

EFFECT OF EMPLOYEES SKILLS ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN NIGER STATE

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Abstract

This study investigates the effect of employees' skills on the performance of small and medium-sized enterprises (SMEs) in Niger State, Nigeria. Adopting a survey research design, the study draws from a target population of 36,084 registered SMEs, in Niger state as documented by the National Bureau of Statistics (2021). A sample size of 416 respondents was determined using Krejcie and Morgan's Table (1970) and adjusted with a 10% oversampling rate to mitigate non-response issues. The sample was selected through judgmental sampling from six selected local government areas (LGAs) across Niger State. Data was collected via a structured questionnaire divided into two sections: demographic information and questions related to communication assessed on a five-point Likert scale. Data analysis was conducted using Partial Least Square - Structural Equation Modelling (PLS-SEM) to explore the relationships between the independent variables (communication and leadership skills) and the dependent variable (SME performance). The findings revealed that both communication and leadership skills have a significant positive effect on the performance of SMEs in Niger State, highlighting the importance of these skills in enhancing business success. It was therefore, recommended that SMEs should prioritize the development of communication skills among their employees by implementing comprehensive training programmes. And also, businesses should invest in leadership development initiatives.

Keywords: SMEs, communication skills, leadership skills, employee skills, business performance.

INTRODUCTION

Small and Medium Enterprises (SMEs) play an important role in reducing unemployment and poverty. However, despite their significant socio-economic contribution, the failure rate among SMEs in Nigeria is high (NBS, 2020). Small and medium size enterprises (SMEs) play a pivotal in economic development of many countries. Their roles include creation of employment opportunities; poverty reduction and economic growth of many countries. These benefits can be attributed to the ability of employee's skills in improving their business performance. The success of SMEs is intricately tied to the skills of their workforce, with employees' capabilities influencing various aspects of organizational performance (Njanike & Nyanhete, 2018).

To begin with, effective communication skills among employees are crucial for the performance of SMEs. Studies have shown that employees with strong communication skills are better able to collaborate effectively, share information, and coordinate tasks, ultimately enhancing organizational productivity and efficiency (Sukoco et al., 2020; Leonidou et al., 2015). Employees with effective communication skills can also better understand customer needs, negotiate contracts, and represent the company, leading to improved financial and operational performance. In the context of SMEs, where employees often wear multiple hats and are required to interact with a diverse range of stakeholders, the ability to communicate effectively becomes even more critical for organizational success, as it facilitates the coordination of various tasks and the alignment of individual efforts towards common goals (Gilman et al., 2019). Moreover, effective communication skills can enable SME employees to better identify and respond to market changes, improving the firm's adaptability and competitiveness.

Furthermore, leadership skills among employees are also essential for the performance of SMEs. In small organizations, where hierarchies are often flatter, employees at all levels need to demonstrate leadership qualities, such as the ability to make decisions, motivate team members, and drive innovation (Gupta & Germain, 2021). Studies have shown that SMEs with employees who possess strong leadership skills tend to have higher levels of organizational agility, resilience, and overall performance (Gupta & Germain, 2021; Hmieleski & Ensley, 2017). This is particularly important in the context of SMEs, where the ability to adapt quickly to changing market conditions and capitalize on new opportunities is crucial for survival and growth (Cai et al., 2020). In addition, effective leadership skills can help SME employees

foster a culture of collaboration, empowerment, and continuous learning, which are essential for driving innovation and enhancing the business competitive position. However, leadership skills is not the only factor that can contribute to SMEs Performance; entrepreneurial skill also stand as a major contributing factor to the performance and growth of SMEs.

In conclusion, scholars have reported that workers lack the sufficient skill sets needed by employers (Manpower Group, 2013; Sharvari & Kulkarni, 2019). For sure, in the 21st -century marketplace, skills are not sufficient for employees (Lazarus, 2013) and there is high need for sufficient employees' skills in order to increase organizational performance (Shillie & Nchang, 2023; Seetha, 2014). Apparently, they are instrumental in building better human relationships (Alabdulkareem et al., 2018), and strengthening staff cap. Recent studies have highlighted the importance of employee skills for SME success. For example, a study by Ekperiware et al. (2021) found that employee competencies, including technical, managerial, and entrepreneurial skills, were significant predictors of SME growth in southwestern Nigeria. Similarly, Aliyu et al. (2022) identified a positive relationship between employee skill development and SME performance in Kano State. However, these studies do not provide insights into the specific challenges and opportunities faced by SMEs in Niger State, which may differ due to factors such as the local business environment, access to resources, and the demographic characteristics of the workforce. Additionally, most of the existing research has relied on quantitative methods, leaving a need for deeper, qualitative exploration of the mechanisms underlying the employee skills-SME performance relationship in this context (Olutunla & Obamuyi, 2023). Through rigorous academic investigation, the study aims to contribute valuable knowledge that can inform policies and practices aimed at enhancing the performance and sustainability of SMEs in Niger State.

Statement of the Problem

Small and Medium Enterprises (SMEs) play a pivotal role in the economic development, contributing significantly to employment and economic growth (Enaifoghe, 2023; Ayyagari, et al., 2011). However, the performance of SMEs is influenced by various factors, and the skills of their workforce emerge as a critical aspect that requires further investigation. Despite the acknowledged importance of employees' skills, there is a research gap in understanding how different skill sets impact the overall performance of SMEs in Niger State.

One specific area that demands attention is the communication skills of employees within SMEs. Effective communication is crucial for building and maintaining relationships with customers, suppliers, and other stakeholders (Odo, 2017). Yet, there is a lack of comprehensive research on how the communication skills of employees in SMEs in Niger State correlate with the overall performance of these enterprises. This study aims to fill this gap by exploring the communication challenges faced by SMEs, providing insights into how improvements in communication skills may positively influence their performance. By addressing these gaps in the literature, this study aims to contribute valuable insights into the nuanced interplay between employees' skills and the performance of SMEs in Niger State.

Objectives of the Study

The main objective of the study is to examine the effect of employees' skill on the performance of small and medium enterprises in Niger State, Nigeria. Specifically, the study seeks to:

- i. Evaluate the effect of communication skills on the performance of small and medium enterprises in Niger State, Nigeria.
- ii. Investigate the effect of leadership skills on the performance of small and medium enterprises in Niger State, Nigeria.

LITERATURE REVIEW

Employees Skill

Employee skills are the abilities that each individual has in carrying out various tasks in certain jobs (Nguyen, et al., 2020). Employee Skill is something that is owned by an individual in carrying out the

tasks or work assigned to him (Rivaldo & Nabella, 2023). Employee skills are conditions that exist in workers who are truly efficient and effective in accordance with a predetermined field of work (Baran & Woznyj, 2020). Employee's skills refer to the combination of knowledge and abilities that individuals acquire throughout their lives. These skills can be improved through various tools such as trainings, seminars, online courses, and reading specialized literature (Kulchytskyi, et al., 2023).

Communication Skills

Communication skills refer to the ability to interact positively and productively with others (Sofia et al., 2023). This is demonstrated by communicating ideas effectively and empathetically, aligning one's goals and actions with those of others, seeking solutions to disagreements, building trust, and resolving conflicts, as well as caring for the welfare and progress of others, managing activities, and offering leadership (Sofia et al., 2023). Effective communication can help ensure that all stakeholders are on the same page and working towards the same goals (Kalogiannidis, 2020). Communication skill refers to an individual's knowledge, skill, and motivation to accomplish a particular goal (Allen, 2017).

Leadership Skills

Effective leadership skills can help teams manage and make the best use of technology to ensure that everyone is using it as productively and efficiently as possible (Sofia et al., 2023). This can help improve overall team performance and ensure effective organisational performance. Strong leadership skills can be critical in overcoming challenges or obstacles that may arise when working with individuals in an organisation and ensuring that the team remains focused and motivated despite setbacks (Frick et al., 2021). According to Sumardjo et al. (2023) leadership is a form of domination based on personal ability to be able to invite or encourage other people to do something based on acceptance by the organization, and have special expertise that is appropriate to the situation. special too. According to Karimi et al (2023) leadership skills is a set of individual abilities is very subjective and difficult to measure qualitatively with numbers.

Performance

According to Orji et al (2022) organizational or business performance can be financial and non-financial. Performance is what employees should do best to achieve goals (Purbasari & Septian, 2017). Similarly, according to Choongo (2017) a number of authors have operationalized firm performance measures in two categories: financial performance and non-financial performance. According to Zehir et al. (2018) there are two performance classifications which are qualitative and quantitative performance. Qualitative performance is largely related to the culture, environment, human resources and abstract outputs within the organization and includes criteria such as employee satisfaction, customer satisfaction, quality and innovation performance. Quantitative performance includes criteria such as turnover increase, market share increase and profitability increase, which are partly influenced by qualitative factors and moreover based on marketing and financial management success.

This study adopted the definition given by Orji et al. (2022), they highlighted that business performance includes both financial and non-financial aspects. Financial performance focuses on traditional metrics like profit margins and return on investment, reflecting a company's monetary success. Non-financial performance, however, includes factors such as customer satisfaction, employee engagement, innovation, brand reputation, and sustainability, which contribute to long-term growth and competitiveness.

Small and Medium Enterprises (SMEs)

SMEs are businesses that are characterized by their flexibility, innovation, and ability to adapt to changing market conditions. They are often seen as the engine of economic growth and job creation (OECD, 2022) However, employees, assets, sales and loan size within which the enterprise falls are commonly used in defining a firm as Micro, Small or Medium (World Bank, 2019). SMEs are formal enterprises with annual turnover, in U.S. dollar terms, of between 10 and 1000 times the mean per capita gross national income, at purchasing power parity, of the country in which they operate (World Bank, 2022).

Small and medium-sized enterprises (SMEs) are enterprises that have an asset base (excluding land and buildings) of between N5 million and N500 million, and a labour force of between 11 and 200 employees (CBN, 2022).

Communication Skills and Performance

Shillie and Nchang (2023) examined the relationships between employee communication skills and job performance based on evidence from Small and Medium Size Enterprises in the Bamenda Metropolis of Cameroon. A mixed-method (quantitative and qualitative) research design was employed. Data were collected from 241 SMEs using a structured questionnaire design in a five-point Likert scale format. Data analysis was done using descriptive and multiple regression test. Results from the analysis showed that communication skills result in higher job performance. Furthermore, it was found that the higher the capacity of employees to discern and manage their emotions the better the job performance. Teamwork was revealed to increase the level of job performance. Work ethics also showed a minimal effect on work performance. The study employs a mixed-method approach, which provides a comprehensive understanding of the relationship between communication skills and job performance. It includes both quantitative and qualitative data, which enhances the validity of the findings. However, the study focuses solely on Small and Medium Size Enterprises (SMEs) in the Bamenda Metropolis of Cameroon, limiting the generalizability of the results to other countries and area that are more/less develop and advance as in this context. Additionally, the sample size of 241 may not be a true representative of all SMEs in the region.

Tarigan et al (2022) examined the influence of communication skills and consumer behavior on employee performance at PT. Bank of North Sumatra using an explanatory research design. The study had a sample of 73 respondents that were selected using simple random sampling technique. The study data were analysed using multiple linear regression analysis. It was revealed that communication skills, and consumer behavior have a positive and significant effect on employee performance in the pandemic era at PT. The study examines the influence of communication skills and consumer behavior on employee performance during the pandemic era, providing timely insights. It uses multiple linear regression analysis, a robust statistical method that shows the actual effect between the study variables. However, the sample size of 73 respondents from PT. Bank of North Sumatra does not adequately represent the entire workforce in North Sumatra, potentially affecting the generalizability of the findings.

Sari and Panglipursari (2022) analyzed the effect of communication skills and division of labour on employee performance. The study employed a saturated sampling technique (census) where all members of the population are used as sample. And the study sample were 80 employees. Data analysis was performed using multiple regression test via SPSS. Based on the results of data analysis, it was that partially leadership, communication, and division of labor have a significant effect on employee performance. The study employs a saturated sampling technique, ensuring that all members of the population are included, enhancing the representativeness of the findings as it analyses the effect of leadership, communication, and division of labour on employee performance. However, the study's focus on a specific population and location (80 employees) may limit the generalizability of the results to other contexts.

Leadership Skills and Performance

Taye et al (2023) examined the effect of leadership skill on the organizational performance in the case of Meskaye Hizuna Medhane Alem Monastery School. The study employed both an explanatory, cross-sectional and descriptive research designs. The study population comprises of 116 employees of Meskaye Hizuna Medhane Alem Monastery School. Employing a random stratified sampling method to identify respondents across each stratum departments, the study utilized both primary and secondary sources of data collection. Both descriptive and inferential statistics were used to analyze the data. Descriptive statistics such as frequencies, percentage, mean, and standard deviation were used for summarizing and presenting the data and Pearson correlation coefficient and binary logistic regression analysis was used to test the assumptions. It was discovered that leadership skills have positive significant effects on the

organizational performance of Meskaye Hizuna Medhane Alem Monastery School. However, the use of a mixed research design portrayed a great shortcoming to the generalisation of the study. Similarly, the population size is also too small for a study of that nature which also limits the credibility of the results. Yang et al (2023) examined the effect of leadership skills on the performance of private higher education institutions in Indonesia. A population of total of 3115 participants was used by employed a cross-sectional study that involved an online survey of 524 rectors or deans in private higher education institutions (HEIs) using a purposive sampling method. The study adopted a five-point Likert scale questionnaire that was conducted using Google Forms. And partial least square structural equation modelling was utilized to test the hypotheses. The findings revealed that organizational leadership skills displayed a statistically insignificant effect on organizational performance. The data collection method, using an online survey with a five-point Likert scale questionnaire distributed through Google Forms, is a common and effective way of gathering perceptual data from the target respondents. This approach allows for the standardization of the data and facilitates the subsequent statistical analysis. Similarly, the use of Partial Least Square Structural Equation Modeling (PLS-SEM) for data analysis is well-suited for the study's objectives. PLS-SEM is a powerful technique that can handle complex models with latent variables, enabling the researchers to examine the hypothesized relationships between leadership skills and organizational performance. However, the use of a purposive sampling technique may limit the generalizability of the results to the broader population of private HEIs in Indonesia.

Andrej et al (2023) analysed the relationship between leadership skills and organizational performance within 4765 Slovenian companies. The study sample consists of data obtained from 135 Slovenian companies that completed the online questionnaire survey. Structural equation modelling was used to analyse the relationship between variables. It was revealed that leadership skills have a positive effect on organizational performance within Slovenian companies. While transformational leadership improves organizational performance, the study did not confirm the influence of transactional leadership on organizational performance. In addition, knowledge management was not confirmed to have a significant influence on organizational performance. However, it was further concluded that successful leaders should adopt and combine both styles of leadership in managing knowledge and improving organizational performance. However, the study's exclusive focus on Slovenian companies may limit the generalizability of the findings to other cultural and economic contexts. Expanding the research to include companies from different countries or regions could provide a more comprehensive understanding of the role of leadership skills and knowledge management in driving organizational performance.

Social Cognitive Theory

Social Cognitive Theory (SCT), proposed by Bandura (1986), is a psychological framework that highlights the dynamic interplay between personal factors, behavior, and the environment in shaping human learning and behavior. social cognitive theory posits that individuals learn through observation of others (models) and the consequences of their actions, with cognitive processes such as attention, memory, and motivation playing pivotal roles in this learning process.

Central to social cognitive theory is the concept of self-efficacy, which refers to an individual's belief in their ability to perform specific tasks or achieve particular goals (Bandura, 1986). Bandura argues that self-efficacy influences individuals' choices, efforts, persistence, and resilience in the face of challenges. Moreover, social cognitive theory emphasizes observational learning, where individuals acquire new behaviors by observing and modeling the behaviors of others.

When applied to the study on the impact of employees' skills on SME performance, particularly focusing on entrepreneurial, communication, digital, and leadership skills, social cognitive theory provides a comprehensive understating into how these skills influence SME success. According to social cognitive theory, individuals with higher self-efficacy in these skills are more likely to engage in entrepreneurial activities, effectively communicate with stakeholders, adapt to digital technologies, and demonstrate effective leadership, thereby contributing to SME performance (Bandura, 1986).

The strengths of social cognitive theory lie in its emphasis on cognitive processes and social interactions in learning and behavior change, making it applicable across various domains such as education, health, and organizational behavior (Gan et al., 2024). Additionally, social cognitive theory offers practical implications for interventions aimed at enhancing individuals' self-efficacy and promoting positive behaviors (Silveira et al., 2024). However, social cognitive theory also has weaknesses. Critics argue that it may oversimplify the complex interplay between personal factors, behavior, and the environment, neglecting the influence of contextual factors and individual differences (Balla et al., 2024). Additionally, social cognitive theory's focus on cognitive processes may overlook the role of emotional and motivational factors in shaping behavior.

In conclusion, social cognitive theory offers a detail understanding on how employees' skills influence SME performance by emphasizing the role of self-efficacy and observational learning processes. By understanding these mechanisms, organizations can design interventions to enhance employee performance and contribute to SME success. Nevertheless, it is important to acknowledge the limitations of social cognitive theory and incorporate other theoretical perspectives for a comprehensive understanding of human behavior in the workplace.

METHODOLOGY

The study adopted a survey research design, because of the research objective and it equally help in the understanding of the phenomenon under investigation. The design is therefore suitable for this study as it helps evaluate the effect relationship between exogenous constructs of components of employees' skill are faced with, and the endogenous construct of performance of SMEs.

The target population consist of registered small and medium-sized enterprise (SME) operators in Niger State, Nigeria. According National Bureau of Statistics (2021) a total number of 36,084 registered Small and Medium Enterprises (SMEs) exist in Niger State. Krejcie and Morgan sample size Table of (1970) was utilised to come up with a sample size of 379. Although the necessary sample size was determined to be 379, oversampling was done to the rate of 10% as recommended by Isreal (2013) to address possible non-response problems. The inflated sample size used was therefore, 416. In the subsequent selection of the study sample, two local government from each senatorial district were selected using judgmental sampling to collect data from registered SMEs in Niger State, Nigeria.

The local government were selected base on concentration of commercial activities in that area and the local government area were: Borgu Local Government Area and Wushishi Local Government Area (Niger North senatorial district); Bida local government area and Katcha local government area (Niger South senatorial district); Chanchaga local government area and Suleja local government area (Niger East senatorial district). It is noteworthy to mention that using judgmental sampling technique, a total of 67 respondents were selected from the various LGA, with the exception of Chanchaga local government area, where a slightly higher number of eighty-one (81) respondents was sampled due to the higher concentration of SMEs within that local government area. This strategic decision has been taken to ensure a more accurate and representative sample, thereby enhancing the validity and reliability of the study's findings.

The study employed a structured questionnaire as the primary method of data collection. This questionnaire was divided into two distinct sections, with Section A being specifically dedicated to obtaining demographic information from the participants. On the other hand, Section B revolve around questions relating to communication skills, leadership skills, and performance of SMEs. In order to assess the responses in Section B, a five-point Likert scale was utilized, ranging from "Strongly Disagree" to "Strongly Agree.". the study questionnaire was adapted from the work of Shillie and Nchang (2023) and Yang et al (2023).

The validity of the instrument, which refers to the extent to which the instrument measures what it was designed to measure, was assessed using content validity index (CVI). The assessors assessed the instrument on a two-point rating scale (relevant and not relevant), after which the content validity index formula was employed.

$$CVI = n/N$$

Where: n= numbers of items rated as relevant

N= total number of items in the instrument

This gave a CVI value of 0.896, which indicated that the instrument is valid.

A pilot test was conducted among 30 SME operators in Minna metropolitan city, Niger State to test the reliability and feasibility of the survey questions. The measurement used in this study is the Likert Scale Method of summated ratings. It consists of statements where respondents indicate their degree of agreement or disagreement on a five-point scale - Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. With respect to measuring the reliability of the scale, the reliability coefficients (Cronbach"s) results is shown below.

Table 1: Reliability Test

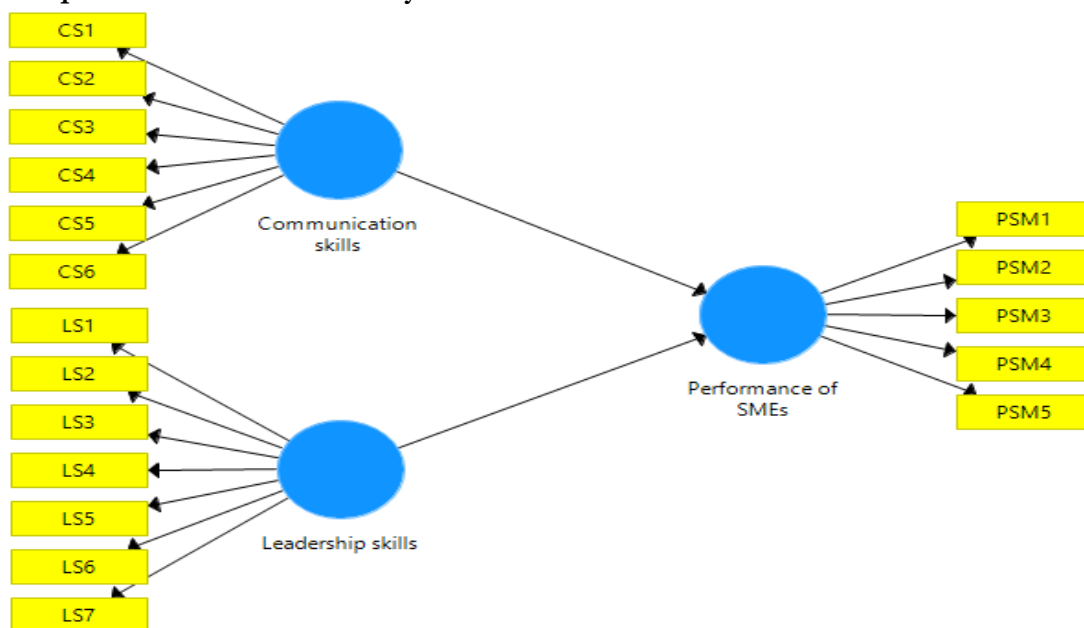
Variables	Number of Items	Alpha Value
Communication skills	6	0.812
Leadership skills	7	0.779
Performance of SMEs	5	0.754

Source: Researchers Computation

From the result above, all the alpha value are above 0.7, therefore the questionnaire items are reliable and fit for use.

Lastly, Partial Least Square - Structural Equation Modelling which is also known as (PLS-SEM), was utilised in order to scrutinize the data that has been collected and to elucidate the connection between the independent variables, namely communication skills, leadership skills, and the dependent variable, which is the performance of small and medium enterprises.

Figure 1: Graphical Model for the Study



RESULTS AND DISCUSSION

Before the analysis was carried out, a total of four hundred and six (416) copies of questionnaires were distributed to the respondents, and a total of four hundred and nine (409) copies were successfully

retrieved from the respondents. However, three hundred and eighty-nine (389) copies of the questionnaires were found usable after questionnaire sorting and data cleaning.

To test the hypothesized model, confirmatory factor analysis, path assessment was conducted. For the determination of the factor structure, the validity of the factor has been examined with the help of factor loadings. The indicator loadings should be larger than 0.7 to ensure indicator reliability. From table 2, all the indicators are larger than 0.7 indicating that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (see table 2 & Fig 2).

Figure 2: Measurement Model

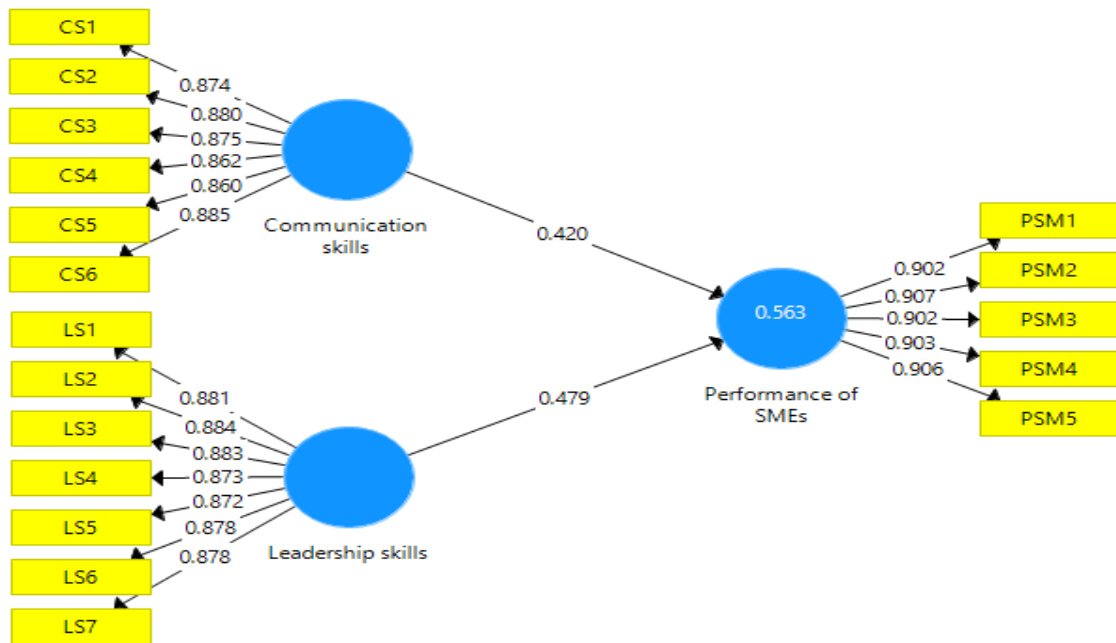


Table 2: Convergent Validity and Reliability of the Constructs and Indicators

Items	Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
	Communication skills	0.938	0.950	0.761
CS1	0.874			
CS2	0.880			
CS3	0.875			
CS4	0.862			
CS5	0.860			
CS6	0.885			
	Leadership skills	0.951	0.960	0.772
LS1	0.881			
LS2	0.884			
LS3	0.883			
LS4	0.873			
LS5	0.872			
LS6	0.878			
LS7	0.878			
	Performance of SMEs	0.944	0.957	0.818
PSM1	0.902			
PSM2	0.907			
PSM3	0.902			

PSM4	0.903
PSM5	0.906

Source: *SmartPLS Output*, 2024

To establish internal consistency reliability of the construct, Cronbach's alpha and composite reliability (CR) should be higher than the threshold of 0.7 (Collier, 2020). It is clear from table 2 that all the latent indicators are reliable since their values are higher than the threshold value of 0.7. Convergent validity is the extent to which the construct converges in order to explain the variance of its items. To assess convergent validity, the average variance extracted (AVE) should be larger than 0.5. In table 2, all the constructs value of the average variance extracted AVE are larger than 0.5 which shows that our constructs satisfied the condition of convergent validity. It also indicates that all the construct explains 50 percent or more of the variance of the items that make up the construct.

Furthermore, discriminant validity was assessed by examining the heterotrait-monotrait ratio of the construct. Henseler et al. (2015) propose a threshold value of 0.90 for structural models with constructs that are conceptually very similar, but when constructs are conceptually more distinct, a lower, more conservative, threshold value is suggested, such as 0.85 (Henseler et al., 2015).

Table 3: Heterotrait-Monotrait Ratio (HTMT)

Constructs	Communication skills	Leadership skills	Performance of SMEs
Communication skills			
Leadership skills	0.400		
Performance of SMEs	0.630	0.669	

Source: *SmartPLS Output*, 2024

Base on the result in Table 2, there is no discriminant validity issue because both condition of a maximum value of 0.9 and minimum value of 0.85 were not exceeded.

Table 4: Predictive Relevance

	R Square	R Square Adjusted
Performance of SMEs	0.563	0.560

Source: *SmartPLS Output*, 2024

Table 3 shows the assesses explanatory power of the model using coefficient of determination (R^2). With R^2 of 0.563 employees skills indicators explains 56.3% of variance in Performance of SMEs. The R^2 ranges from 0 to 1, with higher values indicating a greater explanatory power. As a guideline, the R^2 values of 0.75, 0.50, and 0.25 can be considered substantial, moderate, and weak (Henseler et al., 2009; Hair et al., 2011). The R^2 values of all the constructs indicates a substantial explanatory power of the exogenous variable.

Table 4: Path Coefficient

Hypotheses	Bet a	Sample Mean	STDE V	T Statistics	P Values
Communication skills -> Performance of SMEs	0.420	0.420	0.040	10.415	0.000
Leadership skills -> Performance of SMEs	0.479	0.480	0.040	11.968	0.000

Source: *SmartPLS Output*, 2024

Table 4 indicates that communication skills reveals a significant positive effect on the performance of small and medium-scale enterprises (SMEs) in Niger State. The beta coefficient of 0.420 indicates that an enhancement in communication skills is associated with a 0.420 increase in SME performance. The high t-statistic of 10.415 and a p-value of 0.000 underscore the statistical significance of this relationship, thereby affirming that communication skills are a critical determinant of SME performance.

Furthermore, leadership skills also demonstrate a significant positive impact on the performance of SMEs in Niger State. With a beta coefficient of 0.479, it is evident that an improvement in leadership skills results in a 0.479 increase in SME performance. The t-statistic of 11.968 and a p-value of 0.000 further substantiate the statistical significance of this relationship. Consequently, leadership skills are identified as a slightly more influential determinant of SME performance compared to communication skills.

Discussion of Findings

The results from the study showed that communication skills have a significant positive effect on the performance of small and medium-scale enterprises (SMEs) in Niger State. This finding is supported by the high t-statistic of 10.415 and a p-value of 0.000, underscoring the statistical significance of this relationship. This aligns with the work of Maduka et al. (2018), who found that effective communication within SMEs leads to better team coordination and higher productivity. Similarly, a study by Olanrewaju et al. (2020) highlighted that communication skills are crucial for customer relationship management, which in turn boosts business performance.

Furthermore, leadership skills also demonstrated a significant positive impact on the performance of SMEs in Niger State. This finding is consistent with the research by Akinbode and Alaka (2019), which showed that strong leadership is associated with higher employee morale and better strategic decision-making, leading to improved business outcomes. Additionally, the study by Adeoye and Elegunde (2021) found that leadership development programs significantly enhance the performance of SMEs by fostering innovation and adaptability.

The implications of these findings suggest that SMEs in Niger State should invest in both communication and leadership training programs to enhance overall performance. By prioritizing these areas, businesses can improve internal processes, employee satisfaction, and customer relations, ultimately leading to better performance outcomes.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the study highlights the significant impact of employee skills on the performance of small and medium-scale enterprises (SMEs) in Niger State. Communication skills play a crucial role in enhancing SME performance by improving team coordination and customer relationship management. Leadership skills also have an even greater influence, driving employee morale, strategic decision-making, and overall business success. These results underscore the importance of investing in the development of both communication and leadership skills to achieve sustainable growth and competitiveness in SMEs.

- i. **Implement Comprehensive Communication Training Programs:** SMEs should prioritize the development of communication skills among their employees by implementing comprehensive training programs. These programs should focus on enhancing both verbal and non-verbal communication, active listening, and effective customer interaction techniques. By improving communication skills, SMEs can foster better teamwork, enhance customer satisfaction, and ultimately boost overall performance.
- ii. **Invest in Leadership Development Initiatives:** To leverage the significant impact of leadership skills on SME performance, businesses should invest in leadership development initiatives. These could include workshops, mentorship programs, and leadership courses that focus on strategic thinking, decision-making, and motivational skills.

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Research Questionnaire: The following questions should be answered based on the 5 Points Like Scale using the following keys: 5 = Strongly Agreed (SA), 4 = Agreed (A), 3 = Undecided (U), 2 = Disagreed (D), 1 = Strongly Disagreed (SD). Please indicate by ticking one of the options (✓) based on the extent of your agreement to each of the statements provided below:

S/N	Question	SA (5)	A (4)	U (3)	D (2)	SD (1)
	Communication skills					
CS1	In this enterprise, employees have the ability to share their ideas with the other relatively with their passions and ambitions					
CS2	Our employees can speak with confident and also possess good listening skills					
CS3	We encourage employees to enhance their written communication skill					
CS4	Before employment, we assess prospective employee's oral skill ability					
CS5	There is internal personal communication within employees in this organization					
CS6	Employees can easily communicate with customers without any hindrance					
	Leadership skills					
LS1	Employee demonstrate honesty and trust in all of their actions and also establish credibility within this establishment					
LS2	There is self-determination, independence and competence that increases employee's enthusiasm towards achieving the business goals					
LS3	Employees possess problem solving skill that aid in achieving the business objective					
LS4	Employees within this establishment also have the ability to make strategic decisions					
LS5	A leader within this establishment ought to have the right amount of positive and constructive feedback to help teams perform effectively.					
LS6	Employees best asset within the business have the ability to motivate and inspire a team of professionals who can work together to achieve the goals of the organization					
LS7	Employees also possess self confidence in making strategic decisions					
	Performance					
PER1	My enterprise shows profitability as evidenced by increasing revenue and net income.					
PER2	My enterprise always meets its cost-effectiveness objective of satisfying the needs of customers					
PER3	My enterprise gets positive feedback as a compliment from customers					
PER4	Employees of my enterprise have high morale is high due to achievements recorded so far					
PER5	There is a growth in the number of customers in the business					