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Effect of Entrepreneurial Roles on Performance of SMEs: The Nigeria Human Resource Perspective

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Abstract---*This study was designed to look at Effect of Entrepreneurial Roles on Performance of SMEs. The Nigeria Perspective. Two research questions were raised to guide the study while two null hypotheses were tested at 0.05 level of significance. The study adopted the descriptive survey design. A sample of 27 out of 127 firms was picked in Delta State which was used for the study. Data was collected for the study through the administration of validated questionnaire on the respondents. T-test and mean deviation was used. The mean statistics was used to answer the research questions. The findings of the study revealed that organisations are not doing badly. Empowerment and Autonomy of should be encouraged for staff and organisations. Also proactiveness in the market that will make the organizations market players. The implications of the findings have been discussed and conclusion drawn. Relevant recommendations were made towards the improvement female participation and adequate entrepreneurial orientation towards developing the human resource of the organization under the Nigerian perspective.*

Keywords---*effect, entrepreneurial roles, performance, SMEs and Nigeria perspective.*

1 Introduction

The importance of small and medium enterprises plays a central role in the process in which organization must effectively manage the state of being dependent in order to acquire and maintain critical resources paying particular attention to entrepreneurial orientation. This is seen as a process reflected in recurring organizational performance (Covin & Slevin 1991), rather than the actions of individuals possessing certain attributes or characteristics. From a nation's standpoint, entrepreneurship is seen as a source of employment, innovation and this contributes to the economic development of a nation. Even developed countries such as the United States of America recognizes the importance of entrepreneurship and declared February 24 to March 3, of 2007 as Entrepreneur Week. In general, entrepreneurship boosts the economic development of a nation by increasing per capita output and income of a territory.

Entrepreneurial orientation is an important factor for a firm's success (Wang, 2008; Anthony et al., 2019) and it has been conceived as the process decision making activities are used by entrepreneurs that leads to entry and support of business activities (Lumpkin & Des, 2001; Kroop Lindsay & Sholam, 2006). Entrepreneurial Orientation has also been conceived as comprising three successful and thriving dimensions namely innovativeness, risk-taking and pro-activeness (Naman & Slevin, 1993). However, not all business start-ups were successful and managed to survive into the future. This study aims to understand how entrepreneurial roles affects the performance of SMEs in Nigeria. The result of this study can serve as a reference for relevant parties to better align their efforts in enhancing their entrepreneurial performance

Statement of Problem

The problem on the performance of small and medium enterprises has been the major issues of entrepreneurship scholars. A lot of attempts have been made in the past by entrepreneurial orientation and environmental factors researchers to find out a lasting solution of how entrepreneurial orientation could positively influence small business performance, rely solely on this main effect and relationship that provides an incomplete understanding of small business performance.

As a further effort towards resolving this problem, a greater understanding is gained by the consideration of entrepreneurial orientation access to capital and environmental dynamism. The small and medium scale businesses face performance challenges, if they have a high entrepreneurial orientation, apparently, a high entrepreneurial orientation provides businesses the ability to find or discover new opportunities that can differentiate them from other firms and create a competitive advantage.

Also the problem of determination of an appropriate procedure for selection of good projects becomes one of the cause of less performance of small and medium enterprise, it is important to note that for small and medium enterprise to perform effectively in the attainment of their objectives they must select and invest only in viable projects.

Objective of the Study

- 1) To determine the influence of management / managerial capacity in the development and growth of small and medium enterprises in Nigeria.
- 2) To identify the major constraint between access to finance and managerial capacity in the development and growth of small and medium enterprises in the country.

Research Questions

- 1) To what extent do entrepreneurial orientation dimension of proactiveness, innovativeness and risk-taking demonstrated by manufacturing small and medium enterprises in Nigeria.
- 2) To what extend do entrepreneurial orientation dimension of proactiveness, innovativeness and risk-taking impact business performances of the manufacturing small and medium enterprises in Nigeria.

Hypotheses

- Ho₁: Entrepreneurial orientation does not improve performance of small and medium enterprises (SME).
Ho₂: Environmental factors do not have effect on small and medium enterprises (S.M.E).

Literature Review

An Overview of Entrepreneurial Orientation

Entrepreneurial orientation according to Lumpkin and Gregory refers to the processes, practices and decision making activities that lead to new entry (Lumpkin & Des, 1996; Ogunsiji & Ladanu (2017). The term entrepreneurial orientation is used to refer to the set of personal psychological traits, values, attributes and attitudes strongly associated with a motivation to engage in entrepreneurial activities (McClelland, 1992; Dunkelberg & Cooper 1982; Timmons, 1978). Entrepreneurial orientation is a firm level construct (Covin & Slevin, 1991), that is closely linked to strategic management and the strategic decision making process (Birkinshaw, 1997; Burgelman, 1993).

A major development in the literature has been on the conceptual model of entrepreneurship as a firm's behavior. Miller (1983), provided a useful starting point. He saw entrepreneurial orientation as a combination of risk-taking, innovation and Proactiveness. He suggested that an entrepreneurial firm is one that engages in product market innovations, undertakes somewhat risky ventures and is first to formulate proactive innovation, beating competitors to the punch.

Covin & Slevin (1991), also advocate the use of risk-taking, innovation and pro-activeness as the key dimensions of entrepreneurship. However, they refer to these as entrepreneurial posture. These authors believe that firms with such entrepreneurial postures are willing to take on high risk projects with chances of very high returns and are bold and aggressive in pursuing opportunities. A recent study by Wiklund (1998), found that there is a strong link between entrepreneurial orientation and entrepreneurial behavior. Therefore an organization with entrepreneurial orientation could thus be defined as an entrepreneurial organization.

Previous measures of a firm's entrepreneurial orientation have concluded pro-activeness in the pursuit of new business opportunities, risk-taking propensity and innovativeness (Kropp *et al.*, 2004). Many scholars have described

a fairly consistent set of related activities or processes (Wiklund & Shepherd, 2003), such processes incorporate a wide variety of activities including a firm's strategies decision making styles that firms uses to act entrepreneurially (Lumpkin & Dess, 1996). There is a positive association among risk-taking and other aspects of entrepreneurial behavior. (Wiklund, Feese & Lumpkin, 2004).

Proactiveness and SME Performance

Proactiveness is the opportunity-seeking, forward-looking perspective that involves introducing new products or services and acting in anticipation of future demand. Lumpkin & Des (1997), describe proactiveness as a response to opportunities and competitive aggressiveness as responsive to threats, proactiveness involves a wide variety of activities including identifying opportunities and market trends assessing the strengths and weakness of opportunities and forming teams capable of exploiting them Kropp *et al.*, (2004), it implies a willingness to participate in emerging markets and acting opportunistically. Although entrepreneurs are predisposed to the formation of business ventures to pursue specific objectives (Kouriloff, 2000), they still need to be proactive in seeking out an attractive niche and creating the necessary resources to facilitate new entry (Lumpkin & Des, 2001).

Entrepreneurs need to develop a vision and determine way to combine previously unidentified components to capitalize on the perceived a business opportunity (Bird, 1989; Lumpkin & Des, 2001), found that proactiveness was more important to firms in the early stages of industry development than in more mature industries. This is of particular interest to technological entrepreneurs who are often operating in the early stages of an industry. As proactiveness firms are forward looking and willing to embrace assistance in bringing forth their innovations.

Innovativeness and SME Performance

The concept of innovativeness comes from and reflects a firm's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products services and technological processes (Lumpkin & Des, 1996) Innovativeness includes fostering a spirit of creativity, supporting research and development and experimentation, developing new processes, introducing new products or services and technological leadership (Lumpkin & Des, 2001; Lumpkin, 2002).

Entrepreneurial organization that are innovative are often the first to market new product offerings (Covin & Slevin 2001), innovativeness can span a continuum from a willingness to make a marginal improvement to a major commitment to be a technological leader (Lumpkin & Des, 1996) innovation can be thought of as applied creativity, similarly it is the tendency to support new ideas, experimentation and creative processes. (Bolton & Thompson, 2013), also associate innovation closely creativity, however they suggest that it must be linked to entrepreneurship if the innovation is to become a commercial opportunity to be exploited.

Risk Behaviour and SME Performance

Although there are many ways of conceptualizing risk (Folani & Mullins, 2000), examine entrepreneurs' perception of risk as the uncertainty and potential losses associated with the outcomes which may follow from a given set of behaviours specifically, aspects of strategic risk may include venturing into new and unknown territory, committing a relatively large share of assets and significant borrowing.

Entrepreneurs generally accept that entrepreneurship involves risk-taking and are willing to take risks in return for potential rewards. Arguably entrepreneurs would prefer to lower the risk aspect of the risk return equation. As the Small business innovation research programme provides funds to explore technologies and develop proto-types by its nature, the small business innovation research programme also helps lower exposure to financial risks. Risk taking is associated with a willingness to commit more resources to project where the cost of failure may be high (Miller & Friesen 1982). It also implies committing resources to projects where the outcomes are unknown. It largely reflects that the company is willing to break away from the tried / true and venture into the unknown.

Challenges of Small & Medium Enterprises in Nigeria

Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable development in developing economies. They are labour intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century. They are also perceived as the key to Nigeria's economic growth, poverty alleviation and employment generation. But their unimpressive performance in

employment generation in recent years has generated a lot of research interests on their challenges and prospects. After Nigeria's independence in 1960, much emphasis has been laid on the growth of small and medium scale industries as a means of reducing the incidence of poverty and unemployment in the country. Since the adoption of the economic reform programme in 1986, there has been a decisive shift from grandiose, capital intensive and large scale industrial projects based on import substitution to small scale industries with immense potentials for developing domestic linkages for sustainable industrial development.

Empirical Reviews

Olowu & Aliyu (2015), did a study on to examine the impact of managerial skills on SSBs performance in Bauchi state of Nigeria aimed at the hidden factor responsible for this deficient performance maybe lack of managerial skills on the part of their proprietors. Questionnaire technic was used to collect data from 58 SSBs in the state and analyzed using simple linear regression to test the hypothesis on the relationship between the two variables. The study found that managerial skills have significant impact on SSBs performance. The study concluded that inadequate managerial skills are factors militating against SSBs performance and recommended that government, Non-Government Organizations and SSB owners' unions should provide adequate training and development programmes to improve the managerial skills of SSB owners and their management.

Ajayi & Jegede (2014), did a study on the Constraints of Small and Medium Scale Enterprises in Lagos state Nigeria with a view to examining the major factors militating against the performance of the micro-small and medium enterprises subsector to the Lagos State Economy and recommended solutions to make the sub-sector strong and vibrant in order to play the crucial role in Lagos State economy growth and development. A total of 400 SMEs were randomly selected from a cross section of a population of 1600 SMEs spread among all the local governments of Lagos State, Nigeria and covering all forms (partnership sole proprietorship public and private limited and unlimited companies and kinds (Banlema Manufacturing 0.12 Gas services, Educational etc) of business took part in the study. The results of the study indicate that SMEs have performed below expectation due to a combination of problems which ranges from financial constraint, attitude and habits of SMEs themselves through frequent policy hanges and somersault government instability and Environmental related factor. The paper concluded that government should take a practical radical approach and focus on addressing the identified problems the availability of managerial capacity of SMEs in Ibadan, Oyo State, Nigeria.

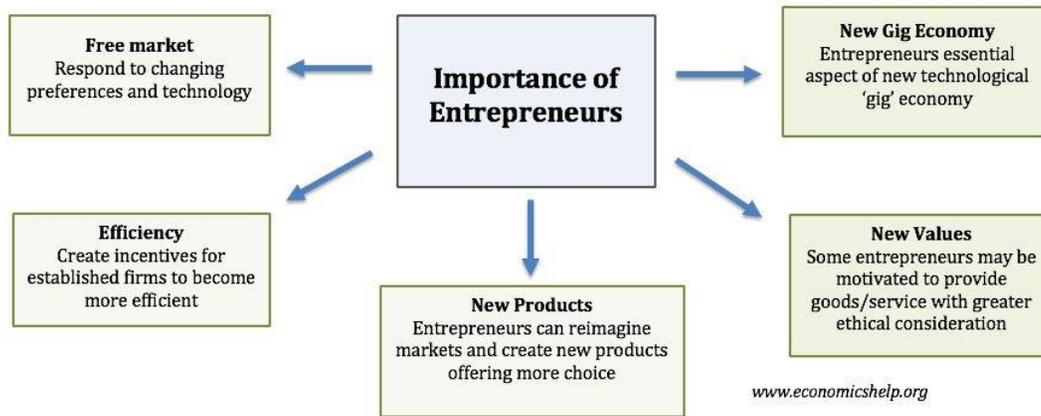
Role of the Small Medium Enterprises Sub-Sector in Economic Development

A review of historical experience of economic growth and development in various countries is replete with success stories of the salutary effect and positive impact and contributions of Small and Medium Enterprises (SMEs) in industrial developments, technological innovations and exports promotion. The industrial revolution of 1760-1850 represents a good testimony of the inherent innovative spirit of Small and Medium Enterprises (SMEs) which are increasingly challenged in the present century particularly after winds of economic charge cum technological innovations and industrial liberalization, have swept various economies of the world. These challenges notwithstanding, Small and Medium Enterprises (SMEs) have remained as much important and relevant economic catalysts in industrialized countries as they are in the developing world. In many developed countries, more than 90% of all enterprises are within the Small and Medium Enterprises (SMEs) sub-sector while 80% of the total industrial labour force in Japan, 50% in Germany and 46% in USA, small business contribute nearly 39% of the country's national income. Comparable figures in many other developed countries are even higher.

Studies have indicated that the sustenance of interest in Small and Medium Enterprises (SMEs) in the development economies is due to technological as well as social reasons more so as those economies are currently driven by knowledge, skill and technology as opposed to material and energy-intensiveness.

This is also a result of a model shift to new processes of manufacturing that are based on flexible systems and processes of production driven by sophisticated software on robust hardware platforms. The social reasons include the need for generation of more employment and poverty reduction through self-employment ventures and decentralized work centers though it is difficult to obtain exact and comparable figures on Small and Medium Enterprises (SMEs) for developing countries, it is obvious that the role of Small and Medium Enterprises (SMEs) is equally important in the economies of developing and developed countries alike.

Small and Medium Enterprises (SMEs) in developing countries and countries with economies in transition are regarded as the engine of economic growth, they face enormous challenges in attracting investors and accessing modern technology (Shokan, 1997).

Model Specification

Source: www.economicshelp.org

The diagram topic is hinged on the model above and explained as below;

Free market evolution. Key to market here are Entrepreneurs as they drive and adapt to all market changes and developments.

Efficiency improvements. Established business helps the entrepreneur to make income and drive profit.

Dynamic efficiency. Entrepreneurs can make radical changes and introduce new technologies which significantly move on an industry.

New markets. Entrepreneurs can frequently 'redefine the rules' of industries that are established.

New Gig economy. Entrepreneurs drive new technology which is learnt by them for enhanced opportunities.

New values. Entrepreneurship transcends beyond income and expenditure, ethics of product and services is also very key for consumers in the local communities.

Thus entrepreneurs initiate and promote businesses that are new which brings about input and output cost analysis for the growth of business.

2 Methodology

The study was a survey. A sample of 27 firms was drawn from a list of 150 small and medium enterprises in Asaba metropolis. A cluster sampling technique was employed in drawing responding firms, clusters were created on spatial basis accordingly on firms located along the Nnebisi Road axis of Asaba and the Benin-Asaba high way were also included in the study. Performance was measured with 4 items on a scale of 1 for horrible to 7 for excellent type indicators. The data collected from this study was processed and analysed using the descriptive analysis and inferential analysis (t-test).

3 Results

3.1 Performance of Small Enterprises

The self-reported perception of firm performance is given below.

Table 1
The self-reported perception of firm performance

Performance Items	Scale Points							
	1	2	3	4	5	6	7	X
Sales Growth	1	0	0	2	11	10	3	5.37
Market Share	0	0	1	7	13	3	3	5
Profitability	0	1	3	1	14	4	4	5.07
Overall Performance	0	0	1	1	11	11	2	5.46
1 – Horrible 6 – Very	2 – very poor		3 – Poor 4 – Undecided			5 – Good		
	7 – Excellent							

The perceived performance of the firm suggested that on the average the firms are not doing badly. Performance is highest in overall performance which is 5.46 followed by sales growth which is 5.37 and profitability is 5.07 and the lowest is market share which is 5.

Specifically, overall performance is perceived to be very good, sales to be good, profitability to be good and also market to be good.

3.2 Entrepreneurial Orientation and Firm Performance

The self-reported perception of entrepreneurial orientation and firm performance is given in the table below.

Table 2
The self-reported perception of entrepreneurial orientation and firm performance

Autonomy Items	Scale Points							
	1	2	3	4	5	6	7	X
Independent action by an individual aimed at bringing forth a business	1	3	0	1	11	4	5	5
Concept and carrying it to completion	0	0	3	4	9	6	3	5.08
Relative freedom from organizational constraints	0	2	3	5	8	7	1	4.69
Empowerment to act without a cumbersome process	0	1	6	1	12	3	3	4.73
1 – Definitely Disagree 5 – Agree	2 – Strongly Disagree		3 – Disagree			4 – Undecided		
	6 – Strongly agree		7 – Definitely Agree					

The entrepreneurial orientation on firm performance indicates that on the average the firms are not doing badly. Autonomy is highest concept and carrying it to completion to be agree followed by independent action by an individual aimed at bringing forth a business to be agree also empowerment to act without a cumbersome progress to be undecided and lowest to relative freedom from organizational constraints to be undecided.

Table 3
Proactiveness and Firm Performance

Proactiveness	Scale Points							
	1	2	3	4	5	6	7	X
Ability to anticipate future consumer demands and needs	0	0	3	2	8	7	7	5.48
Identify opportunities to meet future consumer needs	0	0	2	1	9	6	9	5.70
Assessing the strength and weakness of opportunities.	1	1	3	0	11	7	4	5.07
Seeking out niche market compared to competitions	0	1	3	3	11	5	3	5.11

1 – Definitely Disagree
5 – Agree

2 – Strongly Disagree
6 – Strongly agree

3 – Disagree
7 – Definitely Agree

4 – Undecided

The entrepreneurial orientation on firm performance by Proactiveness suggests that on the average the firms are not doing badly. Proactiveness is highest in identity opportunities to meet future consumer needs, to be agree also seeking out niche market compared to competitors, to be agree and the lowest is relative freedom from organizational constraints to be agree.

Conclusion and Recommendations

Based on the study, less consistent findings have been demonstrated for small and medium enterprises performance, the investigation of their performance shows that entrepreneurial orientation affects small and medium scale business performance, although majority of the findings were concerned with the attributes of autonomy, innovativeness, proactiveness, risk taking and environmental factors indicates a positive relationship with performance. Having examined the findings, the following recommendations would be imperative for the growth of small and medium enterprises.

- 1) Hence majority of the respondents were male it shows that less female are participating in small and medium scale firm as a result of environmental factors. Therefore, government should assist tremendously to harmonize these factors in order to encourage female participation in the firm.
- 2) Adequate entrepreneurial orientation must be intensify by both firm and government to encourage the growth of small and medium scale firm.

To ensure the continuous performance of small and medium enterprises, innovation, pro-activeness, risk-taking and competitive aggressiveness must be sustained.

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