commitment competency to improve their economic performance. Hence, this study enhances one's understanding about the relationships among competitive advantage, access to working capital, and informal entrepreneurship competency. A major implication is that informal owners/managers should identify and manage the learning process of working capital in terms of financial management.

Since the study data were retrieved in a cross-sectional manner in Senegal, the generalizability of the findings is limited. Second, the cross-sectional nature of this sample represents a major limitation, and a longitudinal approach may therefore be beneficial. Nevertheless, as Senegal and other Sub-Saharan African countries share similar levels of institutional growth, the relationships among entrepreneurial competencies, competitive advantage strategies, and access to working capital should also be explored in future studies on the economic performance of informal enterprises in other sub-Saharan countries to encourage generalization. In addition, since the method adopted in this study was limited by its cross-sectional approach linked to common method bias, future studies may extend this study to formal companies, besides introducing multi-method and longitudinal data collection approaches to enhance the outcomes, consistency, and reliability. Moreover, future research can use this research framework for formal small and medium enterprises that are less risky and have advanced resources to achieve economic performance compared to informal businesses. Finally, this study uses the definition of informal businesses in the Senegalese context. Future studies should examine informal enterprises economic performance based on other definitions used in international organizations such as the International Labor Organization.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available because the data is part of the PhD program.

Conflicts of Interest: The authors declare no conflict of interest.

Appendix A

Table A1. Loading and Cross Loading.

	OPP	**ORG**	**REL**	**STR**	**CON**	**COM**	**AWC**	**CAD**	**ECP**
OPP1	0.816	0.144	0.488	0.119	0.140	0.400	0.524	0.376	0.518
OPP2	0.817	0.319	0.567	0.134	0.156	0.520	0.459	0.468	0.531
OPP3	0.817	0.289	0.608	0.169	0.196	0.491	0.543	0.457	0.521
OPP4	0.779	0.247	0.558	0.129	0.108	0.427	0.533	0.436	0.509
OPP5	0.831	0.160	0.522	0.170	0.227	0.398	0.512	0.384	0.537
ORG1	0.269	0.890	0.463	0.226	0.25	0.424	0.128	0.376	0.318
ORG2	0.263	0.908	0.458	0.232	0.265	0.398	0.092	0.395	0.281
ORG3	0.223	0.878	0.420	0.232	0.285	0.367	0.003	0.330	0.259
ORG4	0.215	0.863	0.351	0.225	0.261	0.357	0.017	0.334	0.247
ORG5	0.312	0.857	0.418	0.281	0.296	0.326	0.201	0.357	0.327
REL1	0.582	0.399	0.839	0.157	0.185	0.476	0.475	0.511	0.463
REL2	0.503	0.447	0.811	0.134	0.177	0.486	0.372	0.536	0.465
REL3	0.566	0.356	0.775	0.148	0.179	0.474	0.460	0.443	0.475
REL4	0.542	0.315	0.747	0.085	0.106	0.441	0.414	0.436	0.397
REL5	0.512	0.383	0.794	0.205	0.215	0.45	0.445	0.439	0.397
STR1	0.131	0.29	0.166	0.869	0.622	0.175	0.154	0.087	0.129
STR2	0.160	0.258	0.163	0.891	0.604	0.118	0.211	0.108	0.151
STR3	0.187	0.237	0.184	0.883	0.609	0.150	0.222	0.130	0.123
STR4	0.125	0.215	0.122	0.818	0.636	0.145	0.172	0.074	0.086
STR5	0.143	0.158	0.136	0.844	0.601	0.123	0.270	0.077	0.119
CON1	0.177	0.334	0.176	0.621	0.904	0.235	0.160	0.152	0.186
CON2	0.224	0.323	0.249	0.630	0.939	0.236	0.224	0.181	0.179
CON3	0.116	0.234	0.149	0.580	0.815	0.154	0.154	0.115	0.136
CON4	0.172	0.137	0.115	0.604	0.763	0.126	0.202	0.067	0.131
CON5	0.155	0.152	0.199	0.637	0.795	0.117	0.225	0.067	0.147
COM1	0.494	0.346	0.462	0.137	0.165	0.786	0.368	0.515	0.466
COM2	0.482	0.351	0.521	0.136	0.167	0.850	0.345	0.526	0.461
COM3	0.402	0.317	0.459	0.104	0.164	0.780	0.243	0.527	0.415
COM4	0.411	0.328	0.449	0.150	0.215	0.749	0.250	0.458	0.472
COM5	0.409	0.351	0.43	0.127	0.175	0.796	0.271	0.460	0.466
ECOP5	0.497	0.208	0.419	0.132	0.157	0.385	0.411	0.404	0.768
AWC1	0.534	0.016	0.440	0.227	0.224	0.279	0.866	0.326	0.377
AWC2	0.518	0.04	0.438	0.203	0.166	0.265	0.891	0.345	0.398
AWC3	0.576	0.15	0.489	0.258	0.231	0.353	0.868	0.353	0.471
AWC4	0.580	0.151	0.539	0.204	0.192	0.373	0.871	0.414	0.464
AWC5	0.565	0.074	0.472	0.162	0.155	0.357	0.902	0.403	0.457
CAD1	0.472	0.306	0.544	0.128	0.167	0.486	0.391	0.777	0.473
CAD2	0.373	0.236	0.450	0.055	0.072	0.459	0.323	0.760	0.393
CAD3	0.369	0.342	0.405	0.103	0.134	0.461	0.320	0.762	0.407
CAD4	0.430	0.267	0.436	0.155	0.205	0.432	0.362	0.751	0.469
CAD5	0.381	0.398	0.464	0.081	0.097	0.549	0.281	0.791	0.518
CAD6	0.414	0.333	0.472	0.021	0.050	0.520	0.286	0.795	0.538
ECOP1	0.523	0.222	0.443	0.101	0.132	0.454	0.422	0.482	0.833
ECOP2	0.549	0.268	0.469	0.150	0.182	0.495	0.419	0.516	0.864
ECOP3	0.528	0.308	0.438	0.061	0.141	0.514	0.380	0.582	0.826
ECOP4	0.515	0.313	0.483	0.146	0.15	0.467	0.385	0.462	0.759
ECOP5	0.497	0.208	0.419	0.132	0.157	0.385	0.411	0.404	0.768

OPP, Opportunity Recognition Competency; ORG, Organizing Competency; REL, Relationship Competency; STR, Strategic Competency; CON, Conceptual Competency; COM, Commitment Competency; AWC, Access Working Capital; CAD, Competitive Advantages; MEWC, Moderating Effect of Access to Working Capital; ECP, Economic Performance.

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