

Perceived Impact Of Entrepreneurship On The Performance Of Small And Medium Enterprises (SMEs) In Nigeria

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ABSTRACT

The study examines the impact of entrepreneurship on the performance of SMEs in Nigeria to achieve the aim of the study the following research objectives and hypotheses were formulated these include; (i)To determine the impact of entrepreneurship on the performance of SMEs in Nigeria. (ii)To evaluate the nonperformance of SMEs in Nigeria (iii)To Examine the extent to which Entrepreneurship influence performance of SMEs in Nigeria and H₀: there is no positive and significant relationship between entrepreneurship and performance of SMEs H₁: there is a positive and significant relationship between entrepreneurship and performance of SMEs. the research method adopted for the study was quantitative approach through survey questionnaire with five point Likert scale structure with twelve items questions distributed to 15 respondents who filled all the questionnaires and return 100%. The responses and analysis revealed that there is positive and significant relationship between entrepreneurship and performance of SMEs in Nigeria

Keywords: Entrepreneurship, Performance of SMEs and Nigeria

INTRODUCTION

Entrepreneurship has long been viewed as an engine that drives innovation and promotes economic development and intensifying global competition, increasing interdependence, rapid technology development, unstable environments, and many other factors have highlighted the need for organizations to become more entrepreneurial in order to survive and prosper in the market. An organization's survival and success require continuous organizational renewal, innovation, risk-taking, and pro-activeness –the dimensions of entrepreneurial orientation (Lumpkin & Dess, 2001; Rauch et al., 2009).

Entrepreneurship role has significant influence on the capacity of firm performance particularly in the third world countries like Nigeria. More so for small and medium businesses operating under globalization and internationalization and locally. Globalization results in expanded markets, characterized by increased number of competition from producer or service providers, and reducing market size. This global competition, increasing interdependence, rapid technology development, unstable environments, and many other factors exerts greater pressure on small and medium enterprises accustomed to operating under a domestic market set-up. To overcome the challenges associated with globalization, literatures have recommended that enterprises must adopt entrepreneurship role as a solution

to the challenges created by globalization. It is on this basis that this study sought to determine the influence of entrepreneurship on the performance of small and medium enterprises in Nigeria. The study sought to answer the question of what shaped SMEs performance in a developing country context like Nigeria and to answer the question of what contributed to performance for SMEs

Statement of Research Problems

There is a high failure of SMEs in Nigeria several factors have been attributed to the cause of the failure. In attempts to find out the actual causes of nonperformance of SMEs has attracted a lots research, some findings revealed that most SMEs lack entrepreneurial capacity hence they err in their daily operations which results to failure in the entire process of achieving the organizational goal. In another vein some SMEs owners believed that they are already some entrepreneurs hence they require no expertise in entrepreneurship to facilitate their businesses. This study sought to examine the perceived impact of entrepreneurship on the performance of SMEs in Nigeria for obvious reasons of either to expand on the previous findings that nonperformance of SMEs in Nigeria is as a result of lack of entrepreneurship expertise or to refute or validate the findings.

Objectives of the Study

The following for research objectives were formulated;

- i. To determine the impact of entrepreneurship on the performance of SMEs in Nigeria.
- ii. To evaluate the nonperformance of SMEs in Nigeria
- iii. To Examine the extent to which Entrepreneurship influence performance of SMEs in Nigeria

Research Questions and Hypotheses

- i. What is the impact entrepreneurship on SMEs performance in Nigeria?
- ii. What are the causes of nonperformance of SMEs in Nigeria?
- iii. To what extent do Entrepreneurship influence performance of SMEs in Nigeria

Hypotheses

H₀: there is no positive and significant relationship between entrepreneurship and performance of SMEs

H₁: there is a positive and significant relationship between entrepreneurship and performance of SMEs

Significance of the Study.

Contribution to the pool of knowledge

the study will bridge the gap in literature on the role of entrepreneurship based knowledge and the assumption of having similar knowledge by mere running and SMEs. That entrepreneurship goes beyond starting a business and making profits but it involves the abilities to understand the environment, creativity, networking, cultural acceptability, perseverance and building business.

Contribution to Practice

The findings of the study will serve as a guide to owners and management of SMEs to understand that they require entrepreneurship abilities to excel in their SMEs. Hence acquiring entrepreneurship skills will be key.

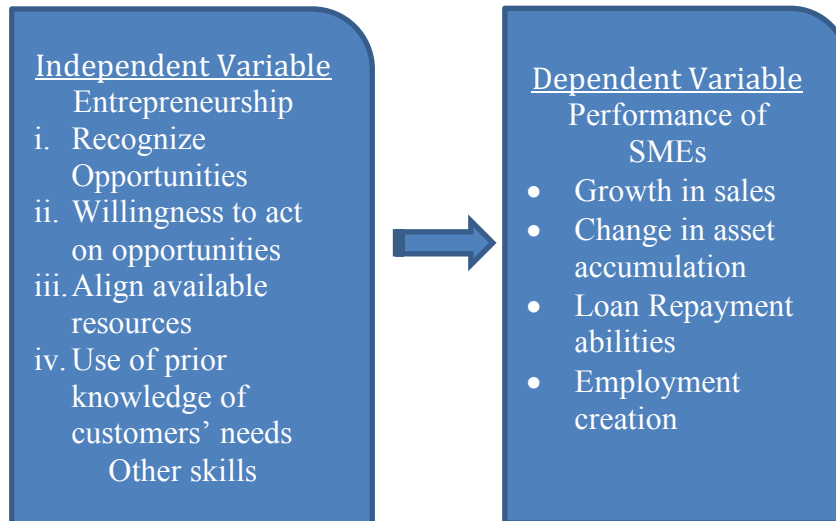
Contribution to Research

The findings will invalidate, validate or moderate the findings of similar research undertaken hitherto the problem.

LITERATURE REVIEW

Conceptual Framework

Figure 2.1 Conceptual Framework



Researcher's Approach 2019

Figure 2.1, Entrepreneurship influence performance of SMEs. The entrepreneurship skills are expected to result in change in performance of entrepreneurial activities including growth in sales, improvement in asset accumulation, change in income level, improvement in local employment and smooth repayment of loans acquired specifically to improve the business. In this relationship, the entrepreneurship skills have been found to have impact on growth and performance of the enterprise (Chou 2012; Gakure *et al.*, 2013; Agbim, 2013).

Other independent variables include management skills and amount of credit advanced to SMEs for start-up or expansion (Agbim, 2013). The entrepreneurship skills which have effect on the growth and performance of the enterprise are conceptualized as the independent variables while entrepreneurial growth and performance activities are dependent variable. Also there are intervening variables such as government policies on SMEs, Economic climate of the area and culture of the area which have a moderating influence on the impact of various entrepreneurship skills on entrepreneurial activities.

Entrepreneurship

Entrepreneurship is taken to be characterized by certain processes or characteristics related to the pursuit of opportunity, associated with individuals or enterprises:

According to Stevenson and Jarillo (1990), conceptions of entrepreneurship might be considered to be bounded by three dimensions that relate to three questions: the "why", the "how" and the "what", relating to psychology and sociology, management, and economics respectively.

Timmons' Model of Entrepreneurship

Timmons (2008) described different components of entrepreneurship and named them entrepreneurial processes. His model emphasizes three entrepreneurial components which are Opportunity, Resource and the Team. Each component is discussed next.

Opportunity

Where there are more imperfect markets there will be more opportunities to exploit. This is according to Timmons (2008), "The greater the rate of change, the discontinuities and the chaos, the greater is the opportunity." Entrepreneur will have more room to exploit prevailing opportunities. So the important task is to search for those opportunities and capitalize on them. This is a core characteristic of an entrepreneur that he/she should be opportunistic in orientation.

Resources

Resources are not always first priority to an entrepreneur. Innovative business idea is at top of his/her priority list. No doubt, new business always needs lots of resources but if there will be no business idea then this money is useless (Riesman, 2004). According Schumpeter (Riesman, 2004), an entrepreneur has the strength to stand up and resist if he/she feels any problem even in the form of resources. If an entrepreneur has a problem to access financial resources from a bank, then he/she may have capabilities to seek alternative ways to access resources.

Team

Team in a firm always stand firm with organizational objective (Riesman, 2004). It is also a core characteristic of an entrepreneur and an important factor of entrepreneurship. The entrepreneur should make up a team and utilize team strengths to achieve firm's overall objective. This is teamwork which works well during periods of uncertainty. Teamwork provides solidarity in times of adversity. In summary, various authors have different approaches on entrepreneurship and the entrepreneur. This may be due to their research and the environment in which they worked or are working. Each provides ways of explaining entrepreneurship. In general, innovation, risk taking and creativity are essential parts of theories of entrepreneurship.

Small and Medium Enterprises

The term 'small and medium enterprises' describes group of business organizations that are especially heterogeneous as they embrace a broad varied forms ranging from hotels, manufacturing industries, agriculture, restaurants, computer software firms and small machine shops among many others (Asaolu, Oladoyin, & Oladele, 2005). According to OCED (2004), the sole aim of the introduction of the concept small and medium enterprises into development scenery was to perk up trade and industrialization in the today developed nations. The small and medium enterprise definitions are drawn from each country based on the policies, agencies, programs and institutions, and the role of SMEs in the economy (Abdullah, 2000; Etuk, Etuk & Baghebo, 2014).

Accordingly, in Japan, small and medium enterprises are defined in terms of main activity, paid up capital and number of paid employees. For example, in the retail and service trade, paid up capital is up to 10 million Yen, and a maximum of 50 employees (Bandera and Mbilinyi, 1999). Likewise, according to Nigeria SME is seen by Small and Medium Industry Equity Investment Scheme (SMIEIS) businesses with total capital between #1.5million and #200million, with working capital included and the cost of land excluded; employees not less than 10 or not more than 300.

Its development functions include:

- (i) To help general employment by using more labor in relation to capital invested.
- (ii) To act as seed for developing entrepreneurial talent.
- (iii) To operate in less populated areas with limited markets and poor infrastructure.
- (iv) To be able to start ventures with limited resources.

- (v) To provide facilities for people with varying levels of education in both management and technical skills.
- (vi) To supply low cost items for the poor and in certain circumstances, high cost quality products for export.
- (vii) To enable entrepreneurs to weather recession, material shortage and market changes because of their flexibility.

Concept of Business Performance

According to Ogutu (2010), performance is defined in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and increasing empirical and conceptual investigation in the small business literature (Bidzakin, 2009). The issues that remain unresolved are the goals against which performance should be assessed and from whose perspective the goals should be established (Etzioni, 1998).

Alasadi and Abdelrahim (2007) in their study, state that ‘The most commonly adopted definition of success (good performance) is financial growth with adequate profits.’ Other definitions of success (good performance) are equally applicable. For example, some entrepreneurs regard success (good performance) as the job satisfaction they derive from achieving desired goals

RESEARCH METHODOLOGY

Research Approach

The approach for this study employed the use of quantitative paradigm with the aid of survey questionnaires with five point Likert scale. It was also based on a cross-sectional design because the data on all the relevant variables was collected at one time, the study followed the cross-sectional design approach, and the methods and procedures comprised descriptive research (O’Sullivan, Rassel & Berner, 1989). The cross-sectional design approach is particularly suited for research that either involves the gathering of information about people’s attitudes and behavior or that answers questions across a variety of settings (Richardson et al., 2009). Convenient sampling was adopted to select ten SMEs in Jalingo, Taraba state who served as respondents to the study.

DATA ANALYSIS

Introduction

data analysis obtained from respondents has been established that the main purpose of the study was to examine the correlation that exists between the independent variable (Entrepreneurship) and the dependent variables (performance of SMEs). The study also aimed at achieving the research objectives, to verify the null and alternative hypotheses stated in 1.3 above.

The subsection also shows the reliability tests that were done on the research instruments using Cronbach’s alpha. Descriptive analysis generated by SPSS Version 20 was used to describe the profile of respondents, including their age, gender, working experience and education level. The statistical analysis included regression analysis which was used to determine the relation between the variables mentioned above.

The data collected was through questionnaires. A total of 15 questionnaires were distributed to 10 owners of SMEs in Jalingo metropolis in Nigeria. All 15 questionnaires were successfully completed and returned, representing 100 percent of the total questionnaires administered. Table 4.0 below summarizes the survey response.

Table 4.0 Survey response

Description	Quantity	No of respondents
No of questionnaires administered	15	15
No of questionnaires filled and returned	15	15
Responses rate	100%	

Researcher's Approach 2019**4.1 Reliability Test of Instrument
Case Processing Summary**

		N	%
Cases	Valid	15	100.0
	Excluded ^a	0	.0
	Total	15	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.614	12

Reliability is the degree to which measures are free from error and therefore yield consistent results (Zikmund, 2003). The internal consistency method was used in this study to examine the reliability of the questionnaire. The internal consistency is determined by examining the inter-correlation of each item using the most popular test of interim consistency reliability that is the Cronbach's alpha coefficient (Sekaran, 2003).

From Table 4.1 the Cronbach's alpha of 0.614 indicates that is reliable (reliability of the questionnaire).

Data Analysis

Table 4.2 Analysis of Respondents responses

<i>Questionnaires</i>	<i>Responses</i>	<i>Frequency</i>	<i>%</i>
	Strongly agree	7	46.7%
Entrepreneurship skills boost my business performance (1)	Agree	7	46.7%
	Undecided	1	6.7%
	Disagree	0	0.0%
	Strongly disagree	0	0.0%
	Total	15	100.0
	Strongly agree	5	33.3
Learning new entrepreneurship skills help me to Handling my business very well (2)	Agree	5	33.3
	Undecided	3	20.0
	Disagree	2	13.3
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	6	40.0
There is a great different between owner of business and managing business. to be must more efficient and successful I must acquire some skills (3)	Agree	8	53.3
	Undecided	1	6.7
	Disagree	0	0.0
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	8	53.3
My nonperformance in business is as a result of my in ability to manage my customers very well (4)	Agree	6	40.0
	Undecided	1	6.7
	Disagree	0	0.0
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	6	40.0
I can't cope with the competition in the business because my competitors have better strategies than mine (5)	Agree	4	26.7
	Undecided	3	20.0
	Disagree	2	13.3
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	6	40.0
I can't cope with the competition in the business because my competitors have better strategies than mine (6)	Agree	6	40.0
	Undecided	0	0.0
	Disagree	3	20.0
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	2	13.0
My employees lack critical and creative thinking ability (7)	Agree	9	60.0
	Undecided	2	13.3
	Disagree	0	0.0
	Strongly disagree	2	13.3
	Total	15	100.0
	Strongly agree	1	6.7
I have not been taught how to manage my business in formal way (8)	Agree	3	20.0
	Undecided	2	13.3
	Disagree	9	60.0
	Strongly disagree	0	0.0
	Total	15	100.0
	Strongly agree	5	33.3
My first seminar on entrepreneurship has greatly change my mindset about business	Agree	8	53.3

and I now know why I mostly fail in business in the past. (9)	Undecided	2	13.3
	Disagree	0	0.0
	Strongly disagree	0	0.0
	Total	15	100.0
From the day I started acquiring entrepreneurship skills my turn over is impressive always (10)	Strongly agree	2	13.3
	Agree	12	80.0
	Undecided	1	6.7
	Disagree	0	0.0
	Strongly disagree	0	0.0
	Total	15	100.0
With the new entrepreneurship strategies, I have an edge now over my competitors (11)	Strongly agree	2	13.3
	Agree	10	66.7
	Undecided	3	20.0
	Disagree	0	0.0
	Strongly disagree	0	0.0
	Total	15	100.0
An entrepreneurs provide solution and make money while business owners sale product and service and mostly incurred loss 12	Strongly agree	2	13.3
	Agree	7	46.7
	Undecided	3	20.0
	Disagree	3	20.0
	Strongly disagree	0	0.0
	Total	15	100.0

Major Findings

From table 4.2 above questions 1,2,3,4,5,6,7,9,10,11, & 12 shows that there is positive and significant relationship between entrepreneurship and the performance of SMEs in Nigeria except only 8 question where it shows that there is no significant relationship hence **H₀**. there is no positive and significant relationship between entrepreneurship and performance of SMEs is hereby rejected and **H₁**: there is a positive and significant relationship between entrepreneurship and performance of SMEs. Is here by accepted.

CONCLUSION AND RECOMMENDATIONS

Conclusion

With all the research objectives addressed and the three research questions resolved through quantitative analysis, the present study has been successfully fulfilled. The conclusions of the study are summarized in the following paragraphs:

Questions 1,2,3,4,5,6,7,9,10,11, & 12 shows that there is positive and significant relationship between entrepreneurship and the performance of SMEs in Nigeria. except only question **8** where it shows that there is no significant relationship out of the twelve questions administered to 15 respondents.

Hence, **H₀**. there is no positive and significant relationship between entrepreneurship and performance of SMEs is hereby rejected and **H₁**: there is a positive and significant relationship between entrepreneurship and performance of SMEs. Is here by accepted. This shown that performance of SMEs is linked to Entrepreneurship drive.

Recommendations

The following recommendations were made based on the findings of the study as follows;

- i. The findings of this study revealed that effective performance of SMEs business owners should acquire entrepreneurship knowledge in order to excel in their business

endeavor because it has been proved by this study that acquiring and learning entrepreneurship skills is key to SMEs performance in Nigeria.

- ii. The findings of this study also showed that entrepreneurship skills of critical and creative thinking is imperative to business development strategies which is a gate way for high performance. Hence all SMEs must learn that skills to achieve performance.
- iii. The research also revealed that SMEs encounter several constraints in running their enterprises and these included: - lack of market information; absence of government support and assistance, as well as lack of Business training that is link to entrepreneurship.

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