

EFFECT OF MANAGERIAL SKILLS ON GROWTH OF SMALL AND MEDIUM ENTERPRISES IN SOUTH EAST NIGERIA

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Abstract

Despite the significant contribution of SMEs to national economic development and various government support initiatives, including credit schemes, tax incentives, and regulatory interventions, the sector has continued to experience declining performance. This decline is reflected in the reduction of SMEs' contribution to Nigeria's GDP from 50% in 2021 to 43.3% in the fourth quarter of 2022. The study specific objective was to examine the effect of communication skills and interpersonal skills on the growth of small and medium enterprises in South East, Nigeria. Survey designed was adopted wherein, a sample of 400 owners/managers of SMEs was drawn by using Taro Yamani (1967) from 57,035 population. The sample was selected using convivences sampling technique. Data was collected using a five-point Likert scale questionnaire and analyzed using the Partial Least Squares Structural Equation Modelling (PLS-SEM). The findings revealed that interpersonal skills have positive but insignificant effect on growth, while communication skills had positive and significant effect on growth of small and medium enterprises in South East, Nigeria. Based on the findings, the study recommends that SME managers should pay greater attention to developing effective communication through training, feedback mechanisms, active listening, interpersonal communication, and clear dissemination of information. Improved communication can enhance coordination and employee commitment, strengthen customer and supplier relationships, reduce misunderstandings, and facilitate timely managerial decisions. In addition, managers should particularly focus on applying interpersonal skills in ways that directly support customer retention, employee productivity, supplier relationships, networking, and identification of new business opportunities.

Keywords: Communication Skills, Growth, Interpersonal Skills, and PLS-SEM

INTRODUCTION

Small and Medium Enterprises (SMEs) are vital to global job creation, poverty alleviation, and economic growth. They make up 80% of businesses in Europe, employing 67% of the workforce and generating 57% of revenue.

Governments recognize that SMEs are crucial for employment since large, capital-intensive projects do not generate as many jobs. In Africa, SMEs have driven significant economic progress, helping the continent transition from being largely underdeveloped to one of the world's most promising economic frontiers and by 2017,

experts projected a 4.5% growth rate, and by 2035, SME growth is expected to match global labor force participation (Ahmad & Ahmad, 2021; Aliyu, 2015; Andarwati et al., 2020).

In Nigeria, the business space is dominated by the Small and Medium Enterprises (SMEs) who contributes significantly to the global economy in terms of contribution to Gross Domestic Product (GDP) as well as employment generation for the populace. Although, their importance to every nation cannot be underestimated which has seen them received various attention and support from governments through relevant stakeholders, their inconsistent performance still persists. Therefore, firms seeking to achieve competitive advantage ought not to leave out any measure capable of leading them to such positions as such, external and internal mechanisms need to be reviewed (Odiachi, et al., 2021; Trabucchi, et al., 2019).

The South-East region is home to a thriving SME sector, which accounts for a substantial portion of the region's GDP and employment (Ugwu & Nwogwugwu, 2019). The performance of these enterprises has been a subject of concern, with many facing challenges related to their managerial capabilities (Nwokocha & Iheriohanma, 2015). Also, a country's economy grows as its small enterprises thrive, making them a vital source of growth and progress and as such the capabilities of those managing the affairs of these businesses remains key to their progress or failure and hence the issue of managerial skills and its linkage with performance of Small and Medium Enterprises (SMEs).

According to Ahmadu and Ahmadu (2021) managerial skills is the bedrock of the firm's better performance and competitive advantage. The theoretical arguments are that resources that are valuable, rare, inimitable, and non-substitutable (VRIN), drive the firm's comparative advantage, growth and sustainable process (Logose, 2022). Egwuatu (2022) stated that managerial skills otherwise called competencies form a list of knowledge and attitudes that are required for good business management and when combined, provide management with the necessary conditions to overcome obstacles, motivate the team and

develop an organization's capabilities, and promote business success, regardless of whether they are essential or complementary management skills. The ability, aptitude, deftness, proficiency, or competency to accomplish specific jobs or activities is referred to as skill.

Managers must have unique managerial skills that influence their level of performance and the successes of their team, regardless of the type of company they lead or their hierarchical level. Guzmán et al. (2023) provided leadership, teamwork, communication and cooperation as types of managerial skills. Orji et al. (2023) extended by listing technical skills, conceptual skills, interpersonal skills and budgeting skills as types of managerial skills. It was however noted that some of the skills stated above are embedded in other mentioned skills and it amounts to duplication. Example, budgeting skill and conceptual skills can be subsumed into technical skill while cooperation and teamwork are fostered by leadership skill. As such, this study focused only on technical, interpersonal, leadership and communication skills as dimensions of managerial skills.

Communication skills involve the ability to transmit information, ideas, and messages effectively, both verbally and in writing. Communication skills are integral to the performance of small and medium-sized enterprises (SMEs), influencing everything from internal operations to customer relations and stakeholder engagement. When leaders articulate their vision and goals clearly, employees are better equipped to understand their roles and responsibilities. Studied has indicated that SME managers with strong communication skills are more likely to achieve higher levels of employee engagement, customer satisfaction, and overall organizational performance (Fatoki, 2018).

Interpersonal skills, on the other hand, involve the ability to effectively communicate, collaborate, and build relationships with various stakeholders, such as employees, customers, and suppliers. In the context of SMEs, interpersonal skills enable managers to motivate their employees, resolve conflicts, and foster a positive work environment, all of which can contribute to improved

organizational performance (Fatoki, 2018). Research has indicated that SME managers with strong interpersonal skills are more likely to achieve higher levels of employee satisfaction, commitment, and productivity (Agwu & Emeti, 2014).

Growth is central to understanding the success and viability of small and medium-sized enterprises (SMEs). Growth encompasses various dimensions, including financial metrics, operational efficiency, customer satisfaction, and innovation. By examining these aspects, one can gain insights into how well an SME is achieving its goals and responding to market demands. Financial performance is often the most visible indicator of an SME's health. This includes metrics such as revenue growth, profitability, and return on investment. For SMEs, maintaining strong financial performance is crucial for sustainability, especially given their typically limited resources. Effective financial management, including budgeting and forecasting, allows SMEs to allocate resources wisely, invest in growth opportunities, and navigate economic uncertainties. Focusing on financial health, operational efficiency, customer satisfaction, and innovation, SMEs can enhance their overall performance (Orji et al. 2022). It is based on the foregoing that this study seeks to examine the effect of managerial skills on growth of SMEs in South-East, Nigeria.

Despite the known importance of the SME sector towards the improvement of nation's economy as well as the supports received by these firms such as provision of financial credit schemes, tax holidays, creation of a regulatory agency to promote and stimulate their activities, the sector has continued to witness dwindling performance. This is seen in the drop of their contribution to the nation's economy from 50% percent contribution to GDP in 2021 to 43.3 % in the last quarter of 2022. In addition, a good number of these SMEs have remained stagnant in terms of growth despite these supports received. This is further compounded with the SMEDAN (2021) report which showed a decline from 73,081 active registered small and medium enterprises in 2017 to 57,035 in 2021 in South East, Nigeria. It therefore becomes pertinent for SMEs to review

their internal activities with a view to improve performance and create a shield against the negative effects of the external environment and hence this study which seeks to examine the effect of managerial skills on the performance of small and medium enterprises in south east, Nigeria. The core objective of this research is to examine the effect of managerial skills on growth of SMEs in South East Nigeria. The specific objectives are to:

- i. ascertain the effect of communication Skill on growth of SMEs in South East Nigeria; and
- ii. investigate the effect of interpersonal skill on growth of SMEs in South East Nigeria.

LITERATURE REVIEW

Growth SMEs

Growth is defined as a change in size during a determined time span. Ogaji et al. (2020) opine that growth is seen as a positive increase in effectiveness and efficiency of all dimensions of business operations of a given firm which could be in monetary and non-monetary measures. Emele (2024) stated that enterprise growth can be measured in various ways which he suggested the use of quantitative features such as; value addition, revenue generation, volume of assets and volume of business or qualitative features like market position, quality of product, and goodwill of the customers, on the contrary Akinruwa and Bankole (2024) opine that financial structure, productivity, sales revenue and total assets have a more direct impact on growth but caution that the number of employees, investment in (R&D), and other intangible assets have minimal influence on the enterprise's growth prospects.

This study adopts the definition of Ogaji et al. (2020), who conceptualise growth as the measurable expansion of an enterprise's financial, operational, and market capacity over time. Such growth may be reflected in improvements in sales, profitability, market

share, asset base, employment, and business expansion. This definition is considered appropriate for the present study because it treats SME growth as a multidimensional construct rather than relying on a single financial indicator. It therefore provides a broader basis for assessing how managerial skills contribute to the expansion and development of SMEs in South-East Nigeria.

Managerial Skill

Akintaro et al. (2024) defined managerial skills as specialized knowledge in certain jobs that managers possess to enable them perform their duties and roles and also it is a set of behaviour that leads to effective SMEs performance. Idemobi and Dike (2026), managerial skill refers to the ability to successfully plan, organize, coordinate, control, make decisions and initiate actions to aid effective management. Managerial skill involves competence and ability to make decisions, initiate action control and stimulate SMEs to achieve predetermined goals. The managerial skill possessed by leaders enables them to plan, delegate, stimulate and control the activities of their employees in an organization.

Nandang et al. (2026) identified managerial skill as; conceptual skills, technical skills and interpersonal skills. However, this study will focus on these aspects of managerial skills namely: communication skill, interpersonal skill, leadership skill and Technical skill. Managerial skill is one of the most important aspects of productivity. From the time employees began forming social organizations to accomplish aims and objectives they could not accomplish as individuals, managing has been essential to ensure the coordination of individual efforts. As society continuously relied on group effort, and as many organized groups have become large, the task of managers has been increasing in importance and complexity.

This study adapts the definition of managerial skills from Nandang et al. (2026), who conceptualised managerial competence as a set of abilities that enables managers to effectively perform organisational roles through planning,

coordination, communication, decision-making, and problem-solving. These skills are essential for directing organisational activities, coordinating resources, and managing complex business processes towards the achievement of organisational goals.

Communication Skills

Communication is defined as a process by which a sender conveys various types of information to a receiver. Everyone can be a communicator or run a communication process. However, the quality of communication can vary depending on how good a communicator is able to communicate effectively. Not only is delivered, accepted, understood by the recipient of the message, but also effectively achieving the communication purposes, punctual and situational, and on target (Emele, 2024).

Communicative individuals have abilities to use communicative resources (such as gestures, language, and voice) effectively in achieving social goals. Then, Egboka and Alike (2018) stated that communication skill is an individual ability to demonstrate knowledge about appropriate communication behavior in certain situations. This statement is reaffirmed by Akintaro et al. (2026), saying that the point is the proper communicative behavior, whereas from the subject side, competent communicators are those who are effective in achieving their goals or maximizing the goals' accomplishment through communication.

This study adopts the definition of communication skills as provided by Akintaro et al. (2026), who emphasise communication as a fundamental organisational process through which information, ideas, and meanings are exchanged among individuals. Communication skills involve the ability of an individual to effectively transmit information, listen to others, provide feedback, and ensure that intended meanings are accurately understood by the receiver. Effective communication is therefore essential for coordinating organisational activities, facilitating decision-making, strengthening relationships, and achieving organisational objectives. In the context of SMEs,

effective communication enables managers to clearly convey expectations, interact with employees and customers, negotiate with business partners, and respond effectively to changing market conditions. This definition is appropriate for the present study because it captures communication as a managerial capability that can facilitate the effective coordination of resources and activities necessary for SME growth.

Interpersonal Skill

Interpersonal skill also called social skill include knowledge about human behavior and group processes, ability to understand the feelings, attitudes and motives of others, and ability to communicate clearly and persuasively (Ayen, 2014). The trait research shows consistently that interpersonal skills are important for managerial effectiveness and advancement. Interpersonal skills such as empathy, social insight, charm, tact and diplomacy, persuasiveness and oral communication ability are essential to develop and maintain cooperative relationships with subordinate, superiors, peers and outsiders. A manager who understands people and is charming, tactful and diplomatic will have more cooperative relationships than one who is insensitive and offensive (Okpe, 2018).

Interpersonal relationship skill is concerned with the ability of managers to interact and work together with the subordinates to achieve organisational set goals and objectives. Akinruwa and Bankole (2024) asserted that interpersonal relationship skill includes the ability to work with people in order to motivate and inspire them. The interpersonal skills applied by managers enable them to associate well with their subordinates and this provides the opportunity for the smooth running of the organisations' affairs. Werang (2014) stated that interpersonal skill enables a leader to influence team or groups to work together to accomplish organizational goals and objectives. Interpersonal skills enables principals to become sensitive and empathetic to what motivates their employees, create an atmosphere of trust and put into consideration the needs of the workforce when deciding on how to achieve the organisations' objectives.

Akinruwa and Bankole (2024), Soft skills or interpersonal skills are skills with a relationship with other people. Soft skill attribute, thus include the value of adopted, motivation, behavior, habits, character, and attitude. Attribute soft skill possessed by everyone in a different way that influenced the custom of reflect said act (Sailah. 2018). Soft skill is personal attributes that enhance an individual's interactions and his/her job performance. Soft skill is interpersonal and broadly applicable at all level of management.

Empirical Review

Communication Skills and SMEs Growth

Idemobi and Dike (2026) examined entrepreneurial competencies, with communication competence and time-management competence serving as explanatory variables, and SME performance as the outcome variable. The researchers adopted a descriptive survey research design and focused on 593 practising entrepreneurs in South-East Nigeria. Using Taro Yamane's formula, a sample size of 238 entrepreneurs was obtained. Data were collected through a structured questionnaire and analysed using descriptive statistics, Pearson Product-Moment Correlation and multiple regression analysis. The findings established a positive and statistically significant relationship between entrepreneurial competencies and SME performance, including communication competence. The authors concluded that entrepreneurs require appropriate competencies to remain relevant in a rapidly changing business environment and recommended continuous training programmes to strengthen entrepreneurs' competencies. The study is particularly relevant to the proposed study because it provides direct geographical evidence from South-East Nigeria and explicitly includes communication competence. However, its major limitation for the present research is that communication competence was examined jointly with time-management competence as components of entrepreneurial competencies rather than as an independent construct with multiple communication-skill dimensions. In addition, the study measured general SME performance, whereas the proposed study focuses specifically

on SME growth, which can incorporate sales growth, profitability growth, employment growth, asset growth and market-share growth. Thus, the study provides a useful empirical foundation but leaves room for a more focused investigation of the communication skill and growth relationship.

Amaihian et al. (2026) examined three dimensions of communication: clarity of information, feedback mechanisms and communication timeliness. A quantitative research approach was adopted, and Structural Equation Modelling was used to examine the relationships among communication variables and startup performance. Model fitness was assessed using Chi-square, RMSEA, SRMR, CFI, TLI and coefficient of determination, while path coefficients, standard errors, z-values and probability values were used to test the hypotheses. The findings indicated that communication clarity, feedback mechanisms and communication timeliness all exerted positive and statistically significant effects on startup performance. Specifically, the reported coefficients were $\beta = 0.2373$ for clarity, $\beta = 0.3395$ for feedback and $\beta = 0.2808$ for timeliness. The researchers recommended that startup founders prioritise clear information sharing, establish structured feedback systems and ensure timely communication to improve business growth, operational efficiency and long-term sustainability. The study is methodologically useful because it demonstrates that communication can be decomposed into measurable dimensions rather than treated as a single undifferentiated skill. However, the study does not provide sufficiently detailed evidence on population and sample size in the accessible abstract, and its focus on young entrepreneurs and startups limits direct generalisation to the wider SME population in South-East Nigeria. It nevertheless provides a strong basis for operationalising communication skill through clarity, feedback and timeliness.

Eze and Nwogo (2024) examined the communication practices considered relevant to SME success. The study adopted a descriptive

survey design and covered 911 registered SMEs in Enugu State. A sample of 220 managers, comprising 196 managers of small enterprises and 24 managers of medium enterprises, was selected using proportionate stratified random sampling. Data were collected through a structured questionnaire that was validated by three experts, while reliability was established through test-retest procedures, producing a Pearson Product-Moment correlation coefficient of 0.84. Mean and standard deviation were used to answer the research question, while z-test statistics were used to test the hypotheses. The findings showed that the identified operational communication strategies were highly relevant to SME success and that gender and managerial experience did not significantly influence managers' views concerning the relevance of these strategies. The researchers recommended that SME managers adopt appropriate operational communication strategies and participate in training programmes designed to improve their communication capabilities. Although the study provides valuable evidence from Enugu State, its focus was on managers' perceptions of communication strategies rather than the statistical effect of communication skills on objectively measured business growth. Consequently, the findings establish relevance but provide limited evidence concerning causality or the magnitude of communication's contribution to SME growth.

Interpersonal Skill and SMEs Growth

Akinruwa and Bankole (2026) examined interpersonal relation skills among SME owners. The researchers adopted a descriptive survey research design and focused on small and medium-scale enterprise owners in Ekiti State. A sample of 424 respondents was selected using the Yamane sampling model, while primary data were collected through a structured questionnaire. Multiple regression was employed to analyse the data. Interpersonal relation skills were operationalised using collaboration, inspiration and behavioural regulation. The study reported a positive and statistically significant effect of interpersonal relation skills on entrepreneurship and private-sector performance, with the model explaining approximately 57% of

the variation in the dependent variable. The researchers recommended that private-sector managers and policymakers create conducive environments for human relations and teamwork and provide training and mentoring programmes to develop interpersonal capabilities. The study provides strong conceptual support for the proposed research because it demonstrates that interpersonal relations can be decomposed into measurable dimensions and linked statistically with business outcomes. Its principal limitation, however, is geographical: the study was conducted in Ekiti State in South-West Nigeria rather than South-East Nigeria. Moreover, the dependent variable was entrepreneurship and private-sector performance rather than SME growth. The geographical and conceptual differences therefore create an opportunity for the proposed study to test whether similar relationships exist among SMEs in South-East Nigeria.

Fashogbon and Papineni (2026) this study was designed around socioemotional skills rather than interpersonal skill alone, it provides particularly valuable empirical evidence because interpersonal skills constituted a central component of the intervention. The researchers conducted a large-scale randomised controlled trial involving 4,500 aspiring agribusiness entrepreneurs in Nigeria. Participants were randomly assigned to an interpersonal-skills training group, a combined interpersonal and intrapersonal-skills training group, or a control group. The interpersonal curriculum emphasised outward-facing capabilities such as negotiation, collaboration and listening, while the combined programme additionally addressed self-awareness, perseverance and emotional regulation. The training was delivered through four-day classroom sessions supported by mobile-phone video messages, and outcomes were assessed after 18 months. The researchers found that both training interventions substantially improved women's business performance, with average business profits increasing by approximately 50%. The interpersonal-only treatment improved women's empathy, collaboration and negotiation skills, while the effects differed across gender and social contexts. The study concluded that interpersonal

skills can generate meaningful economic returns but that their effectiveness may depend on gender and prevailing social norms. The major strength of this study is its experimental methodology and exceptionally large sample, which provide stronger evidence of causal relationships than conventional cross-sectional surveys. However, the participants were aspiring agribusiness entrepreneurs participating in a specific government programme rather than established SMEs in South-East Nigeria. The study therefore cannot automatically be generalised to established SMEs across Abia, Anambra, Ebonyi, Enugu and Imo States. Its focus on agribusiness and gender-specific effects also leaves room for research covering a broader range of SME sectors.

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Theoretical Framework

Dynamic Capabilities Theory (DCT)

The Dynamic Capabilities Theory (DCT), propounded by Teece, Pisano, and Shuen (1997), provides a suitable theoretical foundation for explaining the effect of managerial skills on SMEs growth in South-East Nigeria. The theory is premised on the view that firms achieve and sustain superior performance through their ability to integrate, build, and reconfigure internal and external resources and competencies in response to changing business environments. In particular, the theory emphasizes technological, organizational, and managerial processes as important mechanisms through which firms identify opportunities, coordinate resources, adapt to environmental changes, and create value.

The relevance of DCT to this study lies in its direct connection between managerial capabilities and organisational growth. Managerial skills, including technical, conceptual, interpersonal, communication, leadership, and decision-making skills, constitute capabilities that enable SME managers to effectively mobilize resources, respond to market changes, solve operational problems, innovate, and exploit emerging opportunities. In the context of South-East Nigeria, where SMEs operate amid intense competition, technological changes, financing constraints, and changing customer preferences, managers with stronger capabilities may be better positioned to adapt their businesses and achieve growth through increased sales, profitability, employment, assets, and market

expansion. Thus, DCT provides a logical mechanism linking the dimensions of managerial skills to SME growth.

A major strength of DCT is its emphasis on organisational adaptation and the development of internal capabilities, making it particularly applicable to SMEs operating in dynamic environments. It also explains why similar firms possessing comparable resources may experience different growth outcomes because their managerial capabilities differ. However, the theory is relatively broad and can be difficult to operationalise because dynamic capabilities encompass several overlapping organisational processes. Its emphasis on adaptation may also give insufficient attention to stable environmental conditions and external institutional constraints affecting SMEs. Therefore, Dynamic Capabilities Theory is adopted as the underpinning theory of this study, because it provides a coherent explanation of how managerial skills enable SMEs to develop, deploy, and reconfigure capabilities that contribute to sustained business growth.

METHODOLOGY

This study utilized the cross-sectional survey research because it allows for the collection of data at a single point in time, providing a snapshot of the variables of interest. This design is particularly suitable when the objective is to assess relationships, differences, or trends among variables in a specific population without the need for long-term observation or intervention. The population of the study consists of all accredited registered small and medium enterprises in South East, Nigeria. According to SMEDAN survey report (2021) the total populations of owners of small and medium enterprises is fifty-seven thousand and thirty-five (57,035) in South East, Nigeria. Table 3.1 is showing list of the states and population in South East, Nigeria:

Table 3.1 List of State and registered SMEs in South East, Nigeria

S/N	State	Registered SMEs
1	Abia State	14,905
2	Anambra State	9,230
3	Ebonyi State	13,949
4	Enugu State	10,603
5	Imo State	8,348
	Total	57,035

Source: Authors Computation (2026)

The minimum sample size for this study was ascertained using the formula proposed by Taro Yamane for statistically attaining sample size from a given population (Yamane, 1967), which is 57,035 for this study. Calculations were made at 5% significance level as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n is sample size, N is the population size, e is the margin of error (5%, which is 0.05).

Given: Population size N = 57,035, Margin of error e = 0.05

Substituting in to the formula:

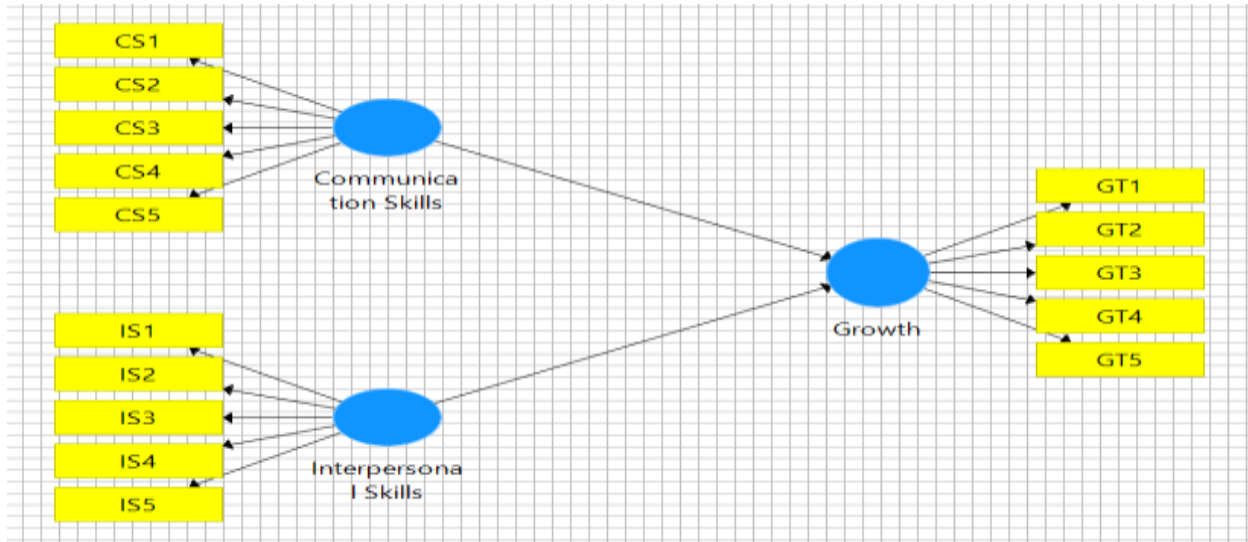
$$n = \frac{57,035}{1 + 57,035 (0.05)^2}$$

$$n = 400$$

Therefore, the minimum sample size for the study is four hundred (400). The study utilized convenience sampling technique for selection of its respondents; convenience sampling allows for the researcher to select his/her convenience i.e persons they can easily reach.

The data for this study was primarily collected using a structured questionnaire adapted by the researcher from various sources such as (Olubiyi, 2023; Emele 2024) respectively. The well-designed questionnaire was distributed to the registered SMEs in South East, Nigeria. To

facilitate accurate measurement, the questionnaire utilized a 5-point Likert scale, where respondents were asked to rate their level of agreement with each statement as follows: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, and 1 = Strongly Disagree. The data was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with Smart-PLS 3, ensuring robust and efficient analysis. A pictorial representation of the Partial Least Square Structural Equation Model (PLS-SEM) model for the study is provided as follows:



Source: Smart-PLS Output (2026)

Fig. 1: Model Specification showing the Constructs and the Items

RESULTS AND DISCUSSION

Out of the four hundred SMEs (400) distributed questionnaires, 378 were properly filled and returned giving a response rate of 92%. Subsequently, all further analyses were done using 378 responses data.

Table 1: Descriptive Statistics

Variable	Mean	Median	Min	Max	SDV	Kurtosis	Skewness
CS	2.96	3.00	1.00	5.00	0.98	-1.59	-0.09
IS	4.31	3.00	2.00	5.00	0.76	0.90	-0.98
GT	3.63	3.00	1.00	5.00	0.91	0.20	-0.68

Source: Smart-PLS Output, 2026.

Data on the study variables were described in Table 4.1 above in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Communication skills (CS) revealed an average value of 2.96 with a standard deviation value of 0.98. However, the minimum and maximum values stood at 1 and 4 respectively. Interpersonal skills (IS) had minimum and maximum values of 2 and 5 respectively however, it showed an average of 4.31 along with a standard deviation of 0.76. Furthermore, Growth (GT) showed a minimum value of 1 and a maximum value of 4 with an average value of 3.63 accompanied with a

standard deviation value of 0.91. All the skewness and kurtosis values were less than 1 which shows that there is a normal distribution of data.

Assessment of Measurement Model

In assessing the measurement model, we begin by assessing the item outer loadings. As a rule, loadings above 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al., (2019) posited that low but

significant indicator loading of 0.50 can be included hence justifying why indicators with

loadings less than 0.708 and above 0.50 were not deleted from the model as seen in figure 2 below:

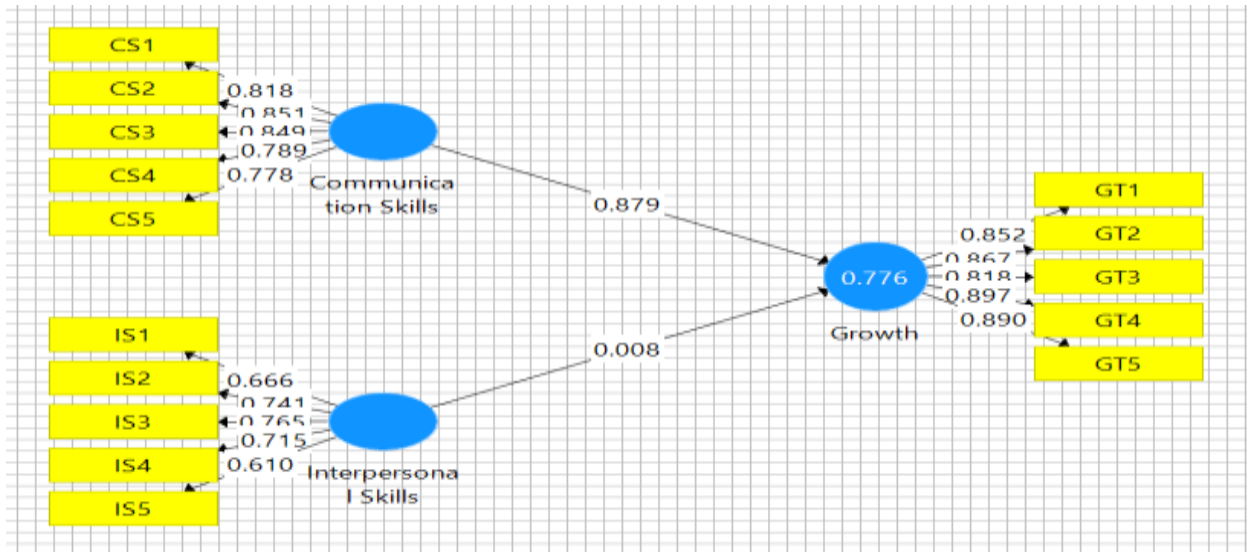


Fig 2: Indicator Loadings

Table 2: Reliability of study scale

S/N	Variables	Items	Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items
1	Communication Skills (CS)	CS1	0.818	0.851	0.845	0.721	5
		CS2	0.851				
		CS3	0.849				
		CS4	0.789				
		CS5	0.778				
2	Interpersonal Skills (IS)	IS1	0.666	0.891	0.921	0.700	5
		IS2	0.741				
		IS3	0.765				
		IS4	0.715				
		IS5	0.610				
3	Growth (GT)	GT1	0.852	0.912	0.928	0.619	5
		GT2	0.867				
		GT3	0.818				
		GT4	0.897				
		GT5	0.890				

Source: Smart-PLS Output, 2026

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the

study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach

alpha value were above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All

the latent variables showed values greater than 0.50 which indicates that the constructs explain at least 50 percent of the variance of its items.

Table 3: Heterotrait-Monotrait Ratio (HTMT)

	CS	IS	GT
CS	1.000		
IS	0.420	1.000	
GT	0.492	0.462	1.000

Source: Smart-PLS Output, 2026

According to Henseler et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item

correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Table 4: Inner VIF Values of the Model

	Growth
Communication Skills	1.015
Interpersonal Skills	1.009

Source: Smart-PLS Output, 2026

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All the VIF values were less than 5 indicate the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019). Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residuals (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying

SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path coefficient, t-values, p-values and coefficient of determination (R²). The bootstrapping procedure was conducted using a resample of 5000.

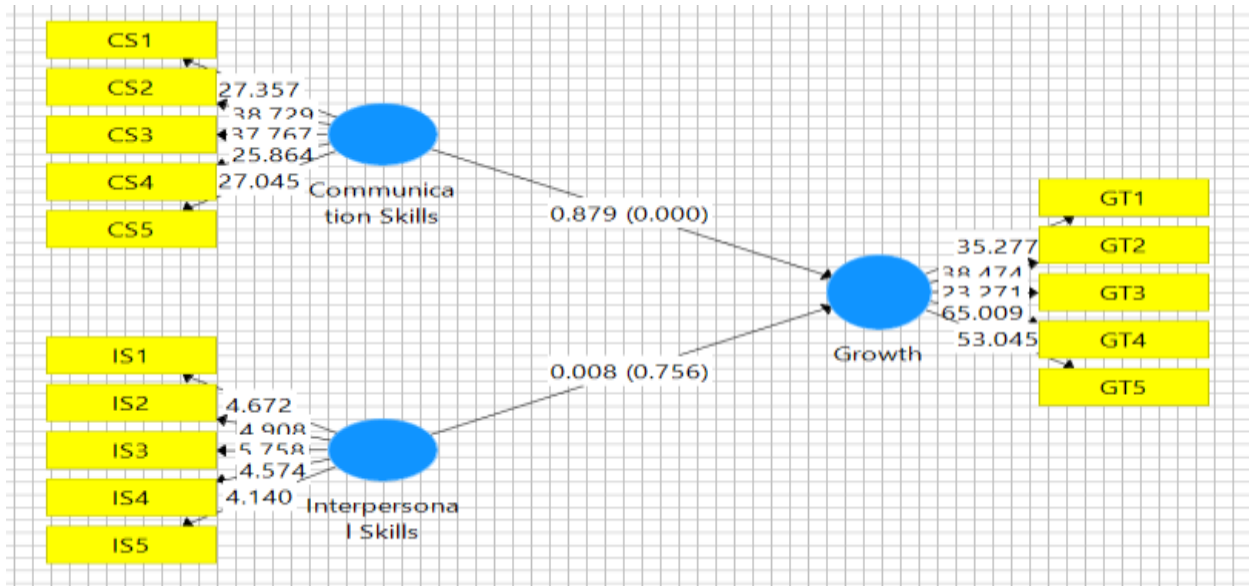


Fig. 3: Path Coefficients of the Regression Model.

The R-square value stood at 77% indicating that communication skills and interpersonal skills are responsible for 77% variation in growth. The remaining 13% variation could be explained by other factors not included in the study. Based on

Hair, et al., (2019), the r-square is considered moderate and negate the findings of the study. Also, the Q2 value of the result of the path analysis is presented in the table below:

Table 5: Coefficient of Determination (R2) and Predictive relevance (Q2)

	R Square	R2Adjusted	Q Square
Growth	0.776	0.774	0.761

Source: SMART-PLS Output, 2026

Test of Hypotheses

Table 6 shows the path coefficients, t-values and p-values used to test the hypotheses of the study:

Variables	Beta	T Statistics	P Values	Decision
Communication Skills -> Growth	0.879	47.352	0.000	Rejected
Interpersonal Skills -> Growth	0.008	0.308	0.758	Accepted

Source: Smart-PLS Output, 2026

Hypothesis One

HO1: Communication skills has no significant effect on growth of small and medium enterprises in South East Nigeria.

The result from table 6 shows that communication skills has positive and significant effect on growth of small and medium enterprises

in South East Nigeria., Nigeria, with $\beta = 0.879$ and $p = 0.000$. Thus, null hypothesis one which states that strategic adaptability has no significant

effect on growth of small and medium enterprises in South East, was rejected at 5% level of significance. Thereby accepting an alternative hypothesis which states that strategic adaptability has significant effect on growth of small and medium enterprises in South East Nigeria.

This implies that communication skills contribute meaningfully to the growth and development of small and medium enterprises. The positive direction suggests that improvements in managers' communication abilities are associated with corresponding improvements in SME growth. In practical terms, managers who communicate clearly and effectively are better positioned to convey organisational goals, coordinate employees, maintain relationships with customers and suppliers, negotiate business transactions, resolve conflicts, and obtain relevant information for decision-making. The statistical significance further indicates that the observed relationship is unlikely to have occurred by chance within the study.

SME managers should regularly participate in communication and interpersonal-skills training to improve their ability to communicate effectively with employees, customers, suppliers, financial institutions, and other stakeholders. They should also establish clear channels for two-way communication and encourage regular feedback within the enterprise. This finding is consistent with that of Akintaro et al. (2026) who found that communication skills has positive and significant effect on growth of SMEs in South East Nigeria. However, the finding disagrees with that of Fashogbon and Papineni (2026) who found communication skills has positive but insignificant effect on growth of SMEs in South East Nigeria.

Hypothesis Two

H02: Interpersonal skills has no significant effect on growth of small and medium enterprises in South East, Nigeria.

The result from table 6 shows that interpersonal skills has positive and insignificant effect on growth of SMEs in South East Nigeria with $\beta = 0.008$ and $p = 0.758$. Thus, null hypothesis two which states that strategic foresight has no significant effect on growth of SMEs in South East Nigeria was accepted at 5% level of significance. The null hypothesis which states that strategic foresight has no significant effect growth of SMEs in South East Nigeria will therefore be accepted.

This implies that that managers who possess better interpersonal abilities may experience some improvement in business growth because such skills can support teamwork, relationship building, negotiation, conflict resolution, networking, employee motivation, and interactions with customers and suppliers. However, the insignificant result indicates that these interpersonal abilities, considered independently, may not be sufficient to produce measurable changes in SME growth. Other factors such as financial resources, managerial competence, technological capability, market conditions, innovation, leadership, and access to business opportunities may have a stronger influence on growth.

This finding is consistent with that of Idemobi and Dike (2026) who found that interpersonal skills has positive but insignificant effect on growth of SMEs in South East Nigeria. However, the finding disagrees with that of Nandang et al. (2026) who found negative but significant effect of interpersonal skills on growth of SMEs in South East Nigeria.

The f^2 examines the effect caused on the endogenous construct's R^2 value as a result of removal of a certain predictor construct. Cohen (1988) guideline was used to measure the effect size which revealed that all relationships were either small or medium effect.

Conclusion and Recommendation

This study examined the effect of managerial skills on growth of SMEs in South East Nigeria.

Based on the research findings, the study concluded that interpersonal skills has positive and insignificant effect on growth and

Recommendations

Based on the findings and conclusions above, the study recommends thus:

SME managers should therefore pay greater attention to developing effective communication through training, feedback mechanisms, active listening, interpersonal communication, and clear dissemination of information. Improved

communication skills are significant factors, which affect growth of small and medium enterprises in South East, Nigeria.

communication can enhance coordination and employee commitment, strengthen customer and supplier relationships, reduce misunderstandings, and facilitate timely managerial decisions.

Managers should particularly focus on applying interpersonal skills in ways that directly support customer retention, employee productivity, supplier relationships, networking, and identification of new business opportunities.

medium enterprises in South-East, Nigeria. *NAU Journal of Technology and Vocational Education*, 9(2).

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