

## Entrepreneurship Orientation And Firm's Performance: An Evidence Of Selected Small And Medium Scale Enterprises In Southeast Nigeria

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### Abstract

**Purpose** – This paper addresses *entrepreneurship orientation and firm's performance: An evidence of selected small and medium scale enterprises in southeast Nigeria*. It addresses the need to ensure that small and medium-sized enterprises (SMEs) are able to overcome the inherent challenges in their external environment actively and, thus, contribute to economic growth through internal management variables

**Design/methodology/approach** – The study adopted a survey design, utilizing a sample of 369 SMEs covering the southeast in Nigeria. A questionnaire was used for data collection, and data analysis was conducted using simple linear regression with the aid of SPSS Version 22.00.

**Findings** – The study found that innovativeness , proactiveness, and Risk-taking propensity as dimensions of EO, have a significant effect on firms performance.

**Practical implications** – The paper provides practical implications for society, as managers and SMEs' support agencies in emerging markets can be encouraged to focus more on internal management activities to support knowledge sharing within the organisation, given its relevance to improving performance, rather than focusing only on EO.

**Originality/value** – The study further strengthens and validates the self-determination (SD) theory and contributes to expanding knowledge on the relevance of internal management variables (knowledge sharing) in managing small and medium-scale enterprises. The study further advances theories regarding knowledge management's role, as a function of internal management system in the EO–performance relationship, thus helping to close the research gap related to these relationships from an emerging-economy perspective.

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## INTRODUCTION

In today's energetic business environment, Entrepreneurial Orientation (EO) could be a center fixing for triumphant trade. Business organizations, in this vicious business situation, compete to trawl the modern business openings. The point of view concerning the understanding of EO has different concerns. EO has gotten to be a central concept within the space of enterprise that has gotten a significant sum of hypothetical and experimental consideration (Covin, et al., 2006). EO refers to the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions ( Wiklund and Shepherd, 2005).

The improvement of the entrepreneurial orientation develop could be an appearance of a conception of business as venture conduct (Lumpkin and Dess, 1996). The conception of business as enterprise behavior has been a major advancement within entrepreneurial writing agreeing to Coulthard (2007). Firm survival is most reduced when firms are little and young; in this way, the improvement of compelling business techniques is basic for the progression of business (Thornhill and Amit, 2003). Strategic entrepreneurship deals with the creation of competitive advantage through the distinguishing proof of unused openings (Ireland et al., 2003). Entrepreneurial introduction (EO) is caught on as the strategy-making forms, structures, and practices of firms characterized by innovativeness, proactiveness, risk-taking, competitive forcefulness, and independence, encouraging the interest of openings (Lumpkin et al., 2009)

The Entrepreneurial Orientation build was at first created by Miller (1983) with three variables, specifically innovation, risk taking and proactiveness. Covin et al. (2006) too famous that entrepreneurial Orientation joins firm-level forms, practice and decision-making styles where entrepreneurial behavioral designs are repeating. Researchers inside EO recommend that EO leads to higher execution since firms got to improve performance whereas anticipating demand, taking risks, aggressively position themselves, their products, and their services (Rauch, et al., 2009; Hughes & Morgan, 2007; Wales, et al., 2013). An entrepreneurial orientation is a vital variable in SMEs in developing economies. Such situations are characterized by modern rising openings coming about from the free development of capital, merchandise, and innovations. This permits business visionaries to abuse openings with the least boundary limitation. SMEs in this previously secured environment frequently need an entrepreneurial orientation to recognize or seize opportunities displayed (Le Roux & Bengesi, 2014).

The entrepreneurial orientation is emphatically connected to development, competitive advantage and strong performance of SMEs. To compete within the cut throat competition at residential and worldwide levels, SMEs must audit their techniques and adjust them concurring to the changing and dynamic environment. Too, SMEs should continually look for other ways to work out adaptability and progress their capacities to gotten to be imaginative and more competitive in arrange to guarantee development and superior performance (Hussain et al., 2015).

Entrepreneurial orientation (EO) reflects an organization's forms, hones, and decision-making styles particularly when it acts entrepreneurially. Any organization's level of EO can be caught on by analyzing how it stacks up with the connection to the five measurements. These measurements incorporate autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking (Edwards et al., 2014) Small and Medium Enterprises (SMEs) have been considered as the foundation of the commercial environment in each nation, a central driver of financial improvement and advance (Qamruzzaman & Jianguo, 2018). All around, 99 percent of businesses ordinarily falls into the category of SMEs undertaking portion (Gilmore et al., 2013) and SMEs have encouraged the elements within the most commerce organizations within the developing

nations because it contributes to form modern occupations and create supplementary money related capital for businesses (Wang, 2016). Hasan & Almubarak (2016) expressed that businesses might not work palatably unless they get sufficient buttress from little businesses. Since, business firm's entrepreneurial exercises are considered as their internal capabilities which may seemingly upgrade the firm's success within the challenging advertise condition (Laukkanen et al., 2013) Concurring to Wiklund and Shepherd (2005), entrepreneurial orientation (EO) gives small businesses the capacity to find modern business openings, and the revelation of modern openings upgrades their separation from other firms (Omisakin et al. 2016). The appropriation of an entrepreneurial orientation as a crucial variable to the development of situated small firms appears germane (Ferreira and Azevedo 2008) since it could be a noteworthy donor to a firm's victory (Mahmood and Hanafi 2013). In truth, big EO among small business proprietors upgrades the arrangement and enactment of individual procedures influencing business development and performance (Omisakin et al. 2016).

Entrepreneurial orientation (EO) may be a 'strategic posture' of firms that demonstrates their entrepreneurial pose to the sustainment of firm practicality (Gürbüz and Aykol, 2009, Covin and Lumpkin, 2011). In certain ecosystems, EO may be a valuable build to get it the capability of certain firms that are able to preserve their performance directions whereas other firms fall flat (Covin and Lumpkin, 2011). The entrepreneurial introduction is illustrated by the degree to which management slanted to require business-related dangers to support changes and development, in arrange to get a competitive advantage for the business (Andendorff, 2004).

## **Theoretical background and hypotheses development**

### **Self Determination Theory**

The self-determination theory recommends that individuals are propelled to develop and change by three natural and universal psychological needs . Self-determination theory (SDT; Ryan and Deci 2000) may be a meta hypothesis of human inspiration and personality development. It is thought of as a meta hypothesis within the sense that it is made up of a few "mini-theories" which combine together to offer a comprehensive understanding of human inspiration and working. SDT is based on the basic humanistic presumption that people actually and effectively situate themselves toward development and self-organization. In other words, individuals endeavor to grow and get it themselves by coordinating unused encounters; developing their needs, wants, and interface; and interfacing with others and the exterior world. In any case, SDT moreover states that this normal development tendency should not be accepted which individuals can end up controlled, divided, and estranged in case their essential mental needs for independence, competence, and relatedness are undermined by a lacking social environment.

In other words, SDT rests on the idea that the person is included ceaselessly in a energetic interaction with the social world – at once endeavoring for require fulfillment conjointly reacting to the conditions of the environment that either back or obstruct needs. As a result of this individual environment interaction, individuals gotten to be either locked in, inquisitive, associated, and entirety, or demotivated, incapable, and confined.

The most qualification in SDT theory is between Inherent Inspiration, or goal-oriented behavior that includes "doing something since it is intrinsically curiously or enjoyable," and Outward

Inspiration, which is goal-oriented behavior characterized by “doing something that leads to a distinguishable outcome” (Ryan & Deci, 2000, p. 55) Agreeing to SDT, in arrange to make and maintain an imaginative, proactive and upbeat workforce, businesses got to receive organizational plans that develop employees’ independent (vs. controlled) work inspiration. This paper applies this theory to get it EO, Risk-taking, innovation and Proactive and SMEs’ execution relationship. In case SMEs can saddle their assets towards distinguishing innovation, being proactive, and taking chance there may be progressed execution for SMEs, in spite of challenges inborn in their outside environment. This paper assist looks to supply any clarification for the instrument by which assets contribute to firm’s performance.

### **Entrepreneurial orientation (EO)**

Agreeing to Grains et al. (2013) and Covin et al. (2006), the entrepreneurial orientation has been one of the foremost conspicuous and widely acknowledged developments within the extant writing on the corporate enterprise. EO drives inside forms and permits directors, particularly in little businesses, to be inventive in arrange to pick up advertising advantage. It is relevant to show here that SMEs EO exercises can be internal or outward (Yildiz, 2014).

Entrepreneurial orientation (EO) could be a firm’s capacity to enhance, take dangers, and proactively seek after opportunities (Rauch et al. 2009; Wiklund and Shepherd 2005). Jinpei (2009) expressed that Entrepreneurial orientation is characterized as an individual’s state of mind towards locks in in entrepreneurial exercises, be it inside an existing firm or making a modern wander. On the other hand, the term “entrepreneurial orientation” has been utilized to allude to the procedure making forms and styles of firms locked in in entrepreneurial exercises (Lumpkin and Dess 2001).

It captures the entrepreneurial viewpoints of a firm’s decision-making styles, strategies, and hones of ( Wiklund and Shepherd 2005). Rauch et al. (2009) conclude that EO speaks to the approaches and practice that give a premise for entrepreneurial choices and activities Covin et al. (2006) moreover famous that entrepreneurial orientation joins firm-level forms, hones and decision-making styles where entrepreneurial behavioral designs are repeating. Rauch et al. (2009) too detailed that EO could be a energetic and strong show that has been broadly researched as a build of experimental intrigued within the extant writin It was advance refined by Covin and Slevin (1989) who held the ‘three-factor show. Lumpkin and Dess (1996) afterward included two more measurements, specifically competitive forcefulness and independence. Covin and Ribs (2012), have treated EO as an all-inclusive development and centered on finding connections between EO and firm execution utilizing these measurements, which are briefly clarified underneath.

**Innovativeness:** Innovation is considered to be one of the foremost vital measurements among the five measurements of EO (Parkman et al., 2012). Innovativeness alludes to an eagerness to bolster inventiveness and experimentation to present unused items or administrations, innovative administration, and investigate and advancement in creating modern forms (Lumpkin and Dess, 2001). Schumpeter (2002: 299), the “purest sort of business visionary genius” is “the business person who limits himself almost entirely to the characteristic entrepreneurial work, the carrying out of unused combinations”, in a word: advancement. Concurring to Lumpkin and Dess (1996: 142) innovativeness reflects a propensity for an undertaking “to lock in in and back modern thoughts, oddity, experimentation, and inventive forms which will result in modern items, administrations, or innovative processes”. Advancement is an vital implies of seeking after openings and so is an vital component of an entrepreneurial orientation (Lumpkin and Dess, 1996).

Past ponders have not clearly characterized whether innovation inside EO is an input or yield figure (Baregheh et al., 2009).

Analysts such as Vasconcellos and Marx (2011), Forsman (2011) and Sebor, and Theerapatvong (2010) have clarified that advancement isn't an isolated phenomenon and maybe a handle comprising input and yield variables. Wang and Ahmed (2004) contended on comparative lines expressing that certain developments, like item and advertise development, center on result based measures, whereas handle and behavioral development highlights the basic components that encourage item and showcase development, all of which give a total picture of development in a firm.

Lumpkin and Dess (1996) watched that without innovations, the other measurements of EO have small or no esteem. Proactiveness would be of no esteem in case the opportunity isn't accessible through development, and hazard taking without development would moreover be a pointless procedure. Sebor, and Theerapatvong (2010) have explained that development isn't a disconnected marvel and maybe a handle comprising input and yield components. Wang and Ahmed (2004) contended on comparative lines expressing that certain innovations s, like item and showcase innovations, center on result based measures, whereas prepare and behavioral development highlights the basic variables that encourage item and market innovation, all of which give a total picture of development in a firm.

**Proactiveness :** The Proactiveness measurement is a vital measurement of EO and is connected to performance since it gives the first-mover advantage to firms within the showcase put (Wang et al., 2015). The proactiveness measurement portrays the characteristic of entrepreneurial activities in the interest of modern openings for future development, both in terms of items or innovations; in terms of existing and rising markets; and shopper request that goes with by advancement. Proactiveness is related to activity and first-mover points of interest, and to “taking activity by expecting and seeking after modern opportunities” (Lumpkin and Dess, 1996: 146). Proactiveness is related with authority, and not taking after, as a proactive venture “has the will and premonition to seize new opportunities , indeed on the off chance that it isn't continuously the primary to do so”, concurring to Lumpkin and Dess (1996: 147). In any case, being a, to begin with a participant in an advertisement isn't fundamentally a ensure of a strong competitive pioneer advantage, concurring to Cahill (1996), but is related with blended comes about. Concurring to the conception of Cahill (1996), expanded profit might not fundamentally be typically related to higher levels of proactiveness.

This would depend on whether this particular setting is fitting to proactiveness as a measurement of entrepreneurial orientation (Lumpkin and Dess, 1996). Typically alluded to as proactiveness, it is an opportunity looking for, forward-looking point of view which includes the presentation of modern items or administrations ahead of the competition and acting in expectation of future requests to form alter and shape the environment (Lumpkin and Dess, 2001). Nieto et al. (2013) found the proactiveness measurement to be essentially related with prevalent firm performance. Without proactiveness, organizations would not be able to successfully compete within the showcase and misuse development. Inside the setting of EO, proactiveness is conceptualized as forward-looking and opportunity-seeking conduct that's went with by unused section and development (Ardichvili et al., 2003). Proactiveness is accomplishment arranged, emphasizing activities taking, expecting, making alter, and anticipating advancement towards a basic

circumstance and early planning earlier to the event of a blocking vulnerability of hazard (Boohene, Marfo – Yiadom & Yeboah, 2012).

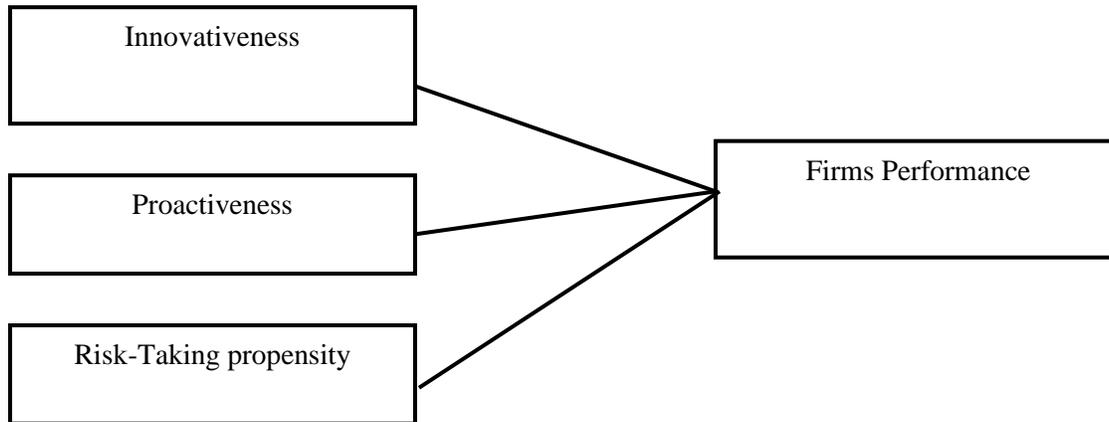
**Risk Taking Propensity:** Risk taking may be a measurement that has been customarily related with business and closely related to advancement (Hoonsopon and Ruenrom, 2012). Risk taking alludes to a propensity to require strong activities, such as entering obscure modern markets, committing a huge parcel of assets to wanders with dubious results or borrowing intensely (Lumpkin and Dess, 2001). Strategies or styles of administration related with hazard taking are a sign of an entrepreneurial introduction (Lumpkin and Dess, 1996). In terms of the owner-manager being the unit of investigation in terms of the sign of entrepreneurial orientation within the road dealer venture, cognitive orientation in terms of entrepreneurial conduct is considered with respect to **Risk** taking.

A cognitive orientation that limits conceptions of lament and reflection may be shown by business visionaries more so than non-entrepreneurial people, agreeing to Noble (1999). The mental speculations of locus of control and require for accomplishment both hypothetically invest the business visionary with a direct degree of chance resistance, however, the seen hazard from the vantage point of a sure person may well be lower than the degree of risk seen by others (Brockhaus and Horwitz, 1986). Tang et al. (2014) observed that firms that take risks are known to attain prevalent organizational performance. Hazardous recommendations, either inner or outside, included wandering into modern and obscure markets and drawing expansive borrowings to upgrade returns (Pastry specialist and Sinkula, 2009). Eggers et al. (2013) relate risk-taking to methodologies that include the commitment of tall sums of assets, both human and budgetary, to ventures that have a tall likelihood of disappointment. . Hughes and Morgan (2007) contended that firms that have tall EO take dangers in arrange to guarantee prevalent organizational performance. Eggers et al. (2013) relate risk-taking to techniques that incorporate the commitment of tall entireties of resources, both human and budgetary, to wander that have a tall probability of disillusionment. . Hughes and Morgan (2007) fought that firms that have tall EO take threats in orchestrate to ensure predominant organizational performance.

### **Firm Performance**

In today's business world it is exceedingly emphasized on firm execution. Be that as it may, there is a parcel of criteria utilized in thinks about and deciding the execution. Agreeing to Venkatraman and Ramanujam (1986), execution can be measured with budgetary and operational (non-financial) markers. Money related measures are related to financial components such as productivity and sales growth (e.g. return on a venture, return on sales, and return on value) and operational measures are related to non-financial victory components such as quality, market share, fulfillment, new product improvement, and market adequacy. Too, they classified performance information in two measurements; essential or auxiliary information. Essential information are straightforwardly collected from organizations and auxiliary information is collected from freely accessible sources. Another classification within the performance degree incorporates objective and subjective measures. Objective execution measures allude to evaluated pointers. They are for the most part budgetary pointers and gotten from organizations. On the other hand, subjective measures depend on judgmental evaluations of respondents and these pointers cover both monetary and non-financial pointers (Gonzalez-Benito, and Gonzalez-Benito, 2005).

## Conceptual Framework



Model of entrepreneurial orientation & firm's performance

## SMEs in Nigeria

Small and medium enterprises (SMEs) play a key part in activating and supporting financial development and evenhanded improvement in both created and creating nations in Africa. Amofo (2012) demonstrates that nations that have centered on the SME area and have guaranteed its development have finished up succeeding in improving the quality and standard of living of its citizenry, expanding its per capita wage and getting a charge out of a fast development within the Net Residential Item (GDP) among other social-economic impacts.. Khan and Dalu (2015) opine that small and medium scale undertakings have long been catalysts for both industrial development and financial development of the country for both in created and creating nations, and they play a vital part for the business era, facilitator of economic recovery and national advancement Nigerian Bank for Commerce and Industrial (NBCI) received a definition of small - scale business as one with add up to Capital not more prominent than N750,000 (exempting fetched of arriving but counting working capital). Concurring to the Government Service of Industry rules to NBCI characterized small - scale endeavor as an enterprise with an add up to take a toll of not more prominent than N500,000 (exempting fetched of arriving but including working capital).

Nigerian Industrial Development Bank (NIDB) characterized Small Scale endeavor as an undertaking with the venture and working capital not surpassing N750,000, whereas Medium Scale enterprises as those working inside the run of N750,000 to N3,000,000 in 1979. The unused Industrial Policy characterizes Nigeria Small Scale Businesses as an industry with an add-up to venture between N100,000 and N2,000,000. Central Bank of Nigeria, in its credit rules to banks, states that within the case of Commercial Banks, small scale undertakings are those with yearly turnover not over N500,000, for Shipper Banks, they are endeavors with capital venture not over N2,000,000 {separated from fetched of arrive} or with most extreme turnover, not more than N5,000,000 (CBN 1993). SMEDAN (2017) characterized SMEs based on the taking after criteria:

small scale enterprises are businesses with ten to forty-nine individuals with a yearly turnover of five to forty-nine million nairas, whereas a medium scale endeavor has fifty to one hundred and ninety-nine workers with a yearly turnover of fifty to four hundred and ninety-nine million Naira. Agreeing to Kaayanula and Quartey (2000), SMEs don't as it contributed to progressed living measures, they too bring almost nearby capital arrangement and offer assistance accomplish tall levels of efficiency and by contributing to a more indeed conveyance of financial exercises thus abating the stream of movement to large cities. Diverse individuals, associations,s, and administrators have progressed different reasons as to why SMEs have not been able to live up to desire. The issues that appear to be of concern to most of these SMEs incorporate need of getting to reserves, unseemly administration aptitudes, trouble in getting to worldwide markets, need for entrepreneurial skills and knowhow, low customer request, need of support of locally created products, conflicting government arrangements, an assortment of charges and demands, and organization bottlenecks. The circumstance shows up more exasperating when compared with what other nations have been able to realize with their SMEs.

### **Innovativeness and firms performance**

It has been broadly acknowledged in writing that innovativeness, as a measurement of EO, is basic to driving moved forward performance which a number of diverse factors stimulate advancement within the organization. Murat, Nilgun and Fulya (2013) illustrated that innovative development (item and prepare development) has a noteworthy and positive effect on firm execution. Gurhan , Gunduz , Kemal and , Lutfihak (2011) uncover that there are positive impacts of innovations on firm performance in fabricating businesses. Nham, Nguyen, Pham, and Nguyen (2016) conducted on the Impacts of Innovation on Firm Performance of Supporting Businesses in Hanoi – Vietnam. The result illustrated there are positive impacts of prepare, promoting, and organizational developments on firm performance in supporting firms.

Eugenie, John Laura (2016) considered Information management and business performance: interceding impact of innovation. The think about comes about uncovered that innovation had a positive impact on commerce execution. In any case, there was no coordinated impact of information administration on trade execution. The Relationship between Development and Firm Execution: A Writing Audit. The considered finding showed that coordinated impact of innovation on enterprise performance, the directing impact of innovation on firm performance, the interceding impacts between innovation and firm performance Thus, the taking after theory is proposed:

**i: The extent of SMEs innovativeness has a significant effect on firm's performance**

### **Proactiveness and performance**

Proactiveness and innovativeness are basic vital stances for firms to flourish in quickly changing and competitive showcase situations (Covin & Mill operator, 2014; Covin & Grains, 2012). Rosli and Saad (2018) did consider proactiveness, innovativeness, and Firm Performance: The interceding part of organizational capability. The discoveries illustrate that organizational capability could be a vital instrument through which proactiveness and innovativeness by implication impact SME performance. Additionally, Angeline, Robert, Kenneth, and Joseph (2015) found that proactiveness was a critical indicator of the firm performance of agro-handling SMEs in Kenya. Emmanuel (2012) appeared that the endeavor on tall entrepreneurial proactiveness reacted emphatically to performance measures with reliable increment in measure and business of qualified and competent personnel. in the meantime Adefulu, Asikhia and Aroyeun

(2018) found that Pro-activeness has positive noteworthy impact on development ( $\beta=0.527$ ;  $R^2=0.358$ ;  $t(385) = 14.622$ ;  $p<0.05$ ). Pro-activeness is successful in making competitive advantage since a company that's an initiator is able to enter the showcase, to begin with, and its competitors are constrained to reply to the initiator's activities instead of starting their possess (Lumpkin & Dess, 1996) . this paper thus proposes:

**Hi: SMEs proactiveness significantly and positively affect firm's performance**

### **Risk Taking Propensity and performance**

Risk-taking penchant, a component of the individual properties of entrepreneurs, may be significant for the choice to enter an enterprise career or to found a modern startup firm and for the small firms' improvement and victory (Antoncic et al., 2012; Gantar et al., 2013) . Risk-taking, among SMEs' directors, may be a challenge, as they regularly need the correct capacity and assets to induce subjective data that will help decision-making (Agu et al., 2018). Albert, Samuel, John, and Moshfique (2016) conducted a think about Risk-taking Affinity, Managerial Organize Ties and Firm Performance in a Developing Economy, findings demonstrate that high levels of entrepreneurs' risk-taking affinity upgrade firm performance.

Atikur, Kaniz , Zhao Mohammad , and Mobarak (2021) did think about on Do risk-taking, Innovativeness, and proactivity influence the business performance of SMEs? A Case Think about in Bangladesh, it found that the age of commerce, risk-taking, innovativeness, and proactiveness has a vital effect on SME execution in Bangladesh. Angeline, Robert, Kenneth, and Joseph (2015) uncovered that risk incorporates a positive effect on firm performance of agro preparing SMEs in Kenya. Obioma, Miebaka, and John (2020) did think about Risk Taking and Performance of Little and Medium Undertakings in Streams and Bayelsa States of Nigeria, it found that there was a positive and noteworthy relationship between risk and measures of small and medium endeavors performance. Beatrice (2017) Found that there's a solid positive relationship between risk-taking and business performance of SMEs in Eldoret town. Thus, the following hypothesis is proposed:

**Hi: SMEs risk taking propensity significantly affect firm's performance**

### **Materials and Methods**

The study adopted survey research design. The choice of the plan was based on the spread of SMEs in Nigeria and they have to accomplish wide scope for cooperation within the consider. The populace of the study comprises SMEs in Nigeria; in any case, due to the inability to cover the complete nation, this ponder chosen east south Locale within the nation, which comprise of Abia State (1084) , Imo state (649), Ebonyi State(669) and Enugu State (511) and Anambra State(1842) which ended up a add up to Number of (4755).

Choice of SMEs was based on their working for a least of five a long time and having enrolled with the corporate undertakings commission Auxiliary information were sourced from books, Diaries, and web. A test estimate of 369 was realized utilizing Taro Yamane's equation at a 5% error to resistance and 95% level of certainty. . In other to ensure that each state got the right number of questionnaire, Proportion allocation sample size was used to assigned the questionnaire: Abia State (84); Imo State (50); Ebonyi state (52); Anambra State (143) and Enugu state (40). The overall number of 369 duplicates of the survey were dispersed whereas 340 duplicates were returned and 29 duplicates were not returned. The instrument utilized for information collection was a survey organized in 5-point Likert scale: Strongly Agree (SA), Agree (A), Undecided (UN), Disagree (D) and Strongly Disagree (SD) and approved with the substance legitimacy of confronting to confront approach by giving the instrument to experts Management

who made the vital rectification for the instrument to a degree what it got to the degree. . The reliability test was done utilizing Cronbach's alpha strategy. The result gave a reliability coefficient of 0.967, showing a tall degree of consistency. The three speculations defined were tested at 0.05 level of noteworthiness. Simple Linear Regression was utilized to test speculations. A computer helped Microsoft uncommon package for social science (SPSS) was utilized to help analyses

**Table 1 Reliability Statistics**

| Dimensions of Measure  | Cronbach's Alpha | Number of items |
|------------------------|------------------|-----------------|
| innovativeness         | 0.815            | 4               |
| Proactiveness          | 0.867            | 4               |
| Risk taking propensity | 0.865            | 4               |
| Firms Performance      | 0.857            | 4               |
| All the items          | 0.967            | 16              |

Source. Authors' estimate from Pilot Study, 2021

### Presentation and Analysis of Data

This segment display examination and translates the information collected for the consider. Information was collected in a frequency table and percentages were utilized for information examination. From an add up to a number of three hundred and sixty-nine (369) survey sent to the respondents. Three hundred and forty (340) respondents 92.14% were every day completed and returned, whereas twenty-nine (29) speaking to 7.86% duplicates were not returned.

**Table 2 Questionnaire Distribution**

| S/No | SME           | No Distributed | %   | No Returned | %     | No Not Returned | %    |
|------|---------------|----------------|-----|-------------|-------|-----------------|------|
|      | <b>OWNERS</b> | 369            | 100 | 340         | 92.14 | 29              | 7.86 |
|      | <b>Total</b>  | 369            | 100 | 340         | 92.14 | 29              | 7.86 |

Source: Field survey 2021

### Data Analysis and Discussion

The data obtained from the field were presented and analysed with descriptive statistics to provide answers to the research questions while the corresponding hypotheses were tested with Simple linear regression at 0.05 alpha level

**Table 3: The extent of SMEs innovativeness has a significant effect on firm’s performance**  
**Descriptive Statistics**

|   | N   | Minimum | Maximum | Mean   | Std. Deviation |
|---|-----|---------|---------|--------|----------------|
| Firms that support creativity promote firms performance                 | 340 | 1.00    | 5.00    | 4.4442 | .90854         |
| Developing new process of making products enhance firms performance     | 340 | 1.00    | 5.00    | 4.4000 | .92746         |
| Technological leadership produce new product which promote performance  | 340 | 1.00    | 5.00    | 4.2852 | .91496         |
| Innovation can enhance Firms profitability through product modification | 340 | 1.00    | 5.00    | 4.5588 | .82673         |
| Valid N (listwise)  | 340 |         |         |        |                |

**Hi: The extent of SMEs innovativeness has a significant effect on firm’s performance**  
**Table 3a Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .863 <sup>a</sup> | .744     | .744              | .39364                     | .100          |

- a. Predictors: (Constant), innovativeness
- b. Dependent Variable: Firms performance

**Table 3b ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 152.578        | 1   | 152.578     | 984.666 | .000 <sup>b</sup> |
|       | Residual   | 52.375         | 338 | .155        |         |                   |
|       | Total      | 204.953        | 339 |             |         |                   |

- a. Dependent Variable: Firms performance
- b. Predictors: (Constant), innovativeness

**Table 3c Coefficients<sup>a</sup>**

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t | Sig. |
|-------|-----------------------------|------------|---------------------------|---|------|
|       | B                           | Std. Error | Beta                      |   |      |
|       |                             |            |                           |   |      |

|   |                |      |      |      |        |      |
|---|----------------|------|------|------|--------|------|
| 1 | (Constant)     | .386 | .047 |      | 8.269  | .000 |
|   | innovativeness | .855 | .027 | .863 | 31.379 | .000 |

a. Dependent Variable: Firms performance

R = .863

R<sup>2</sup> = .744

F = 984.666

T = 31.379

DW = .100

The regression sum of squares (152.758) is greater than the residual sum of squares (52.375) and this indicates that more of the variation in the dependent variable is explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance. The significance of the F value indicates that the model statistically significantly predicts the outcome variable.

The correlation coefficient R has a value of 0.863 and this indicates that there is positive relationship between innovativeness and firm’s performance. R square, the coefficient of determination, shows that 74.4% of the variation in firm’s performance is explained by the model. In the linear regression model, a low error of estimate with a value of .39364 is indicated. A value of .100 for the Durbin Watson statistics which is less than 2 indicates that there is no auto correlation.

The innovativeness coefficient of 0.863 indicates a positive significance innovativeness and firms performance which is statistically significant (t = 31.379). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted thus

**Table 4 SMEs proactiveness significantly and positively affect firm’s performance. Descriptive Statistics**

|  | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--|-----|---------|---------|--------|----------------|
| Firms that pursue new opportunities enhance firms performance                        | 340 | 1.00    | 5.00    | 4.4882 | .77356         |
| Firm that act in anticipation of future demand create change promote firm goal       | 340 | 1.00    | 5.00    | 4.1117 | .87376         |
| Firms that introduce a new product ahead of their competitors gains market advantage | 340 | 1.00    | 5.00    | 4.5294 | 1.05610        |

|  |     |      |      |        |        |
|--|-----|------|------|--------|--------|
| Firms proactiveness<br>promote firms<br>productivity | 340 | 1.00 | 5.00 | 4.3823 | .89516 |
| Valid N (listwise)                                   | 340 |      |      |        |        |

**Hi: SMEs proactiveness significantly and positively affect firm's performance**  
**Table 4a Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .807 <sup>a</sup> | .652     | .651              | .45967                     | .088          |

a. Predictors: (Constant), Proactiveness

b. Dependent Variable: Firms performance

**Table 4b ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 133.533        | 1   | 133.533     | 631.958 | .000 <sup>b</sup> |
|       | Residual   | 71.420         | 338 | .211        |         |                   |
|       | Total      | 204.953        | 339 |             |         |                   |

a. Dependent Variable: Firms performance

b. Predictors: (Constant), Proactiveness

**Table 4c Coefficients<sup>a</sup>**

| Model |               | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|---------------|-----------------------------|------------|---------------------------|--------|------|
|       |               | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)    | .613                        | .049       |                           | 12.391 | .000 |
|       | Proactiveness | .754                        | .030       | .807                      | 25.139 | .000 |

a. Dependent Variable: Firms performance

R = .807

R<sup>2</sup> = .652

F = 631.958

T = 25.139

DW = .088

The regression sum of squares (133.533) is greater than the residual sum of squares (71.420) and this indicates that more of the variation in the dependent variable is explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance. The significance of the F value indicates that the model statistically significantly predicts the outcome variable.

The correlation coefficient R has a value of 0.807 and this indicates that there is positive relationship between proactiveness and firm’s performance. R square, the coefficient of determination, shows that 65.2% of the variation in firm’s performance is explained by the model. In the linear regression model, a low error of estimate with a value of .45967 is indicated. A value of .088 for the Durbin Watson statistics which is less than 2 indicates that there is no auto correlation.

The proactiveness coefficient of 0.863 indicates a positive significance proactiveness and firms performance which is statistically significant (t = 25.139). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted thus

**Table 5: Hi: SMEs risk taking propensity significantly affect firms performance Descriptive Statistics**

|   | N   | Minimum | Maximum | Mean   | Std. Deviation |
|---|-----|---------|---------|--------|----------------|
| Business that belief that risk is part of business process have access to a new market  | 340 | 1.00    | 5.00    | 4.5941 | .83205         |
| Risk taking involve the tendency to take bold action in launching a new product that will place the firm at limelight of the market | 340 | 1.00    | 5.00    | 4.7941 | .67747         |
| A good calculated risk boost firms productivity   | 340 | 1.00    | 5.00    | 4.5852 | .87383         |
| Firm that are risk taker become leaders in the market   | 340 | 1.00    | 5.00    | 4.7617 | .69065         |
| Valid N (listwise)  | 340 |         |         |        |                |

**Hi: SMEs risk taking propensity significantly affect firm’s performance Table 5a Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .793 <sup>a</sup> | .629     | .628              | .47430                     | .077          |

a. Predictors: (Constant), Risk-taking propensity

b. Dependent Variable: Firms performance

**Table 5b ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 128.917        | 1   | 128.917     | 573.069 | .000 <sup>b</sup> |
|       | Residual   | 76.036         | 338 | .225        |         |                   |
|       | Total      | 204.953        | 339 |             |         |                   |

a. Dependent Variable: Firms performance

b. Predictors: (Constant), Risk-taking propensity

**Table 5c Coefficients<sup>a</sup>**

| Model |                        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                        | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)             | .621                        | .051       |                           | 12.062 | .000 |
|       | Risk-taking propensity | .686                        | .029       | .793                      | 23.939 | .000 |

a. Dependent Variable: Firms performance

R = .793  
 R<sup>2</sup> = .629  
 F = 573.069  
 T = 23.939  
 DW = .077

The regression sum of squares (128.917) is greater than the residual sum of squares (78.036) and this indicates that more of the variation in the dependent variable is explained by the model. The significance value of the F statistics (0.000) is less than 0.05, which means that the variation explained by the model is not due to chance. The significance of the F value indicates that the model statistically significantly predicts the outcome variable.

The correlation coefficient R has a value of 0.793 and this indicates that there is positive relationship between risk taking propensity and firm's performance. R square, the coefficient of determination, shows that 62.9% of the variation in firm's performance is explained by the model. In the linear regression model, a low error of estimate with a value of .47430 is indicated. A value of .088 for the Durbin Watson statistics which is less than 2 indicates that there is no auto correlation.

The risk taking propensity coefficient of 0.793 indicates a positive significance risk taking propensity and firms performance which is statistically significant (t = 23.939). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted thus.

## Discussion of Results

This paper aimed to examine the effect of entrepreneurship orientation (Innovativeness, proactiveness and Risk taking propensity) and firms performance, in predicting the relationship between EO and SMEs' performance. The analysis of the survey instruments retrieved and found that SMEs innovativeness has a significant effect on firm's performance. This finding is in line with previous studies (Murat, Nilgun and Fulya 2013; Gurhan, Gunduz, Kemal and, Lutfihak 2011; Nham, Nguyen, Pham and Nguyen, 2016; and Eugenie, John Laura, 2016)

The study also found that proactiveness has a significant and positive effect on SMEs' performance. This finding also supports many previous findings (Rosli and Saad, 2018; Angeline, Robert, Kenneth, and Joseph, 2015; Emmanuel, 2012; Adefulu, Asikhia and Aroyeun, 2018 and Lumpkin & Dess, 1996).

Finally, this study found that SMEs risk-taking propensity significantly affect firms performance of SMEs, in line with several previous studies (Albert, Samuel, John and Moshfique, 2016; Atikur, Kaniz, Zhao, Mohammad, and Mobarak, 2021; Angeline, Robert, Kenneth, and Joseph, 2015; Obioma, Miebaka and John, 2020 and Beatrice, 2017).

## Conclusion and recommendations

This paper assessed Entrepreneurial orientation (EO), and firms' performance in South east Nigeria

First, the study concludes that innovativeness has a significant effect on SMEs' performance in southeast Nigeria. Second, the study concludes that proactive significantly affect SMEs' performance, and finally the study concludes that risk-taking had effect on SMEs' performance. The study makes an important contribution to the field by concluding that the Self-determination theory is sufficient to explain EO and performance

Based on the findings of this study and the conclusions drawn therefrom, the following recommendations were made

- i. Firms should create a forum and workshop that will equip their employees with necessary skills that will make them to be creative and innovative in order to promote organizational effectiveness
- ii. All small and medium scale enterprises should be proactive in order to adjust and adopt in the turbulent nature of business environment for the survival of the business activities
- iii. In business, risk is indispensable, so firms should conduct a good feasibility study in order to know projects that have minimum risk attached it, and also know how to execute the project in order to attain organizational goal.

## Limitations of the study

This study was limited by the survey design. The use of a questionnaire was another limitation, as was the selection of only registered SMEs. Thus, a generalisation of the findings should be made with caution

**COMPETING INTERESTS**

The authors have no competing interest to declare.

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