

## NEXUS BETWEEN ENTREPRENEURIAL ORIENTATION AND SMES PERFORMANCE IN NIGERIA: PROACTIVENE- RISK TAKING IN FOCUS

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### Abstract

*A major indicator of economic development in every country is growth in business and entrepreneurship activities. SMEs in Nigeria face mammoth burdens, the nation participates more into the world economy. The study assessed impact of proactiveness-risk taking on performance of SMES in north central Nigeria. Using the triangulative method via multistage sampling 282 study participant were selected. Data obtained were analysed quantitatively. Findings amongst other reveals that in terms of proactiveness, enterprises satisfy the needs of customers by providing a new product at a particular location with an average mean of 3.54. Also, it was deduced that the enterprise engage customers to have deeper understanding of their circumstances this was accepted with an average mean of 2.788. due to the proactiveness of the enterprises, it was accepted that the enterprise generate customer's intelligence on a latent customer needs. This was accepted based on the mean score of 3.66. In terms of form, in terms of partners and integration, it was discovered the firms were active. This was accepted based on the mean score of 3.41. Findings revealed the enterprises gives attention to quality control of product by maintaining standard. This was accepted based on the average mean of 2.75. The finding revealed that the organization have a favourable of low monetary risk project. This was accepted based on the average mean of 3.75. It was also discovered that the exploration intensity of the enterprises was high with an average mean of 3.38. The enterprises reacts quickly to decision making in marketing situations involving uncertainty during perceived market turbulence. This was accepted with an average mean of 2.87. with an average mean of 2.74, it was discovered that the firm predicts actions of competitors to help in their decision making as regards their product. The finding revealed that the SME enterprises in the three state are involved in risk taking. The research work concluded that entrepreneurial orientation has a significant effect on performance of SMEs in Benue, Kogi and the Federal Capital Territory. From the findings, the following recommendations were made for policy makers as well Small and Medium enterprises. Entrepreneurship orientation and practical training which has been integrated into capacity building should be improved and promoted further to elicit the resilience in pro-activeness, risk-taking propensity and innovativeness needed by the entrepreneurs to survive the turbulent socio-economic environment for improved productivity.*

*Key Words: Entrepreneurial Orientation, SMES, Performance, Proactiveness and Risk Taking*

### Introduction

Entrepreneurial orientation (EO) has been well expressed in different entrepreneurship literature by different scholars globally. EO refers to a firm strategic orientation, acquiring specific entrepreneurial aspect of decision making styles, practices. (Wiklund and Shepherds, 2005). It is also refers to the extent to which a firm is entrepreneurial. Entrepreneurial firms always trails entrepreneurial activities by adjusting on the structure, system, management, and processes accordingly to enable the required agility, speed, creativity and drive to act profitably

upon specific opportunities. Entrepreneurial orientation has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention. Lumpkin and Dess' (2001). Entrepreneurial orientation is demonstrated by the extent to which management is inclined to take business-related risk to favour changes and innovation, in order to obtain competitive advantages for business (Andendoff, 2004). Miller (1983) developed a framework of EO that has three constructs that is, innovation, risk taking and

proactivity. Later other constructs were added that is, competitive aggressiveness and autonomy (Lumpkin & Dess, 1996). Miller (1983) treated EO as undimensional construct while others such as Kreiser, Louis & Weaver (2002) argued that each construct of EO ought to be taken as separate constructs (multidimensional). Risk taking is associated with the willingness of the entrepreneur to take calculated business related risk. Proactiveness consists of autonomy and competitive aggressiveness. Small and medium enterprises (SMEs) role in any economy cannot be a gainsaid. Nkuah, Tanyeh and Gaeten (2013) argued that SMEs are architect to employment generation, innovation and poverty reduction thereby backing economic vitality in capitalistic economies. As such, SMEs have been identified to possess the unique strength of innovation and have served as an abode for new technologies and practices. Due to the significant roles SMEs play in the growth and development of various economies, it has been referred to as the engine of growth and catalyst for social and economic transformation of any country

The relationship between EO and small and medium scale performance has been explored by previous studies such as Innocent, Paul and Amaka, (2018) , Rauch, Rauch, Wiklund, Lumpkin and Frese (2004). These studies found that EO has positive effects on performance of SMEs. This can be so if the internal and external environmental factors are aligned appropriately with the firm being part of the growth market (Wiklund & Shepherd, 2005). Each of the entrepreneurial orientation constructs has been shown not only interfere but also influence performance independently.

Proactivity assists firms to exploit entrepreneurial opportunities (Zhao, 2005). Risk taking as a construct of EO assists entrepreneurs to have the courage, ability and the zeal to exploit entrepreneurial opportunities

by taking calculated risks that could reward them with superior performance (Covin, Green, & Slevin, 2006). Kiraka, Kobia and Katwalo (2013) opined that innovation not only enhances financial performance but also helps in the attainment of competitive advantage of the firm. Despite the acknowledge importance of SMEs, they operate under an environment of harsh credit constraints due to perceived higher credit risk and the resulting unwillingness of financial providers to offer credit.

### **Statement of the Problem**

Small and medium enterprises (SMES) are widely recognized as a bane of entrepreneurship development, it serves as an economic development engine in many development countries all over world. It has been the means through which accelerated economic growth and rapid industrialization can be achieved, Tijani, (2019). In the same vain, Small and Medium Enterprises (SMEs) have been considered as the cornerstone of the business environment in every country, a principal driver of economic development and progress (Qamruzzaman & Jianguo, 2018). The major barriers threatening the transformation and possible growth in the performance of the micro, small and medium enterprises (MSMEs) in Nigeria is obsolete technology, multiple taxations, access to the market, poor support in terms of business development and services, inconsistency and political will of government to design sustainable policies for , poor infrastructure and access to finance .SMEs in Nigeria face mammoth burdens as the nation participates more into the world economy. Influences, impacting as both external and internal factors, can be found in business environment, such as globalization, technological innovation and demographic and social change, as well as the level of technology deployed, innovative ability, financial support and entrepreneurship.

More so, entrepreneurial orientation which is believed to influence performance of organization and also bring an end to possible problem bedeviled the attainment of SMEs in developing economies, does not witness much adoption in Nigeria, hence, SMEs continue to perform below average. This is supported from reviews and assessments of the entrepreneurship research field which concluded that the development of a cumulative body of knowledge has been limited and slow because there is lack of agreement on many key issues regarding what constitutes entrepreneurship (Shane & Venkataraman, 2000), because researchers fail to build upon each other's' results (Davidsson & Wiklund, 2001). Entrepreneurship orientation is a combination of creativity, innovation, and courage to face the risk that is done by working hard to establish and maintain new business. Ideally, Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation.

### **Objectives of the Study**

1. Examine proactiveness as it affects the market share of small and medium scale enterprises in Nigeria.
2. Examine risk –taking as it affect the survival of small and medium scale enterprises in Nigeria.

### **Theoretical Review: Defining Entrepreneurship**

Although entrepreneurship as a field of study is relatively new (Shane and Venkataraman, 2000), scholars have traced back the evolution of the concept of entrepreneur to Richard Cantillon, (1680-1734). In spite of the high

number of research and extant literature on the definition of entrepreneurship and who an entrepreneur is, the definition remains a point of debate among scholars because of different perspectives and opinions as to what entrepreneurship really entails (Low, 2001; Williams et al., 2010). However, Matlay (2005) noted that the variety of conceptual domain and definition in itself provides a rich overview on the topic of entrepreneurship research. Like other academic concepts, the definitional domain of the term entrepreneurship has been defined differently in varying contexts (Matlay, 2005). Its defining attributes have continued to evolve through history and have shifted from cleric in charge or contractors, to expressions such as risk taker, profit seeker, innovator and opportunity exploiter (McCarty et al., 2013).

The concept of entrepreneurship as an act of new venture creation could be traced to Schumpeter's (1934) definition of entrepreneurs as, people who see opportunities and create new market. Similarly, Most of the early definitions are related to new market, new organization, new entry and creation of new venture through innovation and risk taking. However, creation of new business is only just one part of the process of entrepreneurship. For example, Wu (2004) suggested that Gartner's (1988) definition of entrepreneurship as the formation of a new firm may not include franchising, acquisition, and buying another firm. While Van Praag and Versloot (2007) see the act of innovation as the important attribute to the process and definition of entrepreneurship, Praag (1996) was of the view that both the theory of innovation and opportunity recognition by Schumpeter (1934) contribute significantly to entrepreneurship theory.

It is also very essential to note that argument over the definitional domain of entrepreneurship research has revolved around the shifting of the point of analysis from an entrepreneur's traits and personality to other domains, including social and sustainable

entrepreneurship (Gartner, 1985; McKenzie, Ugbah, and Smothers, 2007). However, many of the contemporary thoughts and research in entrepreneurship as a definitional domain, has integrated the behavioural theories by shifting the point of analysis from traits and personality. The behavioural perspectives though acknowledge the role of environment; they however, emphasize the place of cognitive factors and the role individual entrepreneur as the active element in the creation of business venture. Therefore, diverse theories and perspectives have characterised.

The next section will discuss different theoretical perspectives and theories around field of entrepreneurship studies and particularly theories that account for and explain the phenomenon of entrepreneurial occurrence, individual behaviour and process of venture creation.

### **Conceptualizing of “Entrepreneurial Orientation”**

The concept of ‘Entrepreneurial Orientation’(EO) has long constituted a growing debate in most contemporary strategic management studies (Zhou, 2004). It emerged as an important concept in the survival of SME’s over the past two decades (Hung & Chiange, 2015; Ibeh & Young, 2011). Originally proposed by Miller (1983), Covin and Slevin (1989) based on three dimensions (i.e., innovativeness, proactiveness and risk-taking). These researchers uphold that these dimensions work together as a coherent whole, to provide a business with the needed strategic orientation as a one dimensional measure in entrepreneurship research. EO involves an organizations willingness to innovate and rejuvenate its business position (Innovativeness); to take risk by staking out its competitive position (Risk taking); and to be more proactive than its seeking out new market place opportunities (proactiveness). The theory of entrepreneurial orientation was

originally proposed by Miller (1983) described EO as SME’s willingness to innovate and rejuvenate its market potentials, to take risk by trying new ideas and to be more proactive than its competitor in seeking out new market opportunities for growth and survival. Lumpkin and Dess (1996) defined entrepreneurial orientation as decision making styles, processes, practices, rules, and norms according to which SME’s make decisions to enhance its growth, survival and sustainability through Innovativeness, proactiveness, and risk taking propensity. Jolanda and Terjesen (2008) describes how entrepreneurial orientation has been a propensity of SME’s survival by developing an attitude to innovate, search for risks, take self – directed actions, and be more proactive and aggressive than competitors toward new market opportunities.

### **Small and Medium Scale Enterprises (SMEs)**

Study Small and Medium Enterprises are firms or business which is small and medium in sizes. They are firms or businesses arising as a result of entrepreneurial activities of individuals. Several definitions of SMEs exist. This is due to their global diversity and characteristics Tijani (2019) affirmed that a single universally accepted definition of SMEs has not been easy as different countries have different criteria for defining SMEs. Aiding that many countries have defined it in terms of manpower, management structure and capital investment limit. He further noted that experts in this field have also contributed to the diversity in SMEs definitions. One crucial thing to note about SMEs definition is that certain criteria have been used to define what SMEs stands for most especially according to countries, size and sectors.

SMEs usually operate in the informal sector of the economy and employ mainly wage-earning workers. SMEs are often classified by the number of employees and/or by the value of their assets. The size classification varies

within region and across countries relative to the size of the economy and its endowments. It is important to note that there is a minimum as well as maximum sizes for SMEs.

### **Proactiveness and its effects on Market-Share of SMEs in Nigeria.**

A number of studies have found a positive correlation between proactiveness and market share. Penrose (1999) argued that entrepreneurial managers are important to the growth of firms because they provide the vision and imagination necessary to engage in opportunities expansion. Lieberman and Montgomery (2008) emphasized the importance of first – mover advantage as the best strategy for capitalizing on a market opportunity. Proactiveness as a dimension of EO refers to ‘the will and foresight to seize new opportunities’ (Lumpkin & Dess, 1996). Proactive firm is forward –looking and opportunity-seeking. The concept of innovativeness and risk-taking are related to pro-activeness because to innovate and take risks indeed requires no more than the intention to leave the comfort zone and cause change and drive business growth through the launch of a new product or process. Howard (2012), for example, in their study of 84 small business units (SBUs), found that the second firm to enter a new market was as pioneering as the first entrant and just as likely to achieve success via proactiveness.

Wisner (2004), argue that proactive dimension in SMEs includes identifying and participating in additional innovative products, creating a greater level of trust throughout the customers, establishing more frequent contact with a firm’s members, creating a compatible communication and involving all supply chain members in firm’s product and service marketing plans which if properly implemented will lead to high organization performance. Supply chain inefficiency has been identified as one of the most prevalent issues facing the SMEs (Lewis, 2005). The implication of this line of thinking is that proactive investments, voluntarily made,

have the greatest impact on security performance where managers and policy-makers should pay attention to the strategic and regulatory factors influencing security investment decisions. The implications for proactive and reactive learning with external regulatory pressure can be generalized to other industries.

### **Risk Taking and its affects on Survival of SMEs in Nigeria**

The early entrepreneurship literature equated the idea of entrepreneurship with working for oneself (i.e. setting one’s own business rather than working for someone else for wages) Richard Cantillon who was the first to formally use the term entrepreneurship argued that the principal factor that separated entrepreneurs from, hired employees was the uncertainty and riskiness of self-employment” (Ireland, Covin and Kuratko, 2009), thus, the concept of risk taking is a quality that is frequently used to describe entrepreneurship. Risk has various meanings, depending on the context in which it is applied. In the context of entrepreneurial orientation strategy, George and Marino (2011) identified three types of strategic risk: (a) “venturing into the unknown” (b) “committing a relatively large portion of assets” and (c) “Borrowing heavenly”. The first of these definitions conveys a sense of uncertainty and may apply generally to some types of risk often discussed in the entrepreneurship literature, such as personal risk, social risk, or psychological risk (George and Marino, 2011). As a term in financial analysis, risk is used in the context of the familiar risk- return trade –off, where it refers specifically to the probability of a loss or negative outcome. Tijani (2019) found that risk taking has a positive influence on effective implementation of an SME’s strategies which are aimed at high performance. Effective implementation means that the firm would face fewer functional barriers in formulating its strategy based on its resources and capability. Thus risk taking can play a key role in

reducing functional impediment by helping to develop and implement an effective entrepreneurial orientation strategy for enterprises survival. A manager's propensity to take risk, (by making large resource commitments) should enhance the SME's capacity to adapt to the end needs of the market and thereby face fewer functional impediments.

### Examining Entrepreneurial Orientation on SME's Performance

From the Covin and Slevin's model, the three sub-dimensions of entrepreneurial orientation have also been shown to possess differential relationships with organizational performance. On one hand, Begley and Boyd (2007) proposed that risk-taking would have a curvilinear relationship with performance in entrepreneurial firms. Their findings suggested that entrepreneurial firms exhibiting moderate levels of risk-taking. Firms that a modest level of risk are high performers when compared to those firms that assume very high or very low

levels of risk taking (Kreiser, Marino and Waiver, 2002). The authors concluded that risk-taking has a positive effect on return on business growth up to a point; beyond that point, increases in risk-taking began to exert a negative effect on business growth (Begley and Boyd, 2007). On the other hand, some previous researches suggest that high levels of innovativeness (Deshpande, Farley, and Webster 2003; Zahra and Bonger, 2006) and proactiveness (Lumpkin and Dess, 2001; Miller and Friesen, 1983) would lead to increase the organizational performance, Zahra (2003) contended that innovative behaviours were critical to firm competitive advantages, arguing that success in today's competitive environment requires a company to pursue a coherent technology strategy to articulate its plans to develop, acquire, and deploy technological resources so as to achieve superior financial performance.

**Table 1: Distribution and return of the questionnaire.**

States	Number. Distributed		Number returned		Sum of Number Returned (%)	Number not returned Small scale	Number not returned Medium scale
	Small scale	Medium scale	Small scale	Medium scale			
Benue	113	3	103	3	106 (37.6%)	10	0
Kogi	64	1	62	1	63 (22.3%)	2	0
FCT	174	5	108	5	113 (40.1%)	57	-
Grand total	351	9	273	9	282 (100%)	69	0

**Source; Field survey, 2019**

However, table 1 shows that 80.3% of the distributed copies of questionnaire were returned, 19.7% were not returned, the returned questionnaire was statistically viable and were all adopted to analyze the result from the respondents. The percentage rate of returned questionnaire revealed that 37.6% of the returned questionnaires were from Benue, 22.3% of the returned questionnaires was from Kogi while the Federal Capital Territory had

the highest return rate with 40.1%. The breakdown of retrieved questionnaire is as follows:

Percentages of number returned  $282 \times 351/100 = 80.3\%$

Percentage of number not returned  $69 \times 351/100 = 19.7\%$

### Socio-Demographic Characteristics

The socio-demographic characteristics is detailed in this section. Variables such as sex, age and educational qualification of respondents were put into consideration.

**Table 2: Sex Distribution of Respondents**

State	Benue		Kogi		FCT			
Age	Small	Medium	Small	Medium	Small	Medium	Freq.	%
Male	47	2	19	1	40	2	111	39.4
Female	56	1	43	0	68	3	171	60.6
Total	103	3	62	1	108	5	282	100

Source; Field survey, 2019

The distribution of respondents by sex was shown in table 2, majority of the respondents were female with 60.6% of the respondents were female, 39.4% of the respondents were male. This shows that majority of the respondents from small scale enterprise were female.

### Pro-activeness and Market Share

In achieving the first objective of this research work which state inter alia: To what extent does proactiveness affect the market share of small and medium enterprises in Nigeria? This section provide answers related to this question.

**Table 3: The enterprises satisfy the needs of her customers by providing a new product at a particular locations (N=282)**

State	Small	Medium	SA		A		U		D		SD		( $\bar{x}$ )	SD
Benue	103	3	30	1	42	1	11	-	17	1	3	-	3.818	0.576
Kogi	62	1	23	1	37	1	-	-	1	-	-	-	3.909	0.417
FCT	108	5	45	2	51		4		5		1		2.882	1.061
Total	273	9									-	-	-	282
Average Mean = 3.536														

Source; Field Survey 2019

Table 3 detailed responses on the ability of the enterprises to satisfy the needs of her customers by providing a new product. The average mean revealed that 3.536, it can be stated that enterprises satisfy the needs of her customers by providing a new product at a

particular locations. With a high mean of 3,818 from the responses from Benue, 3,909 mean from Kogi and 2,882 mean from FCT, it can be stated that the enterprises satisfy the needs of her customers by providing a new product at a particular location.

**Table 4. The enterprises engage customers to have a deeper understanding of their circumstances (N=282)**

State	Small	Medium	SA		A		U		D		SD		( $\bar{x}$ )	SD
Benue	103	3	29	-	46	2	8	-	15	1	5	-	2.6237	1.38609
Kogi	62	1	19	-	26	1	5	-	8	-	4	-	2.6342	1.38609
FCT	108	5	43	-	51	2	3	-	7	2	4	1	3.1053	1.37427
Total	273	9												
Average Mean = 2.788														

Source; Field Survey 2019

Table 4. revealed if the enterprises engage customers to have a deeper understanding of

their circumstances. With mean score of 2.6237, 2.6342, and 3.1053 in Benue, Kogi

and Federal Capital Territory respectively, it can be stated that the enterprises engage customers to have a deeper understanding of their circumstances. This was further confirmed

by the average mean of 2.788. This shows that the enterprises engage customers to have deeper understanding of their circumstances.

**Table 5: The enterprise generate customer's intelligence on latent customer needs (N=282)**

State	Small	Medium	SA		A		U		D		SD		( $\bar{x}$ )	SD
Benue	103	3	21	-	49	1	7	-	19	2	9	1	3.6553	1.32548
Kogi	62	1	13	-	29	1	6	-	8	-	6	-	3.6026	1.44467
FCT	108	5	31		56		8		4		9		3.7079	1.02550
Total	273	9									-	-		
Average Mean = 3.655														

**Source; Field Survey 2019**

Table 5 revealed information on if the enterprise generate customer's intelligence on latent customer needs. With an average mean of 3.655, it can be deduced that the enterprises are fully committed to generating customer's intelligence on latent customer

needs. The table also revealed that with a high mean of 3.6553, 3.6026 and 3.7079 in Benue, Kogi and Federal Capital Territory, it can be deduced that the enterprise were fully committed to generating customer's intelligence on latent customer needs in the study areas.

**Table 6: The firm is proactive in terms of partners and integration (N=282)**

State	Small	Medium	SA		A		U		D		SD		( $\bar{x}$ )	SD
Benue	103	3	10	-	40	1	7	-	37	2	9	-	3.7027	.89760
Kogi	62	1	14		34		2		9		3		3.1053	1.25380
FCT	108	5	48		41		3		11		5		3.3947	1.1.8343
Total	273	9									-	-		
Average mean = 3.4009														

**Source; Field Survey 2019**

Question was raised to know the pro-activeness in terms of partners and integration as shown in table 6. it was deduced that the firm were proactive in terms of partners and integration with a high mean of 3.4009. The table also revealed that there is high level of

pro-activeness in Benue, Kogi and FCT with a mean score of 3.7027, 3.1053 and 3.3947 respectively. This shows that the firms have put measures in place to increase the level of pro-activeness in terms of partners and integration.

**Table 7: The enterprises give attention to quality control of product by maintaining standard.**

State	Small	Medium	SA		A		U		D		SD		( $\bar{x}$ )	SD
Benue	103	3	15	-	37	-	9	-	40	2	2	-	3.1351	1.09599
Kogi	62	1	11	-	24	1	7	-	17	-	3	-	2.5000	1.27306
FCT	108	5	39	-	47	-	4	-	15	-	3	-	2.6000	1.04997
Total	273	9												
Average mean = 2.745														

**Source; Field Survey 2019**

The information gotten on pro-activeness of the enterprise in giving attention to quality control of product by maintaining standard was given in

Table 7. With an average mean of 2.745, it can be deduced that the respondents pay attention to quality control of product by maintaining



standard. In Benue, There was affirmation that the enterprise give attention to quality control of product with a mean score of 3.1351. In Kogi also, with a mean score of 2.5000, it can be deduced that the enterprises there give attention to quality control of product by maintaining standard. Likewise, this is also applicable to the Federal Capital Territory with a mean score of 2.6000.

The interviewees displayed proactivity in this report. The operation tended to be demonstrated by (1) Overseas Projects and (2) Market Analysis

#### a. Overseas Projects

Many interviewees suggest that expansion overseas, in particular the regional expansion, provides significant revenue generation opportunities. Many of the interviewees consistently monitor and analyze opportunities in foreign countries through exports, work with suppliers from outside the country, working on joint projects and setting up foreign operations.

*We are essentially Nigerian enterprise, with focus on the company's human resources so that what we are doing here, the standards, can be translated into new markets. There we have also done a great deal of research. We try to build on something dynamic which we can distribute worldwide.*

#### **Business Owner 9**

*Tapping into other markets, especially in neighborhood products and enhanced technology for advanced countries. And you can't survive, of course, if not. So other rivals see that you make money that you get money, they want to get in and they want a slice of the pie as well. And in this sense, you must be proactive.*

#### **Business Owner 12**

Hence, exposure to cheaper sources and the low costs of production in overseas markets as well as crowded markets and higher cost on the national market are the principal reasons for this shift towards overseas companies.

#### b. Market Analysis

Proactivity appears to show through a lot of people interviewed who regularly examine the market to identify new opportunities. Some of the respondents seem to use intuition to evaluate the market. Owner-Director 9, for example, said, "Sadly, there is no review, unfortunately. It's very much down to meeting people and getting a good vibe from them." Many of the interviewees indicated that they should evaluate new opportunities in an informal way through discussions with suppliers and business players to identify possibilities for joint ventures, depending on the review of secondary data from papers, magazines, social media and Internet sources and on routines.

*All right, one of the important things we did is use the study on the market. You see, we evaluate and draw on this report on the importance of our goods. We will equate our product price with those of others by other businesses, following the trend of the market event*

#### **Business Owner 4**

*Numbers and demand are evaluated. Talk and work with the vendors, but primarily analyze the market. When we believe there is money to be made, we do so. We look at possibilities before us, and sometimes we just snack and say that we have to do something about it. With some firms we have a joint venture. In order to improve our product quality and remain competitive in the industry, we also try to form a solid partnership with foreign companies.*

#### **Business Owner 9**

In addition, some interviewees say that there are ever-changing prospects for customers as the population ages, migrants are rising, and the consumer demands are rapidly changing, driven by technological and trend-related shifts. The study of such new markets seems to seize opportunities if they are considered viable.

### **Risk taking for Survival**

**Table 8: The organisation have a favourable of low monetary risk project**

State	Small	Medium	SA	A	U	D	SD	( $\bar{x}$ )	SD					
Benue	103	3	21	-	48	1	7	-	19	2	8	-	4.000	0.000
Kogi	62	1	19	-	33	1	2	-	7	-	1	-	3.909	0.417
FCT	108	5	36	-	49	3	5	1	13	1	5	-	3.327	0.946
Total	273	9												
<b>Average mean = 3.745</b>														

**Source; Field Survey 2019**

Table 8, confirmed that the organization have favourable of low monetary risk project with an average mean of 3.745. It was observed that this was applicable to the three study area. In Benue, with a mean score of 4.000, it was

observed that the organization have favourable low monetary risk project. This is also pertinent to Kogi (3.909) and the Federal Capital Territory (3.327).

**Table 9: The exploration intensity is high**

State	Small	Medium	SA	A	U	D	SD	( $\bar{x}$ )	SD					
Benue	103	3	33	-	51	1	3	-	11	2	5	-	3.60	0.741
Kogi	62	1	21	-	33	-	4	-	2	1	2	-	3.66	0.811
FCT	108	5	46	-	49	3	2	1	8	1	7	-	2.88	1.245
Total	273	9												
<b>Average Mean = 3.38</b>														

**Source; Field Survey 2019**

Table 9 revealed that the exploration of intensity is high among the enterprises with an average mean of 3.38. Also, the findings revealed that with a mean score of 3.60,

3.66 and 2.88, in Benue, Kogi and Federal Capital Territory respectively, it can be stated that the exploration of intensity is high in this three locations.

**Table 10: Reaction to decision-making in marketing situations involving uncertainty perceived market turbulence,**

State	Small	Medium	SA	A	U	D	SD	( $\bar{x}$ )	SD					
Benue	103	3	25	1	51	2	5	-	5	-	2	-	3.02	0.4874
Kogi	62	1	14	-	29	1	5	-	10	-	4	-	2.76	1.4112
FCT	108	5	40	1	37	2	13	1	11	1	6	-	2.82	1.3110
Total	-	9												
<b>Average Mean = 2.87</b>														

**Source; Field Survey 2019**

The reaction of respondents to decision making in marketing situations involving uncertainty perceived during market turbulence was shown in table 10. With an average mean of 2.87. it can be stated that the firms react positively to decision making in marketing situations

involving uncertainty during perceived turbulence and this is peculiar to the three study area i.e. Benue, Kogi and the Federal Capital Territory with a mean score of 3.02, 2.76 and 2.82 respectively

**Table 11: The Enterprises predict actions of competitors (social risk)**

State	Small	Medium	SA	A	U	D	SD	( $\bar{x}$ )	SD					
Benue	103	3	26	-	46	1	9	1	14	1	7	-	3.125	0.819
Kogi	62	1	12	-	23	-	10		11	1	6	-	2.681	1.322

FCT	108	5	40	-	49	2	3	1	10	2	6	-	2.413	1.671
Total	273	9												
<b>Average Mean = 2.739</b>														

**Source; Field Survey 2019**

The enterprises prediction of actions of competitors was detailed in table 11. From the findings, it can be deduced that with an average mean of 2.739, it can be deduced that enterprises predict actions on the whole. The mean score revealed that enterprises predict actions of competitors in Benue and

Kogi with mean score at 3.125 and 2.681 respectively. The mean score for the Federal Capital Territory was low which revealed that predicting actions of competitors especially on social risk is relatively low among the enterprises in the Federal Capital Territory.

**Table 12: That the organisation predict demands and taste of consumers (psychological risk)**

State	Small	Medium	SA	A	U	D	SD	( $\bar{x}$ )	SD					
Benue	103	3	27	-	41	2	1	-	29	1	5	-	3.62	0.714
Kogi	62	1	17	-	21	1	-	-	20	-	4	-	3.64	0.800
FCT	108	5	22	-	46	3	2	-	33	1	5	1	2.98	1.213
Total	273	9												
<b>Average Mean = 3.41</b>														

**Source; Field Survey 2019**

In quest to know if the organization predict demands and taste of consumers, table 12 revealed that the organizations predicts demand and taste of consumers. This was peculiar to the four states with a mean score of 3.62, 3.64 and 2.98, it can be stated that organizations predicts demands and taste of consumers in the study area. it can therefore be concluded that the enterprises carries out proper evaluation of psychological risk of their products by predicting demands and taste of consumers.

### **Risk-Taking**

The majority of the respondents say that their respective organizations are in danger. Risk management can be categorized as (1) operational and (2) mixed among interviewees.

#### **a. Operational Risks**

The majority of respondents indicate that their activities involve taking risks and being exposed to risks. These risks tend to start with daily activity from the start-up of SMEs. As the sole or part owners of their respective organizations, four of the interviewees say the starting into a Nigerian SME poses a danger on its own for

owners because of the cost of leaving the usually stable income of a career in a proven company.

*There have been many escape clauses, but the contract has been signed. Even when dealing with large corporations, these loose arrangements are often seen. We speak even about trillions of dollars in paid-up capital for these firms in publicly listed companies. As a small business, it's very hard to legally fight large people, so that's one risk.*

#### **Business Owner 6**

*For example, a hotel in Abuja was also running a work that we followed quite closely. The start-up of a hotel in Abuja requires a lot of investment. However the location of a hotel in Abuja has made it difficult due to the lack of open terrain in the central area in which things happen. You may lose millions of dollars after you join the business. Many have invested and failed to realize a risky return.*

#### **Business Owner 9**

The daily operations of a SME tend to be dangerous because the possibility of reduced revenue is a direct financial loss to the owners and the possible dissolution of the company. Delayed or non-payment by customers, competitive factors in the industry, increasing competition and quickly changing customer and technological patterns seem to increase the risk of declining revenue generation.

#### b. Mixed Risk-Taking

There seems to be a mixture of the risk taking among many interviewees. Some respondents, on the one hand, say they are risks-reducing. This seems particularly to be the case when financial decisions are involved. Since owners spend a large part of their personal finances in small and medium-sized companies, the risk they take seems to be reverse because failures triggered by highly risky undertakings seem to result in the likelihood of financial ruin.

*We would not risk pursuing opportunities in terms of large loans. We wouldn't. Liability will be very high, especially with operations in Nigeria. You know, it's your personal obligations, and we're not risky. There is a very, very low risk to our business.*

#### **Business Owner 5**

*We don't only feel good or take care of the breeze. We first have to evaluate, discuss and then decide if it makes sense. You must be able to manage this danger and know when to depart from this particular cause at some stage. The other thing you can afford is to take risks. There are always risks; only if things go wrong do you take those who do not harm the business.*

#### **Business Owner 11**

Some of the interviewees often say that they are brave risk-taking individuals. Such individual reveals that they have to be bold to reach emerging markets and to compete. Many respondents seem to be taking audacious risk by investing in new technology and equipment, buying and carrying large quantities of

inventories to become more priced competitive, traveling abroad for training and joining the new revenue streams in emerging markets. Moreover, many of the aforementioned decisions appear to be made without conducting a thorough market analysis or based entirely on intuition.

*In our wish to expand our business, we tend to be more aggressive as one of our mandates was to reach some goal for revenue, which I shared with you earlier. This is the chance, therefore.*

#### **Business Owner 3**

*We are therefore rising the stakes. We retain inventories and reduce costs by retaining inventories. We return the money to our clients, being competitive. But the risk is high, as not all we buy is a winner. I thank the Lord that it turned out to be the winners 95% of what we bought.*

#### **Business Owner 6**

Most interviewees suggest that they are taking different risks at various stages of corporate development through their mixed risk management. During the early stages of the start-up, audacious risks tend to be taken and the risk taking is reversed as business grows.

*All depends on the stage you live in. You really are chasing the tail, I mean, when you're young, you know you're after it and you feel that your mentalities are why I can't do this. And then you start thinking when you're a little old like me, yeah, I can't lose. You know what I mean, I can win less, but I can't lose.*

#### **Business Owner 9**

*We took a lot of risks when we started, but I don't think I'll say we're less dangerous right now but we need fewer. It becomes less risk because you have the money to back it up, which makes it less expensive or smaller.*

#### **Business Owner 11**

### **Test of Hypothesis**

Ho<sub>1</sub> : Proactiveness has no significant effect on performance of small and medium enterprises (SMEs) in Nigeria.

Ho<sub>2</sub> : Risk-taking has no significant effect on survival performance of and small and medium scale enterprises (SMEs) in Nigeria.

**The summary of the table showing significant effect of proactiveness on performance of SMEs**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1687.198	2	843.599	1.917	.000
Within Groups	87558.881	199	439.994		
Total	89246.079	201			

The table 13 above shows the ANOVA table of the effects of proactiveness on performance of SMEs. Proactiveness have significant effect on the

performance of SMEs (F= 1.917; P<0.05). This shows that proactiveness have effect on the performance of SMEs in Benue, Kogi and FCT.

**Hypothesis 2**

**Table 14: The summary table showing significant effects of risk taking on performance of SMEs**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	299.795	2	149.898	.335	.015
Within Groups	88946.284	199	446.966		
Total	89246.079	201			

The table 14 above shows the ANOVA table of the effect of risk taking on performance of SMEs. There was significant effects of risk taking on

performance of SMEs (F= .335; P<0.05). This shows that risk taking does have effect on the performance of SMEs in Benue, Kogi and FCT.

**The summary table showing significant impact of environment on performance of SMEs**

	Sum of squares	Df	Mean of Square	F	Sig
Between Groups	585.948	2	292.974	8.410	.000
Within Groups	10346.998	297	34.838		
Total	10932.947	299			

Result from Table 15 above shows the significant impact of environment . There was significant impact of environment on performance of SMEs

(F= 8.410; P<0.05). This shows that environment have significant impact on performance of SMEs. Therefore, the null hypothesis was rejected.

**Table 16:** Summary of regression for the joint contributions of independent variables to the prediction of Performance of SMEs.

R = 0.740					
R Square = 0.508					
Adjusted R square = 0.502					
Model	Sum of Squares	Df	Mean Square	F	Sig.

1	Regression	2715.347	3	905.116	32.602	.000 <sup>b</sup>
	Residual	8217.600	296	27.762		
	Total	10932.947	299			

Table 16 shows significant joint contribution of the independent variables (proactiveness, risk taking, innovativeness and environmental factors) to the prediction of SMEs performance. The result yielded a coefficient of multiple regressions  $R = 0.740$  and multiple R-square = 0.508. This suggests that the Four factors combined accounted for 50.2% ( $Adj.R^2 = .502$ ) variance in the prediction of SMEs performance. The other factors accounting for the remaining variance are beyond the scope of this study. The multiple regression analysis shows that there was a significant effect of the independent variables on the SMEs performance,  $F_{(3, 296)} = 32.602$ ,  $P < 0.01$ .

### Discussion of Findings

Findings revealed that in terms of proactiveness, enterprises satisfy the needs of her customers by providing a new product at a particular location with an average mean of **3.54**. Also, it was deduced that the enterprise engage customers to have deeper understanding of their circumstances this was accepted with an average mean of **2.788**. Due to the proactiveness of the enterprises, it was accepted that the enterprise generate customer's intelligence on a latent customer needs. This was accepted based on the mean score of **3.66**. In terms of form, in terms of partners and integration, it was discovered the firms were active. This was accepted based on the mean score of **3.41**. Findings revealed the enterprises gives attention to quality control of product by

maintaining standard. This was accepted based on the average mean of **2.75**. This is further buttressed by the view of Hughes & Morgan, (2007), who stated that proactive organisations demonstrate therefore awareness of and responsiveness to market signals.

Accordingly, these organisations are likely to be more knowledgeable in regards to the acquisition of information and resources than less proactive organisations. Proactive organisations can thus be considered more as a leader than a follower, since they possess the foresight to seize new opportunities. In order to explore; how does risk-taking affect survival of small and medium scale enterprises in Nigeria. The finding revealed that the organization have favourable of low monetary risk project. This was accepted based on the average mean of **3.75**. It was also discovered that the exploration intensity of the enterprises was high with average mean of **3.38**. The enterprises reacts quickly to decision making in marketing situations involving uncertainty during perceived market turbulence. This was accepted with an average mean of **2.87**. With average mean of **2.74**, it was discovered that the firm predicts actions of competitors to help in their decision making as regards their product. In order to create bond between the organization and their customers, they predicts the demands and taste of their customer with an average mean of **3.41**. The finding revealed that the SME enterprises in the three state are involved in risk

taking. This is further buttressed by McGrath, (2001), who stated that research suggests that organisations taking bigger risks are more entrepreneurial and may yield greater returns. A risk-averse organisation, by contrast, will avoid doing something that provides uncertain yield and is therefore less responsive to a changing environment, which results in lower shareholder value. According to Hughes & Morgan (2007), lower level of risk-taking will thus result in weaker performance.

In terms of proactiveness, the qualitative research revealed that the risk-taking amongst the interviewees can be classified as operational and mixed. Even in publically listed companies, and we are talking about billions of dollars of paid up capital in these companies. It takes a lot of investment to start-up a Hotel in Abuja. But proximity because of lack of open land in the central area where things happen, have made the business difficult which makes running a Hotel quite difficult in Abuja. One may run at loss after inputting millions of dollars in the business. Many have invested and have not made expected profit which is risky itself. It appears that the everyday running of a SME is risky due to the risk of reduced revenue generation representing direct financial losses to the owners and potential closure of the organisation. The risk of reduced revenue generation is seemingly heightened by delayed or non-payment by clients, dynamic market conditions, rising competition and rapidly changing consumer and technological trends.

The risk-taking amongst many of the interviewees appears to be mixed. On

the one hand, some of the interviewees suggest that they are risk averse. This appears to be particularly the case when involving financial decisions. Given that the owners invest much of their personal finances into the SMEs, the risk taken appears to be averse as failures resulting from highly risky ventures could seemingly lead to the potential financial ruin of the owners. The bold risk-taking of many interviewees is seemingly displayed in them investing in new technology and equipment, purchasing and carrying large amounts of inventory to be more price competitive, traveling overseas to obtain specialised training as well as venturing into emerging markets in search of new revenue streams.

### **Conclusion**

The research work concluded that entrepreneurial orientation has significant effect on performance of SMEs in Benue, Kogi and the Federal Capital Territory. However, proactiveness, risk taking propensity, innovativeness and environmental factors have significant effect on profitability. Based on the finding of this study, it is concluded that entrepreneurial competencies, such as opportunity, conceptual, strategic and commitment competencies, significantly influences the performance of SMEs in Nigeria. More so, the moderating role of entrepreneurial orientation on entrepreneurial competencies and performance was statistically established. Therefore, the research concludes that managers should focus keenly on adopting innovative, proactive and autonomy orientations because they are significant of enhancing the influence of entrepreneurial competencies on firms' performance.

## Recommendations

From the findings, the following recommendations were made for policy makers as well Small and Medium enterprises.

- i. From the study, it has been established that entrepreneurial innovativeness should be encouraged and enhanced by improving the domestic and foreign technological networking for competitive innovations in the foreign markets.
- ii. It was also discovered that EO works better when all the features are put to use as a whole than as individual, for the contributions to have greater impact on the performance of the firms. Therefore, Nigeria Export Promotion Council (NEPC) should promote value added concept on non-oil export with requisite improved technical skills and modern technology; trade and business information should be made readily available for exporters and potential exporters for identification of buyers requirements, market access requirements, prices on which to plan business operations and to negotiate transactions, product related information, technology, equipment and raw material inputs sources.
- iii. Entrepreneurship orientation and practical training which has been integrated into capacity building should be improved and promoted further to elicit the resilience in pro-activeness, risk-taking propensity and innovativeness needed by the entrepreneurs to survive the

turbulent socio-economic environment for improved productivity.

- iv. Also, Government needs to put adequate infrastructure in place to reform the current downward slope of the non-oil export. Significantly, at the firm's level, the resource based capability should be enhanced by training and re-training of human capital, engagement in R&D, and networking to increase efficiency and effectiveness.

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