

**EFFECT OF ENTREPRENUERIAL CHARACTERISTICS ON THE
PERFORMANCE OF SMALL AND MEDIUM SIZE ENTERPRISES
IN KWARA STATE**

BY:

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CERTIFICATION

This project has been read and approved by the undersigned on behalf of the Department of Business Administration, Institute of Financial and Management Studies as meeting the requirement for the award of (HND) Higher National Diploma in Business Administration.

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DEDICATION

This project specially dedication to Almighty God for His love, protection, guidance and supports for me especially in my academic career. Also, to my beloved parents for their care and full support during my course, may Almighty God bless them abundantly (AMEN).

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Small- and medium- scale enterprises (SMEs) of whatever size are created to provide service and contribute to economic development in a country. They are the engine of the economy, as they are essential sources of job creation (Ojo, Akinsunmi & Olayonu, 2015). In fact, they are recognised as an integral component of economic development and a crucial element in lifting countries out of poverty (Wolfenson, 2001). According to Ojo, Akinsunmi and Olayonu (2015), SMEs are veritable engines of the economy, as they partake in countless transactions across the globe, creating a constant flow of values which form the backbone of every nation's economy. Ogechukwu, Oboreh, Umukoro and Uche (2013) emphasize the importance of SMEs to a nation, noting that they generate employment, manpower development, production of new goods and services as well as stimulating the nation's economic and social development. Small- and medium- scale enterprises enhance capacity building, as they serve as entrepreneurial training avenues. They create more employment opportunities. They achieve much more relative high value-added operations. They provide feeder industry services and are major agents for the distribution of final products of such industries. They provide opportunities for the development of local skills and technology acquisition through adaptation (Rogers, 2002). 3 Despite the various advantages, Agwu and Emeti (2014) identify some challenges being faced by SMEs. These include management problems, financial problems, strategic and planning problems, poor accounting problems, multiple taxations and unfriendly policy environment. These challenges have tendency of affecting the performance of these SMEs. There are several challenges that face SMEs in Nigeria and their ability to perform to their optimum level. Akinruwa, Awolusi and

Ibojo (2013) noted that these challenges include finance, politics, education, infrastructures and government policies. Performance of SMEs, according to Sandberg, Vinberg and Pan (2002), is their ability to contribute to job and wealth creation through enterprises start-up, survival and growth. Performance relates to the ability of SMEs to fulfill its owners' requirements and survive in the market (Griffin, 2003). Measuring the performance of SMEs is done through financial indicators such as profits, return on investment, or non-financial, indicators like employee's satisfaction, and customer's satisfaction (Wood, 2006). According to Shiao-Tong, May-Chiun and Yin-Chai (2019), SME performance has been mostly assessed through financial-based performance measures but Richard, Devinney, Yip and Johnson (2009) opine that organisational performance should be viewed as a multidimensional construct. Performance, in this study, reflects the revenue-related performance, customer-related performance as well as organisation-related performance measures of SMEs. In Nigeria, SMEs have not performed to a satisfactory level; their contribution to industrial employment is low compared to other economies, like Germany, Britain and even South Korea (Onugu, 2005). The performance of SMEs in Nigeria is poor and the contribution of SMEs to Nigeria's gross domestic product is quite low (Ihua, 2009). A 2022 Enterprise Baseline Survey indicated that SMEs contributed 46.54% to Nigeria's GDP, as against countries in Europe and United States where SME contributions to GDP were 53% and 65% respectively (Ojo, Akinsunmi, and Olayonu, 2015). In the present competitive global economic scenario, organisations that fail to advance technologically are at potential risk of lagging behind competitively in terms of productivity (Ahmad, 2014). There is, therefore, a need to adopt strategies that can improve the performance of SMEs. Such strategies include business strategies, particularly online banking, marketing on social media, use of mobile

applications and customer interaction platform. Business strategy can be defined as the strategies governing e-businesses through calculated information dissemination.

Thus, the Nigeria economy is characterized by abundant human and other resources. Small and medium scale enterprises account for a large proportion of the total employment growth in many countries. Small and medium scale enterprises produce a significant share of increases in Gross Domestic Product, while the contributions of larger enterprises tend to remain stable (Aliyu, et al., 2021).

In the case of Nigeria, well-managed and healthy Small and medium scale enterprise constitute significant sources of employment opportunities and wealth creation. While the citizens benefit in terms of employment and income, Government also benefits by generating revenue in form of taxes. This can be a strong factor to social stability (Abdullahi and Burcin, 2021). There is a positive relationship between a country's overall level of income and the number of Small and medium scale enterprise per 1,000 people. The World Bank's Doing Business reports indicate that a healthy Small and medium scale enterprise sector corresponds with a reduced level of informal or "black market" activities. Thus, managing Small and medium scale enterprise sector to reduce the number of informal business is essential in the Nigerian development project (Isaga, 2021). This depends on the ability of the entrepreneurs to manage and grow the business. The performance of any business depends essentially on the vibrancy of the entrepreneur. Entrepreneur characteristics such as ability to innovate, risk taking competency and competitive aggressiveness have great extent to which they affect business performance (Oyeniyi and Adeniji, 2019). Entrepreneurs need specific characteristics to enable them to succeed. An entrepreneur with innovative characteristic and competitive aggressiveness can compete favourably in a dynamic and competitive business environment, while entrepreneurs without

these characteristic will not only perform poorly but can be eliminated in the business. Entrepreneurship in today's world has become a major concept of discussion in developing countries. Entrepreneurship provides avenues for alternatives for failing or malfunctioning state-owned enterprises in developing economies in the world. Small and medium scale enterprise performance in Nigeria has been viewed in terms of sales growth, competitive advantage, expansion and profitability. Business performance can be viewed from financial perspective and non-financial perspective. According to Reynolds, et al., (2021), financial perspective is linked to profits, wealth creation, economic growth and sales growth while non-financial perspective is associated with competitive advantage and increased productivity. Therefore, Small and medium scale enterprise performance can be judged based on several different dimensions such as sales growth, capital, increase in employment, increase in production line and others.

In the same vein, Small and medium scale enterprise performance is seen from the angle of financial perspective and it is assessed as sale growth and profitability. Entrepreneurs who could be grouped as being reactive such as entrepreneurs who react to market signals and in doing so convey and ease the market process formed the first category of entrepreneurs. Entrepreneurs who bring economic development by introducing and innovating ideas, which rearrange the allocation of factors of production, were considered the second category of entrepreneurs. The last category of entrepreneurs are those who in their management efforts, cause improvements of a gradual nature to available products and procedures (Kiggundu, 2021).

Thus, entrepreneurship research is dynamic, and there is growing attention to entrepreneurship characteristics and values (Audretsch, 2021), and how this contributes to the economy and economic growth and competitiveness (Glancey & McQuaid, 2020). Entrepreneurship can be regarded as an "employment opportunity", helping people to get self-employed.

Entrepreneurship has become a word of the day. Policymakers, economists, academics and even university researchers are talking about it. Seminars, conferences and workshops are being organized every year across the world which emphasise the importance of entrepreneurship to the economy of a country, society as well as individual development (Bécharde and Toulouse 2018).

Entrepreneurship is one of the strongest forces shaping the societies of the 21st century, characterized by ongoing globalization and growing complexity (van Praag & Versloot, 2021). Curious individuals are taking the initiative to explore and exploit opportunities for various reasons; for self-fulfillment, profit seeking, support of their families, fulfillment of customers' needs, or even to contribute to the economies of a nation. This can be in the context of startups, small to medium-sized enterprises (SMEs) or large corporations. Islam, et al., (2018) are of the view that entrepreneurial characteristics are a significant factor that determines Small and Medium Enterprises success.

Hambrick and Marson (2018) posit that Entrepreneurial characteristics are the personal traits of the Entrepreneur. These traits are entrepreneurial demographic factors which include, Entrepreneur's gender, age educational qualification, experience, locus of control, innovativeness, ethics, religion, orientation, readiness, and the entrepreneur's attitude to risk (Sodik, 2022). These individualities explain the success and failure of many entrepreneurial ventures. Small and Medium enterprises (SMEs) are the lifeblood essential to Nigeria's economic growth and development. Small business performance is a complex and multidimensional in scope and character. It includes the convergence of ambition owner/manager, competence, internal factors organization, the resources and infrastructure, external relations and networking (Shaw and Conway, 2020). Factors influence the success of

SMEs is very important to know because it is the low level of business success. SMEs have important contribution to create new jobs, trade, and country's Gross Domestic Product (GDP).

Thus, this study designs to examine the business strategies and the performance of small and medium scale enterprises in Kwara State.

1.2 Statement of the Problem

Despite the economic importance of Small and medium scale enterprise, there is high number of failed and collapsed Small and medium scale enterprises in Nigeria due to low profitability, poor business decision, high cost of production, competition with foreign products and low market share. It is not yet determined if the low profitability and sales are as a result of entrepreneurs' incapability or inability to take calculated risk, to react sharply to the moves of the competition or to create new and acceptable ideas.

Small and medium scale enterprises all over the world are more prone to failure due to the specific traits that has been possessed by the businesses, their owners and managers (Bannock, 2022).

In Nigeria and Kwara state in particular, business ventures have a low survival rate as entrepreneurs start businesses but are they are unable to turn them into sustainable businesses. Also, most new SMEs in Nigeria do not move from the first stage (existence) to other stages such as survival, success, take off and resource maturity (Mamman 2019). All over the world as well as in Nigeria, several characteristics and factors have been identified to be key determinants of SMEs performance. With SME growth rate generally low across the world, it is necessary to establish an understanding of key business strategies business practices that can help in the understanding and promotion of SMEs performance. It is believed that if business owners and

managers are good at managing their businesses, then they will do extremely well in terms of ensuring the continuous growth of their businesses.

Therefore, for SMEs to perform and succeed in their business operations, it is very necessary that its owners or managers possess certain business strategies carry out specific business practices.

In this regards, the SMEs sector plays an important role in the nation's economy in terms of wealth creation and employment generation (OECD, 2007). Onugu (2005) states that SMEs have performed below expectation owing to different factors, including attitude and habits of SME workers, environmental factors, instability of governments and frequent changes in government policies. While a number of factors have been identified as hindrances to the performance of SMEs in Nigeria, business strategies have been conspicuously neglected. A survey of Sectored business Watch (Selhofer, Lilischkis, Karageorgos and O'Donnell, 2007), which was supported by the European Commission (2003), revealed that most sectors have embraced business strategies.

Yet, other sectors, including SMEs, lag behind and do not follow leading companies in taking advantage of business applications. Oye, Mazleena and Noorminshah (2011) also assert that technology has an important role in increasing the productivity of small and medium enterprises. Businessstrategies positively influence performance of SME, yet underutilisation of ICT tools and businessstrategies exist amongst the SME (Arekemase, 2011; Ogunniyi 2014). It is therefore, imperative to assess the use of business strategies by SMEs especially in the Nigerian context.

1.3 Research Questions

- i. What is the relationship between risk-taking propensity and performance of small and medium-sized enterprise in Kwara state?

- ii. To what extent does innovativeness contribute to performance of small and medium-scale enterprise in Kwara state?
- iii. How far doe self-confidence with the performance of small and medium scale enterprise in Kwara state?

1.4 Objectives of the Study

The main objective of the study is to assess the effect of entrepreneurial characteristics (Risk-taking propensity, innovativeness and self-confidence) on the performance of small and medium size enterprises in Kwara state. Specifically, the study intends to;

- i. Examine the relationship between risk-taking propensity and performance of small and medium-sized enterprise in Kwara state.
- ii. Assess the relationship between innovativeness and performance of small and medium-sized enterprise in Kwara state.
- iii. Determine the relationship between self-confidence and performance of small and medium

1.5 Research Hypotheses

Ho1: Risk-taking propensity has no significant relationship with the performance of small and medium-scale enterprise in Kwara State

Ho2: Business strategies play no significant role on performance of small and medium scale enterprise in Kwara State

Ho3: There is no significant relationship between self-confidence and performance of small and medium-scale enterprise in Kwara State

1.6 Significance of the Study

The following are the significance of this study:

The results from this study will educate the entrepreneurial of Kwara State, on the effectiveness of business strategies and the performance of small and medium scale enterprises. It will also educate on entrepreneurial in Kwara State to understanding the characteristics of entrepreneurial. This research will also serve as a resource base to other scholars and researchers interested in carrying out further research in this field subsequently, if applied will go to an extent to provide new explanation to the topic.

1.7 Scope of the study

The study focuses on the business strategies and the performance of small and medium scale enterprises using the Kwara State entrepreneurial as a case study. It also tries to find out if the organization as ever used any character or techniques to increase the performance of the responded to such act.

1.8 Limitations

The following are the limitations that the researcher encountered while carrying out the study;

1.8.1 Time constraint

Time allocated for this study was not adequate and at best stressful. This is because the researcher had seven other units to handle, a full time job, family and social commitments. This limitation was, however, overcome by proper planning. The lecturers were also very supportive and understanding and this made it easier to manage everything.

1.8.2 Confidentiality

There were some respondents who feared sharing out information for fear of being reprimanded by their managers for giving out information that they may have considered confidential. However, the researcher assured the respondents of the confidentiality of the information that

they provided. The researcher also obtained permission from the Kwara State entrepreneur to undertake the research in the organization.

1.9 Definition of Terms

Strategies: Strategy is a well defined roadmap of an organization. It defines the overall mission, vision and direction of an organization.

Entrepreneurship: Entrepreneurship is the creation or extraction of economic value. With this definition, entrepreneurship is viewed as change, generally entailing risk beyond what is normally encountered in starting a business, which may include other values than simply economic ones.

Entrepreneurial: entrepreneurial can mean sharing ideas freely, and celebrating so-called failures as learning and growing experiences.

Characteristics: A feature or quality belonging typically to a person, place, or thing and serving to identify them.

Performance: A performance is an act of staging or presenting a play, concert, or other form of entertainment. It is also defined as the action or process of carrying out or accomplishing an action, task, or function.

Small scale: not involving a lot of people, things, or activity, or happening over a small area

Medium Scale: medium Scale Industry means an industrial undertaking where more than 20 (twenty) and less than 100 (one hundred) workers are manufacturing or processing goods.

Small and medium scale: Small and medium-sized enterprises or small and medium-sized businesses are businesses whose personnel and revenue numbers fall below certain limits.

Enterprises: Enterprise is another word for a for-profit business or company, but it is most often associated with entrepreneurial ventures.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of the existing literatures on the business strategies and the performance of small and medium scale enterprises in Kwara state. The main sections included therein are: conceptual framework, theoretical framework, empirical Review and gaps in the existing literature.

2.2 Conceptual framework

2.2.1 Small- and Medium- Scale Enterprises (SMEs)

Small and Medium Enterprises occupy a place of pride in virtually every country or state. Because of their significant roles in the development and growth of various economies, they have aptly been referred to as the engine of growth and catalysts for socio-economic transformation of any country.

Despite their unique contribution to economic development of many nations, SMEs suffer greatly from a universally accepted definition. This is in spite of Eniola, Entebang, and Sakariyau's (2015) submission that a proper definition of SMEs is important to distinguish between the different categories of the production units in terms of factors like; number of employees, the value of fixed assets, production capacity, basic characteristics of the inputs, level of technology used, capital employed, management characteristics, etc. But arriving at a definition of small and medium scale enterprises that will attract a common global acceptance has till date eluded stakeholders, researchers and practitioners in that area.

Obore and Ayozie, (2013) attribute lack of a globally accepted definition of SMEs to the fact that economies of countries differ and people take on particular standards for special uses. Akande, (2013) maintain that the definition of Small and Medium Enterprises is slippery, elastic, heterogeneous and relative and has remained elusive till date. The definitions of SMEs vary within and between continents and from country to country and from one time to another in the same country depending upon the pattern and stage of the country's development, government

policy and administrative set up of the particular country with different criteria used to classify them in order to serve each country's political and economic purposes (Njau and Karamu, 2021). Different institutions, nations and individuals use different standards to define SMES since a lot of their bodily processes depend on the industry in which they operate, also are the personalities and ambitions of those in charge of these businesses.

Scholars have therefore argued that the classification of businesses into large, medium or small scale is a subjective and qualitative judgment (Eniola, 2021). Similarly, the economies of countries differ, and people take on particular standards for special uses.

Mooney and Sixsmith (2013) confirm that Studies on SMEs identify more than fifty different definitions in seventy-five countries but concludes that there is hardly any unique, universally accepted definition of SMEs because the classification of businesses into small and large scale is a subjective judgment.

There is no clear cut definition of SMEs nevertheless; a good number definitional effort of the concept exists. The multiplicity of the definitions is quite apparent as the yardstick used to measure the concept varies over time from organization to organization. Various organizations or institutions and even individuals in Nigeria have at specific times defined SMEs in different ways. Though the definitions of the concept are varied, almost all of them appear to have common measures including; fixed assets, gross output, and the number of employees. It is clear therefore that the definition of the concept is relative, slippery, elastic and depends mainly on both the geographical location and the nature of economic activity being performed.

In 2022, SMEDAN came up with a different and a current definition of SMEs in Nigeria. Cottage/micro firms are those with a labor size of not more ten workers, and the total cost of not more than five million Naira, excluding land but including working capital; Small scale firms are those enterprises with a labor size of between ten to forty nine workers, with a total cost of five million Naira (but not exceeding fifty million Naira) excluding cost of land but including working capital; Medium- scale are those enterprises with a labor size between fifty and one hundred and ninety nine, with a total cost of above fifty million Naira, but not exceeding five hundred million Naira, excluding cost of land but including working capital. The classification of SMEs by SMEDAN is captured in table 2.1.

S/N	Size category	Employment	Asset (=N=million)
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			(excluding land and buildings)
1	Micro Enterprise	Less than 10	Less than 5
2	Small Enterprise	10 to 49	5 to less than 50
3	Medium Enterprise	50 to 199	50 to less than 500

Source: SMEDAN (2022)

From the foregoing, it is clear that there is no universally accepted definition of what constitute small and medium scale enterprise. Instead, countries use different definitions for classifying their SME sector. The definitions in use at any point in time depend on the purposes those definitions are required to serve and the policies which govern the SME sector at that time (Ediri, 2021). However, the three parameters generally applied by most countries, singly or in combination are: capital investment on plant and machinery; number of workers employed; and volume of production.

In spite of the degree of definitional problem, there exists a high level of consensus agreement on the role and importance of SMEs especially the SMEs sub-sector for economic growth and development. Ogunmokun and Ling-yee, (2021) noted that the importance of SMEs varies with sectors and with the developmental stage of each country. He opined that developing characteristics such as the degree of capital allocation and requirements, management size and arrangement as well as limited market access which makes SMEs less amenable to the unsatisfying effects of growth schemes that concentrate on large, capital intensive and high import dependent industrial plants as well as failed public enterprises.

This study adapt the definition and classification of SMEs as provided by SMEDAN that SMEs is any small business that is legal and operates on a full time basis in the study area with a staff strength of between 11 to 49 staff for small business with asset base of 1 to 50 million naira excluding land and buildings, while the Medium scale business is a legal business that operates on a full time basis in the study area with a staff strength of between 49 and 199 and asset base of between 50 to less than 500 million naira excluding land and buildings.

This study believes that whichever way the definition of SMEs is put forth, SMEs is the annexation of resources and the overall contribution to the economic well being of developing nations across the globe. These classes of enterprises themselves are a heterogeneous group of enterprises, possessing different size, age, sector, location and growth profiles as well as run by

owner-managers with different capabilities and motivations provision they will seek. They include a wide variety of firms including handicraft makers, small machine shops, restaurants, and computer software and firms that possess a wide range of sophistication and skills, and operate in very different markets and social environments. Their owners may or may not be poor. Some SMEs are dynamic, innovative, and growth-oriented; others are traditional lifestyle enterprises that are satisfied to remain small. In some countries, Osotimehin, Jegede and Akinlabi, (2022) inform that SMEs owners and workers are perceived to be dominated by members of particular ethnic groups or indigenous groups. It can be deduced from the foregoing that SMEs are business organizations that versatile in both their composition and their performance output.

Small- and medium- scale enterprises (SMEs) have been defined in various ways, but the most commonly used criterion is the number of employees in the enterprise (Kayanula and Quartey 2000). Definitions in many countries lack uniformity and reflect the relative development of the respective economies. According to OECD (2005), SMEs have been defined as non-subsidary, independent firms which employ less than a given number of employees. This number varies across countries. European Union (EU) (2003) limits the number of employees to 250 but, recently, the EU has standardise the concept by categorising enterprises with less than ten (10) employees as “micro”, those with fewer than fifty (50) employees as “Small” and those with fewer than two hundred and fifty (250) employees as “medium”. Asia Pacific Economic Cooperation (APEC) defines micro, small and medium enterprises (MSME) as enterprises with less than 100 people. A medium-sized enterprise employs between 20 and 99 people, and a small firm employs between 5 and 19, and a micro firm employs less than 5 employees, including the self-employed manager. No matter how they are defined, SMEs are important to socio-economic transformation. Mutula and Brakel (2006) argue that there is no universally accepted definition for SMEs; in 6 Africa, definitions vary from country to country.

In South Africa, SMEs are divided into four categories, namely micro enterprises, including survivalist enterprises; very small enterprises; small enterprises; and medium enterprises. The differentiating factor between these categories, excluding micro enterprises, is the number of employees. For micro enterprises, the criterion is turnover level. Small- and medium- scale enterprises in Nigeria have been described by the Central Bank of Nigeria (CBN, 2013) as enterprises with an asset base (excluding land) of N5 million – N500 million and labour force of between 11 and 300.

2.2.3 Business Strategy

The differentiated business strategy has been taken in this study as used by Latifah et al. (2020). As defined by researchers, differentiation strategy offers value to the customer through product innovation and processes (Latifah et al., 2020). According to Urban and Verachia (2019), innovation comprises several aspects at a firm-level where interaction happens between an individual and other actors of the organizations. The most widely accepted definition of innovation is given by OECD (2005) which emphasizes the implementation of new ideas, products, processes involved in manufacturing at the organizational level (Szłapka et al., 2021). Product innovation is considered an innovation when it is properly implemented in the market (Clark, 2010). The management of the organization and employees are considered the main elements of the innovation as they are involved in the strategy-making of the organization (Urban, 2021).

The management of the organization is the key component as they make strategies and provide useful resources and work on technology to stimulate the process of innovation in the organization (Latifah et al., 2020). This reflects that without managerial decision-making and strategy, the process and implementation of innovation do not qualify (Gault, 2018).

Accordingly, the researchers suggest that various types of innovations are crucial to boosting firm performances (Makanyeza and Dzvuke 2015). In addition, Bodlaj et al. (2020) emphasize that different types of innovations have positive effects on one another but they eventually boost firm performances. Based on the above arguments, we deduce that the business strategy of the firm influence various dimensions of SMEs performance.

2.2.3 Entrepreneurial Characteristics

Some characteristics have been identified to be necessary for entrepreneurs to perform better in their businesses. Such characteristics include risk taking, innovation, self confidence and experience.

Risk taking propensity

Risk-taking propensity is defined as “the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he/she will subject himself/herself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation” (Brockhaus, 2020). Longenecker et al., (2019) see these individuals as risk takers, risk minimizes and uncertainty tolerance. They are also able to cope with the stress associated with working in such an environment, which in-turn makes them more likely to survive and succeed (Cunningham and O’Gorman, 2021). Harold (2021) agreed that entrepreneurs take personal risks in initiating change, and they expect to be rewarded for it. They need some degree of freedom to pursue their ideas; this in turn requires that sufficient authority be delegated. An entrepreneur as a change agent, an innovator who is also a risk taker, who exploits business opportunities in his environment and utilize resources effectively to develop new technologies, produces new products and services to maximize his profits and contributing significantly to society’s

development. This view encompasses the desire of the entrepreneur to maximize profit and contribute to economic and social wellbeing of the society.

Rotter (1966) argues that individuals, who are believed to possess a high internal locus of control, achieve their own goals based on their own behaviour or individual characteristics. Chell, Harworth and Brealey (2018) exemplified that the degree of risk taking that entrepreneurs possess is moderate and calculated where the chance of losing are neither so small, (to be considered a sure thing) nor so large, (to be considered as gambling), but that these entrepreneurs to some certain extent, are willing to take some measurable and predetermined risk.

Innovativeness

Innovation and entrepreneurs are companion terms and in fact, studies show that entrepreneurs are more creative, imaginative and innovative than non-entrepreneurs (Thomas and Mueller, 2020), that entrepreneurially inclined individuals are more innovative than non entrepreneurially inclined individuals (Gürol and Atsan, 2019); and that innovation can also separate entrepreneurs from managers (Steward, Carland et al., 2021). Innovation is the characteristic tool of entrepreneurs as it is a means of exploiting change to accomplish different businesses or services (Mirela, 2018) and also an important factor in a firm's survival, development and business success (Utterback 2019). Innovation refers to the creation or adoption of an idea or behaviour new to the organisation (Damanpour 2019).

Innovation to an entrepreneur is an everyday activity that leads them towards the achievement of their aims or goals. Sarmah and Singh (2021) stated that an entrepreneur is one who can transform raw materials into goods and services, who can effectively utilize physical and financial resources for creating wealth, income and employment, who can innovate new products, standardize or upgrade existing products for creating new markets and new customers.

Schumpeter (2020) on his own described innovation as the creation and implementation of new combinations.

Innovative behaviour of an entrepreneur can also be said to be the ability possessed by an entrepreneur to generate new ideas that are very industrious and profitable to the entrepreneur and the society, at large.

Self-confidence

Self-confidence is an essential entrepreneurial characteristic that is related to other psychological characteristics (Ajani and Oluyemi, 2019). Self-confidence is a necessary requirement for successful entrepreneurship, since entrepreneurs have a higher degree of self-confidence relative to non-entrepreneurs (Robinson, et al., 2018). Entrepreneurs that display self-confidence, base their feelings on the fact that they can conquer all necessary challenges on their path to success and still attain their desired goal (Good, 2021).

Self-confidence is a key characteristic of an entrepreneur, which enables entrepreneurs to believe in themselves and have the ability to achieve their stated goals and objectives. Entrepreneurs who possess self-confidence do not believe the success or failure of their new business depends on luck, fate or other external factors, but is confident that their personal control and influence enables them achieve their goals, even when faced with setbacks. Robinson et al. (2018) believe that entrepreneurs should have a perceived sense of self-esteem and capabilities in conjunction with his/her business affairs, since they consider self-confidence to be linked to tolerance for ambiguity and creativity (Ho and Koh, 1992). Self-confidence is an individual's belief in his own abilities and resources. Individuals who believe that they can do well are more likely to be motivated in terms of effort, persistence and behaviour than individuals who believe they are less able and do not expect to succeed (Pintrich, 2021).

Self-confidence is very essential in entrepreneurship because setting up a business and trying to be successful is not an easy task to carry out. Entrepreneurs who are entrepreneurially inclined generally report higher levels of self-confidence than others (Baum and Locke, 2021).

2.2.4 Characteristic of Small and Medium Enterprises (SMEs)

SMEs is one of the areas that are currently receiving academic and policy attentions but up to now differentiating various scales of business from another such large, medium, small and micro defies universal definition (Luper & Kwanum, 2022). Researchers and other interested parties have looked at the issue base on some specific criteria such as value added and value of assets (Adebayo, et al., 2021), and annual sales and number of employees (Amboise & Muldowney, 2018). In India, Ministry of Micro, Small and Medium Enterprises defined them in the Manufacturing sector based on investment in plant & machinery. Small: Rs. 2.5 to Rs. 50 million and medium: Rs.50 to Rs.100 million. In the service sector they were defined base on investment in equipment with Micro: less than Rs. 1 million; Small: Rs. 1 to 20 million and medium: Rs. 20 to 50 million (Ravi, 2019).

In Nigeria, CBN defined the SMEs on the basis of total asset and number of employee (Chendo, 2021). Nevertheless, Egbetokun, et al., (2018) defined micro business as a business whose total cost, including working capital but excluding cost of land, is not more than N1 million and a labour size of not more than 10 workers, while Small is a business whose total cost, including working capital but excluding cost of land, is over N1 million but not more than N40 million and a labor size of between 11 and 35 workers. Also, the Department of Business, Enterprise and Regulatory Reform (DBERR) cited in (Apulu, et al., 2018) defined them based on number of employees: Small business with 10-49 employees; medium business with 50- 249 employees; and large business with over 250 employees. Oboh, sited in Uchenwamgbe (2021) defined SMEs

as any enterprise that has an asset base of between N50,000 to N400 Million excluding cost of land and working capital.

SMEDAN (2022) defined them based on employment and total asset excluding cost of land and buildings as: Small enterprises 10 to 49 employees or N5 million to N50 million and Medium enterprises 50 to 199 employees or N50 million to N500 million. Based on the above review it appeared that even in Nigeria there is no consensus on the definition of SMEs, but they were defined along three dimensions: in terms of either employment or investment, or the combination of the two. This study adopted SMEDAN (2022) definition because of its recency and relation with the population of the study. Thus, any enterprise with capital base worth N5 million and below N500 million or has a number of employees up to 10 and below 200, was regarded as an SME. SMEs in Nigeria operate in different sectors of the economy: the SMEs consist mainly of those engaged in the distributive trade which constitute about 50% of the SMEs, 10% are in manufacturing, 30% in agriculture and 10% in services (Olutunla & Obamuyi, 2018)

2.2.5 Performance of Small- and Medium- Scale Enterprises in Nigeria

Performance is a subject open to wide variability, as it is a somewhat imprecise word when it functions as a placeholder in research (Folan, Browne and Jagdev, 2007). There is somewhat lack of agreement on a definition, which causes confusion and clearly limits the potential for generalisability and comparability of research in this area (Franco-Santos, et.al. 2007). According to Akinruwa, Awolusi and Ibojo (2013), performance is measured using diverse parameters by different organizations. Some firms measure it through growth, survival, numbers of employees, capital employed and development, among others. Others do so through the profit margin they were able to record, sales volume, number of branches established and many others. Measuring the performance of SMEs is done through financial indicators like profits, return on

investment, or non-financial indicators like employee satisfaction and customer's satisfaction (Wood, 2006).

As noted by Zulkiffli and Perera (2011), objective measures, such as growth in profits, growth in sales and returns on investment, as well as subjective measures, like increase in customer base, growth in branches, and employee satisfaction, could be combined to determine performance, which indicates a hybrid approach to performance measurement. In the view of Sandberg, Vinberg and Pan (2002), performance of SMEs is their ability to contribute to job and wealth creation through enterprises start-up, survival and growth. The performance and growth of SMEs is a major driver and indices for the level of industrialisation, modernisation, urbanisation as well as gainful and meaningful employment for all those who are able and willing to work (Aremu and Adeyemi, 2011). The performance of SMEs also affects income per capita, equitable distribution of income, and the welfare and quality of life enjoyed by the citizenry (Aremu & Adeyemi, 2011), because SMEs contribute to employment growth at a higher rate than larger firms (Farouk & Saleh, 2011). In Nigeria, SMEs have not performed to a satisfactory level, as they contribute to less than 40% of GDP in comparison to economies like Germany and South Korea with more than 63% (Onugu, 2005). The performance and survival of SMEs depends on the favourable policy that can drive and develop the SMEs in Nigeria (Eniola, 2014). The performance of SMES is determined by many factors. Ndesaulwa and Kikula (2019) found innovation and technology to have a positive impact on performance. Human resource management, market orientation as well as information communication and technology had significant positive effects on business performance (Abdullah and Rosli, 2015). Van Dut (2015) discovered that environmental factors are also a major determinant of the performance of SMES. The Nigerian government, in order to realise Vision 2020, put in place enabling policies in

collaboration with a number of committed international agencies and non-governmental organisation. This is to promote an effective development of the SMEs sector for Nigeria through credit schemes and viable cooperation with other interested stakeholders like states and local governments for the positive growth of the SMEs sector in Nigeria, by releasing grants, on more liberal conditions than the banking institutions (Eniola, 2014).

SME performance could mean the success level of the firm in the market within which it operates. Naelati et al., (2021) view performance as the ability of an object to produce results on a dimension that has been determined beforehand in relation to a set standard or target and often relates to action and processes that lead to some outcome and the result of the action is also generally included in the examination. Yahya, (2021) sums performance as a measure of how well a mechanism/process achieves its purpose. He explained further that SMEs performance is an important dependent variable in business research. It is clear from the above reviewed that SME Performance can be conceptualized as a process by which the business owner or manager of SMEs executes their functions and crucial elements to improve the standard of their businesses Performance.

Various measurement parameters of SMEs performance were used and advanced by researchers in the field with each more appropriate and convenient at a particular time or situation. Performance should be measured in term of output especially when the population consists of manufacturing firms only (Adebayo, et al., 2021). But organizational goal achievement should be the main yardstick of measuring the degree of SMEs performance (Owoseni & Adeyeye, 2022), therefore, a good measurement of SMEs' performance should be able to consider the goal of the owner or a policy designed to promote the sector in the areas of some specific results such as output and profitability (Marr & Schiuma, 2021).

On the other part, Ehinomen and Adeleke (2022) suggested the combination of increase in branches, capital, number of employees and profit. While normative models for measuring performance cover financial perspective, customer perspective, business-process and innovation and learning perspectives (Mattila & Ahlqvist, 2022). This perspective covers wider coverage of performance measurement, although less objective. A performing SME in any or the combination of any two or more of the above perspectives, always evolves from one scale to another while non-performing one devolves. Researchers in the area of SMEs have found a series of stage-models that indicate how they move from one stage to another as it grows.

Amboise and Muldowney, (2018) developed cell division model which drawn a parallel between organizational growth and the growth of an organism through cell division. Greiner (1972) developed metamorphosis model based on the expansion of the organization. The cell division model focuses on changes in degree, whereas the metamorphosis model focuses on changes in kind.

Although the models were slightly different from one another, some stages that are common to all are: Business conception (pre start-up), then established (start-up) and then transition stage in which it will either expand from a micro scale to a small scale, to a medium scale, and to large scale before reaching maturity or contract back from one scale to another. These additional stages are period of survival where a business struggles to achieve sustainable profitability, operation expansion and growth, increased market share, discover new market, introduce new or modified product, develops employees and improve all other performance indicators (Mazzarol, 2022). Although successful growth within the small business sector is contingent upon many factors, the most important is arguably the attitude of the owner-manager. The owner manager is likely to be the most important asset of the little firm because he provides all its managerial

skills, direction and financial capital. At each stage of the process the small firm can grow, stagnate or even die. In the initial stages of formation and survival the owner-manager largely focuses on keeping the business alive and must find new customers and maintain sufficient cash flows to pay running costs.

In Nigeria, SMEs are extremely important and contribute significantly to the economic growth in the country. The contribution performance of the SMEs in the country is considered as the spinal column. In fact, Small and medium scale industries are part and parcel of Nigeria.

Aremu and Lawal; (2012) posits that SMEs have provided growth potential and contributed critical roles in the manufacturing and value chains just as their multiplier effects have impacted on the rest of the Nigerian economy, a development that have enabled them to be the engine of economic progress. It is also noted that the SME sector is the main driving force behind job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities in the country. SME sector also formed the vanguard of the modern enterprise sector and presents the propelling force of economic modernization and growth in Nigeria. They are an important sector that needs to be adequately factored into policy making and programme implementation in Nigeria.

These classes of enterprises comprise about 70% to 90% of the business establishment in the manufacturing sector in Nigeria (Eniola, Ektebang & Sakariyau, 2015). Moreover, the potential of SMEs is to serve as an engine for wealth creation, employment generation, entrepreneurial skills development, and sustainable economic development. SMEs is the creativity and ingenuity of entrepreneurs in the utilization of the abundant non- oil, natural resources of this nation which will provide a sustainable platform or springboard for industrial development and economic growth as is the case in the industrialized and economically developed societies (Eniola & Ektebang, 2021). SME in Nigeria provides over 90% of employment opportunities available in the manufacturing sector and accounts for about 70 % of aggregate employment created per annum (Eniola, Ektebang & Sakariyau, 2015).

Nigeria has the biggest economy in Africa. According to the national planning commission of Nigeria, (Siti, Norfaridatul, Juhaini & Zaidin, 2021), the contribution performance of the SMEs is considered as the country's backbone (Nwachukwu 2012). It is therefore clear that promotion of such enterprises in developing economies like Nigeria is of paramount importance since

(among other benefits), it brings about a great distribution of income and wealth, economic self-dependence, entrepreneurial development, employment and a host of other positive, economic uplifting factors (Aremu & Lawal, 2012).

However, the major consensus in extant literature on SMEs in developing countries including Nigeria reveals that these classes of enterprises have performed below the nation's expectations (Aremu & Lawal, 2012). This submission is further confirmed by the poor rating of the country by international best practices, meaning that the performance of SMEs has fallen below standard in the country. The development therefore justifies the need to investigate Entrepreneurial Marketing and the development of SMEs in Kwara state.

2.2.6 Overview of the Nigerian SME Sector

The era of 1990s can be said to be golden years of SMEs in Nigeria. Those were the years of the Nigerian Industrial Development Bank Ltd (NIDB) and the Nigerian Bank for Commerce and Industry (NBCI). They were Federal Government Development Banks specifically dedicated to the development of SMEs in the country. They provided foreign exchange denominated loans for procurement of machineries and raw materials from foreign sources. The interest rate was friendly and the amortization ranged from 5-7 years with about two years moratorium during which only the interest was paid. The promoters used their equities to finance purchase of land and construction of buildings while the Commercial Banks provided the working capital. During this period, capacity utilization reached 73.3 percent and the sector contributed immensely to the GDP. Foreign exchange was abundant because the exchange rate was 65 kobo to the dollar. Promoters and banks were not discriminatory with regard to the types of project financed or promoted (Nwachukwu 2012).

When Structural Adjustment Programme (SAP) came with its abundant devaluation of Naira most of the SMEs collapsed because the quantum of Naira they required to purchase the appropriate amount of foreign exchange for their raw materials had shrunk considerably. Most of them were forced to close down due to shortage of working capital required to finance constant importation of raw materials. The banks could not help them because most of them were either undercapitalized or about to be distressed as a result of the effects of SAP. This continued until the Naira became totally devalued and both the interest rate and the rate of inflation got out of hand (Nwachukwu 2012). As a result of all the above, the SME sector was reduced to rubbles, the economy became weak and the following conditions ensued. Buying and selling became the

mainstay of the economy, the country became a dumping ground for other economies, the real sector became inactive, Unemployment escalated, Excessive importation became the order of the day and, Capacity utilization plummeted.

The government is determined to rebuild and reactivate the sector but the private sector must play a formidable part in the exercise. Government's determination is exemplified by the inception of the Bank of Industry (BOI) which assumed the assets and functions of the old NIDB and NBCI. The BOI is tailored to be a reliable source of long term funds for SMEs and the interest and amortization rates should be friendlier than the commercial banks.

Small and Medium Scale Industrial Development Agency (SMEDAN): This agency was established under the pattern of American Small business Administration (SBA) to offer technical assistance to SMEs. The agency can help new entrepreneurs draw business plans and can reactive old businesses. Small and Medium Enterprises Equity Investment Scheme (SMEEIS). Since the demise of NIDB and NBCI, the Commercial Banks have systematically shied away from financing SMEs (Nwachukwu 2012). It is as a result of the need to provide an alternate long term funding arrangement that the then Governor of Central Bank floated the idea of SMEEIS to the Bankers Committee, which is made up of the Chief Executive Officers of the Banks. The scheme requires all banks to set aside 10 percent of their Profit before Tax for equity investment in SMEs on annual bases.

SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies the world over. In the case of Nigeria, SMEs have performed below expectation due to a combination of problems which ranges from attitude and habits of SMEs themselves through environmental related factors, instability of governments and frequent government policy changes and somersaults (Nwachukwu 2012).

The top ten problem areas of SMEs in Nigeria in decreasing order of intensity include: management, access to finance, infrastructure, government policy inconsistencies and bureaucracy, environmental factors, multiple taxes and levies, access to modern technology, unfair competition, marketing problems and non-availability of raw materials locally. Thus managerial problems represent the greatest problem facing SMEs in Nigeria while non-availability of raw materials locally is the least problem (Adegbite, et al., 2019).

The potentials and opportunities for SMEs in Nigeria to rebound and play the crucial role of engine of growth, development and industrialization, wealth creation, poverty reduction and

employment creation are enormous. The realization of this requires a paradigm shift from paying lip service to a practical radical approach and focus on this all-important sector of the economy by the government realistically addressing the identified problems. While SMEs themselves need to change their attitude and habits relating to entrepreneurship development, the governments (Local, State and Federal) need to involve the SMEs in policy formulation and execution for maximum effect (Adegbite, et al., 2019).

2.2.6 Entrepreneurial Characteristics

Entrepreneurial characteristics are among the factors that can influence SMEs performance. Rasheed cited in Adegbite, et al. (2019) suggested that the following are the most relevant: need for achievement, creativity, initiative, risk taking, setting objectives, self-confidence and internal locus of control, need for independence and autonomy, motivation, energy, commitment and persistence. According to Olekamma and Tang (2019), Factors that constitute entrepreneurial characteristics are as follow:

a. Educational Background:

There is existing positive relationship found between higher educational qualifications and business growth (Kozan et al., 2019). Education helps to enhance communication skills, improve skills and foresight. These skills enhancement are positively associated with presenting a credible case for a loan to a banker at the time of preparing a loan proposal and therefore convince the banker during the client interview (Kungu, 2018). Past study has probed the way managerial educational level influences access to debt finance from banks. A research conducted by (Kumar and Francisco, 2022) finds out that high educational level of firm's manager/owner influence easy accessibility to financial service in Brazil. They also discovered that university graduates had fewer challenges to raise finance from banks. The researchers gave interpretations

for their findings. They stated that high educated firms' owner/managers have the ability to provide strong business plans and positive financial information and they are capable to maintain and sustain cordial relationship with commercial banks compared to less educated ones (Nwachukwu 2012). Most of the educated entrepreneurs have skills to manage other business functions includes human resources, finance, marketing, and these skills results to high business performance, hence helps those firms to have access to credits without many difficulties. Thus, there is a positive association between education background and the performance of SMEs.

b. Managerial Experience:

Hisrich and Drnovsek (2019) pointed out that managerial experience, knowledge and startup experience of the business positively influence firm' performance. Firms' owners with previous experience are more likely to avoid some costly mistakes than those ones with no prior experience; hence they are better placed in accessing credits. In Nigeria, lack of management skills is also major challenges to the survival of SMEs, this lack of managerial skills effect SMEs in getting finance from commercial banks. Thus, managerial experiences and the performance of SMEs are significantly related.

c. Networking:

Atieno (2019) observed that networks can also be used as the solutions to overcome the challenges of access to limited resources and markets. Networks can help to provide information, advice and capital to SMEs. Small firms being associated with a trade union, professional bodies or other social associations such as societies and clubs, may influence easy accessibility to debt finance. There is evidence that good relationship between SMEs and banks can minimize information asymmetry constraint and reduce loan interest rates. Thus it is hypothesized that networking positively influences SMEs performance.

d. Gender:

Previous researches revealed that gender of firms' owner can influence the capital structure choice of firm. Abor, (2018) argues that discrimination and risk aversion are also reasons that effect women-owned firms on access to debt finance. Orser, (2019) expressed that a firm managed by female is less likely to have access to bank finance. This suggests that the banks claim that female-owned enterprises create more risks than the male counterpart. Thus, it is hypothesized that gender has positively impact on the performance of SMEs.

e. Firms' Owner Age:

Nakano and Nguyen (2018) states that age determines firm's owner/manager choice of either being user or non-user in the financial market. This is because some age groups tend to prefer and act differently than other age groups. Older firms' owners don't want to use external finance from banks because they commonly appear to create a risk to them. Old age entrepreneurs are perceived as non-dynamic and non innovative. Banks also perceived that young entrepreneurs are more innovative and good performers, but with risky portfolio (Ogubazghi and Muturi, 2021). Nguyen and Luu (2021) pointed out that age highly influences on firms' ability to access banks credits. From above discussion we can conclude that firm's owner age has positive significant on the performance of SMEs.

f. Entrepreneur's Marital Status:

Sekaran and Bougie (2021) states that in Jamaica, married status has an influence on the financial success of small business owners, because they exhibits respect, higher, social status, and important networking capabilities representative of social capital. Sekaran and Bougie (2021), also observed that married status was expected to create more social capital advantages

in the availability of resources for the small business owners than unmarried ones. In above discussions, we observed that married status is important in impacting positively on SMEs.

2.2.7 Business Performance

Businesses' performance from an accounting literature perspective centers on company profitability and performance of stocks in the capital market. The measures of firm performance based on literature can be broadly classified into two namely; the market oriented measures and the accounting oriented measures. Furtado & Karan, (2021) provided evidence that boards prefer accounting oriented measures to market measures in evaluating managerial performance. Accounting based measures are adopted in the study as performance measures because they provide the most available data. This section gives a brief overview of the prominent market and accounting based measures. Accounting performance measures like Return on Assets (ROA) have an advantage because they are backward looking (Jong et al., 2021).

ROA gives an idea as to how efficient management is at using its assets to generate earnings (Khatab et al. 2018). It is often calculated by dividing Profit after tax by total assets alternatively, it can be calculated by dividing Earnings before Interest and Tax (EBIT) by total assets. This accounting based performance measure can be tagged as forward looking because profit for the period is measured against sales for the current period. Profit margin is calculated as profit after tax divided by turnover or net sales. The essence is that it provides information on the percentage of profit that sales are able to generate.

Profitability

Profitability refers to money that a firm can produce with the resources it has. Profitability is a situation in which an entity is making a profit. Profitability is the primary goal of all business undertakings. The goal of most organization is profit maximization (Niresh & Velnampy, 2021).

Without profitability, the business will not survive in the long run. Profitability is measured with income and expenses and normally divided into gross profit and net profit. Gross profit as a marketing metric refers to the profit generated by a firm (Pandey, 2022). It is calculated as the total sales minus the cost of those sales. The net profit is a financial metric that is equally important to the marketing manager. It is synonymous with bottom line and indicates whether, after all the expenses of the firm have been taken into consideration, the company is still making profit.

The net profit margin is the marketing metric that represent the ultimate profitability of the firm expressed in percentage and it is useful in comparing one period against another or comparing one company with another. Return on assets provides a measure for assessing the overall efficiency with which the assets are used to produce net income from operations. It also is suggestive of management's effectiveness in deploying capital, because it is certainly possible to be efficient and yet poorly positioned in terms of how capital is being utilized. Return on assets, is calculated by dividing profit after tax (PAT) and interest by total assets which can be interpreted as a ratio of income to its total assets (Nwachukwu 2012).

Return on assets is probably the single best overall measure of operating performance. It ties together the results of operations with the resources used to produce those results. It is also relatively easy to interpret (Pandey, 2022).

Profit is also used as an index for performance measuring of a business (Ogbadu, 2019). Profit is the difference between revenue received from sales and total costs which includes material costs, labor and so on (Stierwald, 2019). Profitability can be expressed either accounting profits or economic profits and it is the main goal of a business venture (Anene, 2021). Profitability portrays the efficiency of the management in converting the firm's resources to profits (Muya &

Gathogo, 2019). Thus, firms are likely to gain a lot of benefits related increased profitability (Niresh and Velnampy, 2021). One important precondition for any long-term survival and success of a firm is profitability. It is profitability that attracts investors and the business is likely to survive for a long period of time (Farah & Nina, 2019). Many firms strive to improve their profitability and they do spend countless hours on meetings trying to come up with a way of reducing operating costs as well as on how to increase their sales (Schreibfeder, 2019). Profitability arises when the total amount of revenue is greater than the total amount of expenses over a business period.

Market Share:

A company's market share is its portion of total sales in relation to the market it operates within. Market share represents the percentage of an industry or market's total sales that is earned by a particular company over a specified time period (Pandy, 2022). Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors. Market share increases can allow a company to achieve greater scale in its operations and improve profitability. Market share and Profitability are the two dependent variables in the study.

Market share is one of the marketing metrics that is constantly talked about in the field of marketing as a discipline. Market share compares the revenue of the firm with the total revenue of the market in question over a period of time. The purpose behind measuring market share is to establish the relative position or share of the firm within the broader market place. And in relation to this study, the share of the firm in the market will be determined in relations to the extent of the promotional strategy. In effect it helps to understand the relative success of the firm

in penetrating the market place, thus the relative market shares of a company attempts to compare a business's market share with that of its nearest rivals.

Customer Satisfaction

Customer satisfaction plays an important role in business strategy and acts as a key factor in the sustainable development of companies. Many studies define the concept of satisfaction. The level of customer satisfaction is assessed by comparing a perception of a product/service in relation to the expectation of customers. According to (Abdullahi et al., 2021). Many studies have proven the relationship between business strategies customer satisfaction.

According to Philip Kotler, (2018) customer satisfaction as a 'person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his/her expectations'. It is a measurement that determines how happy customers are with a company's products, services, and capabilities. It is also a measure of how people feel when interacting with your brand. Customer satisfaction information, including surveys and ratings, can help a company determine how best to improve its products and services or to change them. Factors that determinants customer satisfaction include: responsiveness, assurance, convenience, tangible and empathy, perceived product quality, value, customer expectation, good communication and how their complaints are handled E-dictionary).

According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) Nigeria, 80% of SMES die before their 5th anniversary. Among the factors responsible for these untimely close-ups are tax related issues, ranging from multiple taxations to enormous tax burdens etc.(Ojeka, 2011)

In spite of the effects of turn over tax on SMEs and their growth, businesses being non-tax compliant is not an option. Finding ways around it through tax aversion, evasion etc. is ultimately the center of the many decisions made.

However, according to (Werekoh, 2022) There is a link between tax system fairness and reduced tax evasion. Small and medium scale enterprises have undoubtedly improved the standard of living of so many people especially those in the rural areas. However, the mortality rate of these small firms is very high.

Taxes are crucial, but in the case of SMEs, tax must be done in such a way that puts their income and need for survival into consideration. “It is expedient that enough profit is allowed them for the purpose of expanding their businesses. The tax policy must be one that will not encourage SMEs to remain in the informal sector or to evade or avoid tax payments (Ojeka, 2011).”

Economists argue that the resources smaller companies direct towards tax compliance are resources that could be used for reinvestment, facilitating future growth. Hence, there is a belief that taxes and a complex tax system put disproportionate pressure on smaller businesses. (Sattari, 2022). According to a study report by (Tee, Boadi, & Opoku, 2019) the majority of small businesses are less likely to attain or maintain their growing profitability due to factors including tax policies. This implies that as a policy maker and regulator, Government must consider the factors that could affect the competitiveness of the small enterprises.

(Freedman, 2003) Asked questions such as “Do taxes drive entrepreneurs out of business? “And whether differential income and payroll taxes affect their decisions to continue operating or to close their doors and take wage-and-salary jobs. They found that higher relative marginal tax rates on self-employment income do not necessarily increase the probability of exit.

In summary although there is some suggestive evidence that taxes exert a statistically and quantitatively significant influence on SME growth, there are also positive findings that show that some of the world's richest people are entrepreneurs.

2.3 Theoretical Framework

2.3.1 Entrepreneurial Orientation Theory

The study was anchored on the entrepreneurial orientation theory. Entrepreneurial orientation” has been used to refer to the strategy- making processes and styles of firms that engage in entrepreneurial activities (Covin & Lumpkin, 2018). Miller (1983) characterized an entrepreneurial firm as “one that engages in product - market innovation, undertakes somewhat risky ventures, and is first to come up with “proactive” innovations, beating competitors to the punch”. He used the dimensions of innovation, pro-activeness, and risk-taking to measure entrepreneurship. These three dimensions have been adopted by most previous studies (Anderson, et al., 2021). The theory posits that a proactive firm is a leader rather than a follower, because it has the will, with competitive aggressiveness and foresight, to seize new opportunities - even if it is not always the first to do so (Covin & Lumpkin, 2022). Entrepreneurial orientation theory is chosen due to its vast use in the previous studies on Business strategies performance of small and medium scale enterprises.

2.3.2 Trait/Psychological Approach

The psychological or trait approach to the study of entrepreneurship is perhaps the most widely represented area in the literature studies. The trait approach focuses on personal disposition of individuals and their traits (Nandram and Samsom, 2021). Traits such as sociable, anxious, energetic were thought to exist within individuals to whom they were applied (Chell, et al., 2018) as well as distinguishing entrepreneurs from other populations of individuals (Westhead and

Wright, 2020). This is because entrepreneurs were assumed to be a particular fixed state of existence, describable specie that one might find a picture of it in a field guide. To Krueger (2021), entrepreneurs were viewed as the basic unit of analyses and entrepreneurs traits and characteristics were the key to explaining entrepreneurship as a phenomenon.

Furthermore, researchers (Timmons and Spinelli, 2021) in their study on the traits entrepreneurs possess, identified characteristics such as need for achievement; the locus of control and the risk-taking propensity; commitment and determinations; leadership; opportunity obsession; tolerance of risk; ambiguity and uncertainty; creativity; self-reliance and ability to adapt; motivation to excel; leadership; need for power; need for affiliation; resourcefulness; creativity; visionary; independent thinker; hard worker; optimistic, as the characteristics of successful entrepreneurs. McClelland added that six of these attributes namely: self-confidence; persistence; persuasion; use of influence strategies; expertise and informative seeking were not more characteristics of successful than average business owners/managers.

2.3 Demographic/ Social Approach

An entrepreneur's demographic is often quoted as one of the most important factors related to SMEs performances and its competitiveness (Man, et al., 2022). The demographic approach is based on the assumption that people with similar background possess similar underlying stable characteristics that can be used to arrive at an entrepreneur's profile (Kanungo, 2018). Based on this approach, entrepreneurs are considered to be products of the external environment, whose influencing factors are beyond the individual's control (Field, 2021). Henry et al. (2021) asserted that research investigating the demographic / social approach focused on the effects of the educational achievement of the entrepreneur, the work experience, the culture and religion and lastly the entrepreneurs' age at the time of business start-up. According to Ucbasaran (2021), the

demographic approach suggests that an individual's social context such as - family and ethnic background, gender, education, and incubator employment experience, shape aspirations and career choices.

2.3.4 Resources-Based View (RBV) Theory

The underpinning resources-based view (RBV) theory has been used in this study to evaluate the impact of business strategy and innovations on business performances in the manufacturing SMEs in Thailand. The theory of resources based view was first proposed by Wernerfelt (1984), who argued organizations' unique and unmatched capabilities and resources are the reason to create competitive advantage. Later, many researchers argued that organizations' unmatched and rare capabilities that are inimitable create competencies (Astuti and Datrini, 2021). Based on the assumption of RBV theory, an organization's resources and unique competencies are the main sources that improve business performances (Muangmee et al., 2019). Organization competencies have a wide range that covers many aspects depending upon the circumstances in which it operates (Hitt et al., 2011). There are external and internal threats that affect business performances and a firm with an innovative strategy would better compete to the environmental circumstances (Asadi et al., 2021).

From the perspective of resource-based view theory, business strategy, product innovation, organizational innovation, and process innovations are vital elements that support business performances (Muangmee et al. 2021). In the long term, business strategy and innovations have a sustainable impact on business performances (Zhao and Sun, 2019). The conceptual model of this study as shown in figure 1 includes business strategy as an antecedent of different types of innovations that lead to market and financial performances of the manufacturing SMEs in Thailand.

2.4 Empirical Review

Veena, Venkatachalm and Joshi (2021) in their study, Business strategies Success of women entrepreneurs operating fashion and apparel business in India. The purpose of the study was to examine the relationship between business strategies success of women entrepreneurs. The study adopted a quantitative approach using random stratified sampling. The study also use questionnaire as research instrument to elicit response from respondents. The total number of usable questionnaire was 291 based on complete response received. Delinious Hodges Cumulative Method was employed to examine relationship between the variables. The statistical result showed that entrepreneurial characteristics significantly influenced on women entrepreneurs performance.

Felix and Ngene (2021) studied business strategies performance of learning institution in Kenya. The research aimed at determining the influence of entrepreneurial characteristics on learning institution in Kenya. The study was carried out in North rift region, Kenya; targeting entrepreneurs or founders of learning institutions and in their absence, the managers. The target population was 200 learning institutions within the Eldoret Municipality, Kitale Municipality and Kapsabet Municipality, Kenya. A census study was used. This implied the use of all the targeted institutions, thus the study population for this study was 200. The study used both primary and secondary sources of data. Questionnaires were used to collect data. Data was analyzed using both descriptive and inferential analysis. Descriptive methods such as frequencies mean and standard deviation were used. Inferential statistics include Pearson correlations and multiple regressions analysis. Based on the findings obtained, the study recommends that entrepreneurs in education sector need specific education background and adequate experience as they focus on providing quality education to their clients.

Anisa and Besa (2021) in their study, Entrepreneurial characteristics amongst University students in Albania. The study seeks to investigate the tendency toward entrepreneurship among university students in Albania. Specifically, it aims to examine the relationship between the desire for having your own business and family business background on university students. The study was conducted on a random sample of fourth year university students (n= 519) from three Albanian universities. The study reveals that prior exposure to entrepreneurship education has a positive effect on students' attitudes toward a career in entrepreneurship and on perceived behavioral control or entrepreneurial self efficacy.

Brownhilder (2018) studied the Impact of Business strategies Business Practices on the long term survival of small and medium Enterprises (Smes) in Free State, South Africa. The primary objective of this study was to investigate which business strategies business practices have a bigger influence on the long-term survival of SMEs, and the extent to which they do so. The empirical research was conducted by self-administered questionnaires to entrepreneurs in the Motheo district (Bloemfontein; Botshabelo and Thaba-Nchu). The questions were developed through a modification of entrepreneurial self-assessment tools for business strategies through a review of the literature on business practices. A total of 353 questionnaires were issued, 218 questionnaires were received but only 200 questionnaires were considered in the study because they were those fully completed by the respondent and thus gave the study a response rate of 56.7%. The statistical analysis used was descriptive statistics, frequencies, chi square, T-test, ANOVA and Pearson correlation. Based on the result gathered, the study recommends the need to improve the entrepreneur's level of education and business knowledge skills through simplified training programmes and courses. The inclusion of these training courses will certainly foster the survival and growth of SMEs.

Wekesa et al., (2019) carried out a study covering 314 small and medium enterprises in nine counties in Kenya. The coefficient of determination, statistic, and the tvalue and their significance levels were used in presenting the relationship between business strategies firms' performance. The results showed that that firm performance is significantly affected by entrepreneurial characteristics of age, managerial skills, industry experience and social skills. Thus, it was concluded that business strategies performance of non-timber forest products, small and medium enterprises are empirically related. Firms run by relatively young, well-experienced and skilled entrepreneurs register better performance. It is necessary, therefore, that the non-timber forest products small and medium enterprises match their strategic decisions with characteristics of owners/managers to enhance their competitiveness and performance. The implications of this study were that specific policy measures are necessary to encourage the many well trained but unemployed young people to engage in businesses. Additionally, it also implies that specific training programmes are necessary to equip the practitioners with necessary theoretical and practical capacities to enhance performance of their firms.

Najim et al., (2021) examined how entrepreneurial attributes affect business performance in Jordanian institutions. Data obtained concerned entrepreneurial attributes and performance in Jordanian private and public institutions based on a survey questionnaire. To arrive at statistically significant conclusions, the authors used regression and correlation analysis. The results indicated that entrepreneurial characteristics (personal, managerial and organizational) have a statistically significant impact on performance profitability, ability to meet obligations, ability to expand, reputation, and relationships with stakeholders).The study was limited to respondent's point of view in Jordanian institutions, while there were some similarities with managers in Arab institutions; caution should be exercised when generalizing results of this

study to other Arabian countries. The study provided useful information and impartial advice for entrepreneurship institutions in Jordan. It also revealed the need for new entrepreneur's practices that should be adopted. The study attempted to fill gaps in the literature on practice of Arabian entrepreneurs. This was one of the few studies that examine the Jordanian environment with regard to identifying the nature of the relationship between entrepreneurs' attributes and organizational performance in Jordanian institutions. The paper's findings and recommendations were expected to benefit decision makers in their dealings with different Jordanian entrepreneurs' institutions.

Okunbanjo et al., (2021) used survey research designed via administering questionnaires to the entrepreneurs of SMEs in Lagos State. Two hundred and sixty (260) questionnaires were administered to the respondents and 231 were retrieved. Regression method of analysis was employed to test the stated hypotheses and the findings revealed that risk taking has a weak positive effect on profitability, but competitive aggressiveness and innovativeness have a strong positive effect on sales growth of SMEs in Lagos State. The study recommended that entrepreneurs operating in Lagos State need to be very mindful of the risk they take in order to improve their business performance in terms of sales growth and profitability. Entrepreneurs need to develop new business ideas to enhance innovativeness and creativity so as to achieve increase in both financial and non-financial performance.

Endi et al., (2021) empirically tested the influence of business strategies competencies on business performance in small and medium enterprises (SMEs). This study was conducted with 147 SMEs owner in Malang regency East Java Indonesia using survey instrument, data analysis used the Structural Equation Modeling. The results of this study indicated that entrepreneurial characteristics have significant influence on business performance, entrepreneurial competencies

as mediating in the relationship between business strategies business performance. It means more powerful entrepreneurial characteristics will lead to an increase in the competence of the SMEs owner, which will ultimately have an effect on business performance.

Murad and Rula (2021) aimed to investigate the impact of the entrepreneurs' characteristics on small business success at Medical Instruments Supplies Organizations in Jordan. The population was small business of Medical Instruments Supplies Organizations in JordanAmman. The study surveyed the owners and managers working at these organizations which consist of 66 organizations. Data were collected by developed questionnaire. Statistical techniques such as descriptive statistics, t-test, ANOVA test, correlation, multiple regressions employed to test the hypotheses. The result showed that there is an impact of the entrepreneurs' characteristics on the small business success, which indicated that small business success was related to the entrepreneurs' characteristics. The study recommended carrying out similar studies on other industries in Jordan and other countries.

Abdullahi Mahadalle and Kaplan (2021) aimed at assessing the effect of entrepreneurial competencies and entrepreneur's demographic and personal characteristics on business performance among initial stage entrepreneurs. Further, it also aims at spotting the main challenges encountered by the women entrepreneurs involved in Small business in Somalia. The study adopted extensive relevant literature reviews on the studied variables and drawing conclusions based on the conducted reviews. The reviewed studies showed that business strategies entrepreneurial competencies are positively related to overall business performance. The study also supported the claim that Somali women entrepreneurs make significant contributions to the small-scale businesses in Somalia but faced several challenges that must be treated as urgency.

Aliyu, Rogo, and Mahmood (2021) studied the entrepreneurial orientation, knowledge management and business performance in the role of organizational culture. Entrepreneurial orientation (EO) has played a significant role in the growth of an organization in the competitive environment. Entrepreneurial orientation is the administrative and the decisionmaking activities which would lead to some new developments in the small business. Moreover, the entrepreneurial orientation has created the positive impact in the organizational performance of small and medium enterprises. Knowledge, skills, adapting to an organizational environment, flexibility and the learning competency are some of the factors associated with the personal characteristics which are also played the role of entrepreneur. These are improved the sustainable competitive advantage in the small-scale business. There is a significant association between the entrepreneurial orientation and the performance of the enterprises.

Isaga (2021) studied the owners- the demographic characteristics of the manager and the growth of small and medium enterprises. Factors like age, family background, education, and the working experience are some of the demographic factors which are positively associated with entrepreneurial characteristics. These factors have contributed to the success of entrepreneurs. Education is the major factor of human capital. This element is deemed as the foundation and the source of skills, self-confidence, and overall knowledge. Several studies have shown that there is a positive relationship between the education of the entrepreneurs and the growth of the small and medium enterprises. Many researchers have learned that education is not a relevant factor in determining the small business growth.

Miao (2021) studied the individual traits and entrepreneurial intentions regarding the mediating role of entrepreneurial self-efficacy and the need for cognition. The individual trait has played an effective role in the entrepreneurship. Conscientiousness, openness to experience, emotional

stability, and extraversion are the four factors among the big five personality traits. These are the significant predictors of entrepreneurial intention. These personality characteristics are created the positive impact in the performance of the business growth. These personality characteristics are significantly associated with the entrepreneurial characteristics. Many researchers have found that the biological factors are affected the activity of entrepreneurs which in turn reduces the successful performance of an organization. Self-efficacy of the entrepreneurs mediates the relationship between the individual behavior and the intention of entrepreneurs. Moreover, the individual traits are associated with the emotional intelligence, cognitive ability, risk propensity, proactive personality, and rebelliousness. These individual traits are related to the entrepreneurial intentions and the entrepreneurial self-efficacy. The entrepreneurial self-efficacy is created the positive impact in the entrepreneurial intentions. Cognitive psychology has provided the strong implications for the intention of entrepreneurs. Personal characteristics of entrepreneurs have predicted the probability new venture success and failure.

Acharyaa, et al.(2021) conducted the same study in India, using the same method on SMEs and arrived at the same result. Rao, et al.(2021)studied the relationship between business strategies success of women entrepreneurs operating fashion and apparel enterprises in India, using questionnaire on 291 micro, small and medium scale enterprises; an output of SPSS software for comparing the means of the business strategies success of women entrepreneurs shows that risk taking, dream desire and desire for independence were associated with successful women entrepreneurs.

Adegbiteet al.(2019) studied the impact of entrepreneurial characteristics on the performance of manufacturing SMEs in Nigeria using data collected through questionnaire from 100 SMEs and analyzed using descriptive statistics and inferential statistics, but the results showed that 7 out of

the 10 entrepreneurial characteristics of the respondents made negative impact on financial performance.

A study of entrepreneurship culture among Nigerian university students, Adejimola and Olufunmilayo(2019)found that teaching entrepreneurship boost the entrepreneurial morale of young graduates that already possessed the entrepreneurial characteristics. A more general study on Nigeria educational policy and entrepreneurship found technical and vocational training centers as a helper for young entrepreneurs to recognize their self being (Aladekomo, 2021). In a study of women entrepreneurship in Nigeria, Okafor and Mordi(2019) found that entrepreneurial characteristics in the areas of taking risk, tolerance for ambiguity, creativity and Innovativeness, independence, selfconfidence and internal Locus of control have no significant relationship with environmental factors such as family background.

Awogbenle and Iwuamadi(2019) established enterprise education, experiential programs and enterprise development as factors that provide an individual with characteristics that will enable him to establish and run business. Having reviewed the above studies, all the studies conducted have been able to establish the significance of entrepreneurial characteristics on the performance of SMEs. Although most studies conducted covers entrepreneurial characteristics on the performance of SMEs in other countries. Only few studies focused on Nigeria. This study was conducted to purposively assess the impact of entrepreneurial characteristics on the performance of SMEs with focus on SMEs in Bauchi State, North East Nigeria. Beside, most of the above mentioned work uses other parametric tool of hypothesis testing which this study uses regression analysis for data analysis and interpretation.

2.5 Gaps in the Literature

Research on various impacts of business strategies on SMSs has grown significantly in the last years. Several research projects reviewing how taxation affects the growth of small business in different areas have been documented. In spite of this effort, further research is required or needed as this researcher has not come across any research particularly targeting small to medium sized retail clothing industries at shopping malls in Lusaka, Nigeria.

The implications of business strategies on SMEs growth has widely been reported in many economies including Nigeria. This study will replicate some of the studies done in other countries and sectors using a totally different sample profile and location.

A further, more general research gap in this field is finding ways to clarify and activate interlinkage between of all the threes independent variables; Equity plus Efficiency and Tax Policies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Preamble

This study is aimed at examining business strategies and performance of small and medium scale enterprises in Kwara state. This chapter discusses the research design, target population, sample, sampling techniques sources of data, and data collection procedures used in obtaining the required data. This section also gives a brief overview of organization under study.

3.2 Research Design

The study is cross-sectional in nature where data were collected from the population of the study using survey questionnaire and analyzed to report the finding at a point in time. Thus, the study is not subjected to timeframe. The questionnaire was divided into two sections and all the questions are in close ended form. Section one asked questions about the business strategies section two consists of questions on SMEs performance. Level of agreement to the statements in section one indicates the level of business strategies level of disagreement indicates the level of lack of business strategies in section two, level of agreement indicates level of performance and level of disagreement indicates the level of lack of performance.

3.3 Population of The study

The population of the study is the 120SMEs in Kwara State. This is the result of a Collaborative Survey by National Bureau of Statistics (NBS) and SMEDAN of 2022. It was obtained from Kwara State Ministry of Commerce and it is the latest information the ministry has about the number of SMEs in the state. Therefore, the actual informants of study were 120owner-managers of these SMEs.

3.4 Sample/Sampling Technique

Sampling of the opinion has been drawn using simple random sampling method. The total population is 120 respondents. However, Krejcie & Morgan (1970) sampling techniques is used because it is the only method that gives the respondents equal chance of being selected and it is an unbiased technique. Therefore, to determine the sample size for the study. Krejcie & Morgan (1970) formula will be applied, the formular were described in the table below:

Table 1: Krejcie and Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note: — *N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

The Sample Size = 92

Sample size of the population is 92 and the researcher issue the same number of the questionnaire to the staff of the company to answer.

3.5 Method of Data Collection

This area covers sources of data used by the researcher while carrying out the study. The researcher used both primary source and secondary source of data.

Primary Source Data

Primary source data provided first hand information. The researcher sent questionnaires to the staffs of treasury department in West Local Government Area to collect data.

Secondary Source Data

Secondary data was drawn from text book, internet, library and annual report of Ilorin West Local Government Area.

3.6 RESEARCH INSTRUMENTS

The questionnaire Page 94 JMSE Vol. 20 (7) 2020 ISSN – 2370-9878 was divided into three sections, section A measures demographic information of the respondents which include age, sex, marital status, educational qualification e.t.c, while section B measures entrepreneurial characteristics in terms of risk taking, innovativeness and self-confidence and section C measures SME performance in terms of growth, profitability and market share. The items were measured on a 5 – point likert scale ranging from strongly agree (5) to strongly disagree (1). Primary and secondary data were used. Primary data was obtained with the aids of questionnaire. The use of questionnaire was employed to gather relevant information from the respondents. The secondary source was obtained from related journals and articles. **3.7**

Validity and Reliability of Instrument

The validity of the adapted instruments was obtained through the panel of two experts. They rated each scale item in terms of its relevance to the construct. The items were rated on 4-point ordinal scale: not relevant, somewhat relevant, quite relevant and highly relevant. Then, Content Validity Index (CVI) for each scale was computed as cited in Polit and Beck (2019) as follows: $CVI = \frac{\text{Number of items rated quite relevant and highly relevant in a construct}}{\text{Number of items in a construct}}$ All the items under entrepreneurial characteristics, were

rated quite relevant and highly relevant, therefore its CVI was 1.00. All the items of SMEs' performance were rated quite relevant and highly relevant; therefore, it has 1.00 CVI.

Therefore, all the scales met the minimum validity of 0.80 (Polit & Beck, 2019). The reliability of the questionnaire was obtained through a pilot study on a pilot sample. The reliability statistics using Cronbach Alpha during the pilot were: 0.726.

3.8 METHOD OF DATA ANALYSIS

Data was analyzed using inferential and descriptive statistics. The descriptive statistics involves frequency tables and percentages while the inferential statistics involves regression, analysis of variance (ANOVA) and multiple regression analysis.

CHAPTER FOUR

DATA PRESENTATIONS, ANALYSIS, AND DISCUSSION OF FINDINGS

4.0 Preamble

This chapter is focused on data presentations, analysis and interpretations of results based on the feedback gathered from respondents' responses during the study fieldwork exercise. Responses gathered from the respondents were screened and properly coded to ensure data entry accuracy and avoid missing data in excel format. Coded data was transferred to Stata and SPSS version 25 for descriptive and inferential statistical analysis. Descriptive statistics such as percentages, cumulative percentages, mean, and standard deviation were considered to analyse respondents' response rate.

Data Analysis Analysis Demographic Questions

In order to achieve the main purpose of this study, the researcher found it useful to find out the general information of the respondents. The general information of the respondents included gender, age, marital status, and education qualification.

TABLE 2: Demographic Characteristics of Respondents

Gender	Frequency	%
Male	66	57.9
Female	48	42.1
Total	114	100
Age	Frequency	%
20-30 years	12	10.5
30-40 years	56	49.1
40-50 years	21	18.4

50 and above	25	22.0
Total	114	100
Marital Status	Frequency	%
Single	89	78.1
Married	18	15.8
Divorced	7	6.1
Total	114	100
Educational Qualification	Frequency	%
WAEC	18	15.8
First Degree	19	16.7
Master's Degree	28	24.6
OTHERS	49	43.0
Total	114	100

Field Survey, 2024

The gender of the respondents was studied in order to ascertain the pattern of distribution of the respondents according to their gender. From the demographic characteristics of respondents, it is evident that male participants out-numbered their female counterparts. As many as 66 (57.9%) who participated in the study were males. While the female participants were 48 representing (42.1%). The age of the respondents shows that the participants are mature enough to give reasonable information to the research questions. The result reveals that only 12 of the respondents are in the bracket of 20-30 years, representing (10.5%). 56 respondents are between the ages of 30-40years representing (49.1%). 21 and 25 are between the ages of 40 to 50 years

and above representing (18.4%) and (22.0%) respectively. From the table 2 above it indicate that 89(78.1%) of the respondents are single, while 18(15.8%) are married. 7 of the respondents representing (6.1%) are a divorcee. From the findings, the majority of the respondents had attained academic qualifications commensurate with their job position implying that the businesses are led and managed by professionals. The result shows that 18, 19, 28, and 49 are holders of WEAC, First Degree, Masters Degree and others qualification respectively. Representing (15.8%), (16.7%), (24.6%), (43.0%) respectively.

Hypothesis Testing

Hypothesis one

Ho1: Risk-taking propensity has no significant relationship with the performance of small and medium-scale enterprise in Kwara state.

The result of regression as contained in Table 4.4: ANOVA, shows that the F-test was 19.573, significant at 1 percent [$p < .000$]. This showed that the model was well specified.

Table 4.4.4.1: ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	111.884	1	111.884	19.573	.000 ^b
Residual	1131.716	198	5.716		
Total	1243.600	199			

a. Dependent Variable: SME Development

b. Predictors: (Constant), Risk-taking

Source: Field Survey, 2024

Also, the result of regression as contained in Table 4.4.4.2: Model Summary, shows that the R Square gave a value of 34.0 percent. This means that the model (which includes Risk-taking) explained about 34.0 per cent of the variance in SME Development. The Durbin-Watson Statistic gives 2.762 coefficients which indicate that there is absence of serial correlation in the error terms of the model as such ruling out problems associated with spurious regressions.

4.4.4.2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1					
1	.449 ^a	.340	.290	.816	2.762

a. Predictors: (Constant), Risk-taking

b. Dependent Variable: SME Development

Source: Author's Field Survey, 2024

Specifically, the result of regression as contained in Table 4.4.4.3: Regression Coefficients, tests the hypothesis of this study. From the output below, there was a positive relationship between risk-taking and organizational SME Development such that a unit increase in risk-taking scores caused about .104-unit increase in SME Development scores which was statistically significant at 1 per cent with the aid of the p value (0.004). Based on the result, the null hypothesis is rejected; thus, there is a significant effect between risk-taking and SME Development.

Table 4.4.4.3: Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.646	1.200		11.372	.000
	Risk taking	.104	.062	.119	1.683	.004

a. Dependent Variable: SME Development

Source: Field Survey, 2024

Test of Hypothesis two

Ho2: Business strategies no significant role on performance of small and medium scale enterprise in kwara state

Standard multiple regression was used to explore the effect of entrepreneurial characteristics on SME Development. The result of regression as contained in Table 4.4: ANOVA, shows that the F-test was 50.446, significant at 1 percent [$p < .000$]. This showed that model was well specified.

Table 4.4.4.4: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.470	1	31.470	50.446	.000 ^b

Residual	123.519	198	.624		
Total	154.989	199			

a. Dependent Variable: SME Development

b. Predictors: (Constant), Innovativeness

Source: Field Survey, 2024

Also, the result of the regression as contained in Table 4.4.5: Model summary, shows that the R Square gave a value of 20.3 percent. This means that the model (which includes innovativeness) explained about 20.3 percent of the variance in SME Development.

Table 4.4.4.5: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.451 ^a	.203	.199	.790	1.078

a. Predictors: (Constant), innovativeness

b. Dependent Variable: SME Development

Source: Field Survey, 2024

Specifically, the result of regression as contained in Table 4.4.6. From the output below, there was a positive relationship between innovativeness and SME Development such that a unit increases in innovativeness caused about .489 unit rise in SME development scores which was statistically significant at 1 percent going by the p value (.000). Based on the result, the null hypothesis is rejected, thus, there is significant impact of innovativeness on SME Development.

Table 4.4.4.6: Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.623	.254		6.393	.000
SME Development	.489	.069	.451	7.103	.000

a. Dependent Variable: SME Development

Source: Field Survey, 2024

Test of Hypothesis three

Ho3: There is no significant relationship between self-confidence and performance of small and medium-scale enterprise in Kwara state

Standard multiple regression was used to explore the effect of self-confidence on SME Development. The result of regression as contained in Table 4.4.7: ANOVA, shows that the F-test was 13.340, significant at 1 percent [$p < .000$]. This showed that model was well specified.

Table 4.4.4.7: ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	211.057	1	211.057	13.340	.000 ^b
Residual	3132.543	198	15.821		
Total	3343.600	199			

a. Dependent Variable: SME Development

b. Predictors: (Constant), self-confidence

Source: Field Survey, 2024

Also, the result of regression as contained in Table 4.4.8: Model Summary, shows that the R Square gave a value of 40.8 per cent. This means that the model (which includes self-confidence) explained about 40.8 per cent of the variance in SME Development. The Durbin-Watson Statistic gives 2.674 co-efficient which indicates that there is absence of serial correlation in the error terms of the model as such ruling out problems associated with spurious regressions

Table 4.4.4.8: Model Summary^b

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1					
1	.689 ^a	.408	.403	.818	2.674

a. Predictors: (Constant), Self-confidence

b. Dependent Variable: SME Development

Source: Field Survey, 2024

More importantly, the result of regression as contained in Table 4.4.9: From the output below, there was a positive relationship between self-confidence and SME Development such that a unit increase in self-confidence scores caused about .298-unit increase in SME Development scores

which was statistically significant at 1 per cent with the aid of the p value (0.004). Based on the result, the null hypothesis is rejected; thus, Self-confidence has significant impact on SME Development.

Table 4.4.4.9: Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.036	.237		12.836	.000
Self-confidence	.298	.078	.089	3.820	.004

a. Dependent Variable: SME Development

Source: Field Survey, 2024

4.4 Discussion of Findings

This section reports the discussion of findings based on the outcomes of the results from data analysis presented in the previous section. The discussion is reported in line with the research objectives, formulated research questions and hypotheses drawn from the problem statement.

The outcome of the regression coefficient between the two constructs revealed a statistically positive and significant association between business strategies the development of small and medium scale enterprises in Kwara State. This result offers solutions to the research question one and three which investigate the effect of entrepreneurial characteristics on SME Development, determine the effect of risk-taking on SME Development and examine the effect of innovativeness on SME Development. This was indicated in the correlation matrix Table 4.16 that showed that the relationship between the two constructs stands at ($r^2 = 0.6453$, $P < 0.000$).

The outcome of the regression coefficient between the two constructs revealed a statistically positive and significant association between business strategies SMEs Development. This result offers solutions to the research question three which examine the effect of self-confidence on SMEs Development and this was indicated in the correlation matrix Table 4.16 that showed that the relationship between the two constructs stands at ($r^2 = 0.7147$, $P < 0.000$).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of research findings on response rate, the general background information, the statistical analysis of specific objectives/research hypotheses. The conclusions and recommendations relating to specific objectives as well as suggestions for further research are highlighted.

5.2 Summary of Findings

Small and medium scale enterprises have been found to contribute immensely to the development of nation's economy. Therefore, the main objective of this research was to establish the effect of entrepreneurial characteristics on SMEs Development in Kwara State, Nigeria. The study was guided by three specific objectives; to determine the effect of risk-taking, innovativeness and self-confidence on SMEs Development in Kwara State. The study adopted descriptive survey design as it has maximum reliability and protection to reduce the possibility of personal bias.

Thus, The results of the study show that business strategy has a positive impact on the process, product, and organizational innovations of the manufacturing SMEs in emerging markets. These findings are consistent with the results of previous researchers where they argued that strategy has the the key and integral element of business innovations (Latifah et al., 2020; Clark, 2010), and improves overall business performances (Isichei et al., 2020). In terms of the positive influence of process innovation on SME performances, the findings of this study reveal that process innovation positively influences the market and financial performances of the manufacturing SMEs. This is in line with the findings of Atalay et al. (2013), where authors have emphasized the role of process innovation in business performances. They further suggested that implementation of the new process in businesses would improve production and add value to the firm's capacity. Product innovation has also a positive influence on the firm market and financial

performance, and this is consistent with the findings of Mabenge et al. (2020) and Hassan et al. (2013). The authors argued that incremental improvements in product designs improve market and financial performances. Therefore, it is suggested that the firm focus on product improvements through research and development and fulfill the customers' need for better business performances. In addition to this, the results revealed that organizational innovation has a positive influence on the market performance of the firm which matches the results of (Mabenge et al., 2020; Gault, 2018). The authors posited that executing better practices lead to employees' satisfaction and improve their performance which has a positive impact on market performances. However, the positive impact of organizational innovation on financial performance was insignificant which is consistent with the findings of Mabenge et al. (2020). Structural organizational changes and the development of employees would improve financial performance because interconnection among departments would smooth the process of the transaction and reduce administrative costs and improve the profitability of the organization.

5.3 Conclusion

The strategies of the businesses are the most important part of organizational success (Latifah et al., 2020). Further, researchers argued that differentiation strategy with effective implementation significantly improves SMEs' performances. Therefore, understanding the impact of differentiation strategy on different types of innovation in SMEs is essential as it would eventually improve the financial and market performances of the firms. This study analyzed the effect of differentiation strategy and innovations' impact on business performances. Overall, the variance explained by the independent variables on dependent was very good, and the predictive power of the model was moderate to high signify the effectiveness of this study model. Therefore, the results of this study are relevant and important for emerging markets. The findings of the study emphasize the importance of internal organizational resources to compete in the dynamic environment of business. The results outline that differentiation strategy, process, product innovations are vital to excel firm performances. However, it is suggested to improve organizational capacity and implement new ideas to improve financial performances. The SME in emerging markets need to maintain high work ethics that would accelerate performances.

5.4 Recommendations

Arising from the findings of this study, the following recommendations are made. Entrepreneurial characteristics should be enhanced as a means of nurturing SMEs performance and long- term survival. Because most SMEs are totally dependent on the entrepreneur at first, success is linked on his/her attributes and thinking styles. Moreover, in order for entrepreneurs to develop characteristics such as innovation, self-reliance and risk taking, they must engage in reading books in a variety of fields; joining professional groups; attending professional meetings and seminars and devote time to pursue natural curiosities. This is because successful creations are generally led by information gathering.

5.5 Suggestions for Further Research

Due to COVID-19 and the restriction to face-to-face interviews, researchers have used an online platform for the collection of quantitative data. Future researchers can consider the option of face-to-face in-depth interviews for the qualitative data to better understand employees' tendency towards innovation and business performances.

5.6 Limitation

This study has contributed to the literature of resource-based view theory and business strategy. Although the study has presented a novel model that improves business performances, it has, however, some limitations. First, the study has taken differentiation strategy as business strategy; many other strategies could potentially improve the business performances such as low-cost strategy, and porter strategy dimensions. In the future, the studies can include two to three aspects of strategy and simultaneously analyze the impact on business performances. Another limitation is related to the data collected only from manufacturing firms in Thailand, future researchers can include the data from other sectors for a better understanding of SME performances in emerging markets.

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