

EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN BENUE STATE, NIGERIA

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Abstract

The SMEDAN(2012) at various levels have formed different policy incentives aimed at boosting the growth of small businesses in order to reduce the level of poverty and enhance economic development. However, Small and Medium scale Enterprises (SMEs) operate in turbulent environments which call for great tenacity on their resources in order to take advantage of emerging opportunities. In spite of these measures, the growth rate of SMEs in Nigeria continues to decline and some go out of business within the first five years of operation. The study thus examines the effect of entrepreneurial orientation on the growth of SMEs in Benue state. The design of this research was a descriptive survey research; while multiple regression technique was adopted for the test of hypothesis. The populations adopted for this study were registered SMEs operators in Benue state, whereas a sample size of 328 SMEs operators was used. Findings from the study showed that innovativeness has a negative and insignificant effect on SME growth in Benue state. However, it was discovered from the study that risk-taking has a positive and significant effect on SME growth. This means that SMEs operating in Benue are daring, understand risk-taking and how it works and consider risk-taking a positive attribute in their business growth. The study also depicts that proactiveness has a positive and significant relationship with SME growth in Benue state. SMEs in Benue state are thus encouraged to adopt innovative measures at enhancing their SMEs growth by inspiring employees to discover their creativity via welcoming new ideas from workers-regardless of their location. The study recommends that proprietors of Small and Medium Enterprises in Benue State are encouraged to increase their risk-taking horizon. The proprietors and the management of Small and Medium scale enterprise should adopt a proactive approach to their businesses. This may be achieved by introducing new products before competitors, anticipation of future demand and influencing market environment respectively

Introduction

Small and medium scale Enterprises (SMEs) play an important economic role in many countries. They contribute greatly to the economies of all countries, regardless of their level of development. The SMEs activities brings about new jobs (OECD.2016b) and an important factor in a free-market economy; a significant impact on economic development and immense influence on the market (Lukes & Laguna, 2010). The small scale businesses contribution to economic development, income generation and poverty alleviation is widely recognized (ILO 2017). SMEs however operate in a competitive and dynamic business environment and as the environment becomes more complex, owners/managers encounter many challenges which interfere with their chances of success.

Entrepreneurial Orientation (EO) one of the central concepts in the entrepreneurship literature, refers to the configuration of practices, policies and processes that provide insights into the creation of entrepreneurial actions and decisions. Early research and theory building drew on the work of Miller (1983) and focused on the three dimensions: innovativeness, risk taking, and proactiveness. However, recent work has incorporated the additional dimensions of competitiveness aggressiveness and autonomy.

But for this research work, the three independent variables adopted are innovativeness, risk taking and proactiveness.

Throughout the world, shifts in population demographics, technological changes, fluctuating economies and other dynamic forces have transformed societies as never before, bringing new challenges and opportunities to the forefront. Among the responses to these shifting forces is an increased emphasis on entrepreneurship by governments, organizations and the public (GEM Global Report, 2012). Consequently, Entrepreneurial Orientation (EO) has been acknowledged as a determinant for a SME's growth and profitability. It has become a central concept in research on entrepreneurship and strategy and has received considerable attention, both theoretically and empirically (Covin, Green & Levin, 2016).

Entrepreneurial orientation (EO) is the strategy making practices that firms use to identify and launch ventures. It represents a frame of mind and a perspective about entrepreneurship that are reflected in a firm's ongoing processes and corporate culture (Lumpkin, 2011). Entrepreneurial orientation covers the behavior of the entrepreneurs like innovation, proactive and risk taking (Muenjohn & Armstrong, 2008). EO has since evolved to include five dimensions: autonomy, pro-activeness, risk-taking, innovativeness and competitive aggressiveness (Schillo, 2011). Entrepreneurial Orientation as defined by Lumpkin and Dess (2016) is the dimensions of Entrepreneurial behaviour along which opportunity is pursued, these consists of Pro-activeness, Innovativeness, Competitive Aggressiveness, Autonomy and Risk-taking propensity.

Innovativeness in this case refers to provision of solutions to both routine and non-routine problems. It is the firm's ability to engage in new ideas or thinking creatively that an idea can generate future economic benefits to the firm (Hayat & Riaz, 2011). Being innovative can take many forms like welcoming new ideas, providing support for research and development and trying new product into market by use of new technology enabling the firm to gain benefits (Wiklund & Shepherd, 2013). Pro-activeness, is the ability to foresee before the actual occurrence of events and acting for problems that are likely to occur in the future. Proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment. Risk taking is generally understood as entering in the fields previously not exploited or new ventures. It is the tendency to take bold actions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes, and/or borrowing heavily.

Competitive aggressiveness refers to the organization's way of engaging with its competitors, distinguishing between companies that shy away from direct competition with other companies and those that aggressively pursue their competitors' target markets. While innovativeness is aimed at introducing new products, which is a type of competitive action, competitive aggressiveness is more rival focused. It is a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace. Competitive aggressiveness focuses on threats imposed by competitors and battles over existing customers (Lumpkin & Dess, 2016). In addition, competitive aggressiveness involves a high speed of action as well as the ability to simultaneously conceive of multiple attacks using varied repertoires (Ferrier, 2012). This dimension is propelled by awareness, motivation and capabilities. Thus, entrepreneurial orientation (EO) generally considered as a key ingredient for the success of a firm.

The SMEs sector is regarded as the driving force that spurs economic growth, innovation and job creation of any nation (ILO 2017). In tandem with the rest of the world, Nigeria is experiencing transformative shifts in population demographics, technological changes, fluctuating economies and other dynamic forces. Consequently, SMEs are facing tremendous competitive challenges and threats to survive. The role and importance of SMEs is widely appreciated and acknowledged and the Nigerian government and non-governmental agencies among others has increased emphasis on Small and Micro

entrepreneurship. In spite of various interventions programs aimed at enhancing the operations of SMEs, the growth rate of SMEs in Nigeria continues to decline. Nigerian Economic Summit Group (2012) emphasized that about 70 per cent of small enterprises in Nigeria go out of business within the first five years of operation. This is a problem this study investigated and to find out why the SMEs in Nigeria are not growing despite growth strategies available to them. The study seeks to examine the effect of entrepreneurial orientation on the growth of SMEs in Benue state.

H01: Innovativeness have no significant effect on the growth of SMEs in Benue state

H02: Risk-taking has no significantly affected growth of SMEs in Benue state

H03: Pro-activeness has no significant effect on the growth of SMEs in Benue state

Literature Review

Various scholars have provided a number of definitions for the concept of EO. Miller (1983) was first to conceive the construct of EO by defining it as a strategic orientation capturing specific entrepreneurial aspects of decision-making styles, methods and practices. Covin and Slevin (2009) refined the definition by stating that entrepreneurial orientation (EO) measures the extent to which “top managers are inclined to take business-related risks, to favor change and innovation in order to obtain a competitive advantage for their firm, and to compete aggressively with other firms.” Therefore, a firm is entrepreneurially oriented if it is willing to take risks, be innovative and proactive in their operations.

While many studies have adopted EO definitions similar to that of Miller (1983) and Covin and Slevin (2009, 2011), others have made an alteration that has changed the meaning of the construct. The major deviation from Miller (1983) and Covin and Slevin’s (2009, 2011) conceptualization have primarily been in two strands; the extension or condensation of the construct and the application of the construct in different contexts (George & Marino, 2011). For instance, Merz and Sauber (2015) and Knight (2017) excluded risk taking and focused on innovation and proactiveness, thereby limiting the original construct of EO.

Lumpkin and Dess (2016), however, extended the construct by including competitive aggressiveness and autonomy to the EO construct and since their conceptualization, there have been no pertinent or widely acknowledged adoptions as to how the EO construct should be conceptualized (Covin & Wales, 2011). They define EO as “the processes, practices and decision-making activities that lead to new-entry”, thus identifying the five key dimensions that characterized EO as the propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactiveness relative to marketplace opportunities (Lumpkin & Dess, 2016). This is in contrast with Covin and Slevin (2009) who suggest that EO is a strategic attitude reflecting the decisions and processes of the firm, but not explicitly limited to those that lead to new entry, but rather representative of an overall gestalt within an organization (Bleeker, 2011).

Despite these discrepancies in literature, the study adopted the EO construct proposed by Lumpkin and Dess (2016) because the construct is not context specific, and also the study deems it appropriate to test the multidimensionality of the construct. The five dimensions of entrepreneurial orientation proposed by Lumpkin and Dess (2016) are innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness. Below are the discussions and hypotheses of the dimensions.

Innovativeness

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline,

capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation (Schillo, 2011). It is evident enough from the above scholar's quotation that there exists a close relationship between innovation and entrepreneurship. It also suggests that much can be learned about innovation and entrepreneurship and that the systematic application of this knowledge can lead to success (Schillo, 2011).

Schumpeter (1934) was one of the first proponents who linked innovation to entrepreneurship. He highlighted the role of innovation in the entrepreneurial process by an economic process known as "creative destruction". Creative destruction as described by Schumpeter (1934) is where new firms grow and create wealth by disrupting existing market structures through the introduction of new goods and services that shifts available resources away from existing firms. The key to this cycle of activity was entrepreneurship: the competitive entry of innovative "new combinations" that propelled the dynamic evolution of the economy (Schumpeter, 1934). Thereby, "innovativeness" becoming a formidable force and important factor used to characterize entrepreneurship (Lumpkin and Dess, 1996). The entrepreneur is thus seen as an innovator who drives the evolution of the economy (Schumpeter, 1934).

Innovativeness refers to a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes. Similarly, Covin and Miles (2009) defined innovation as the firm's tendency to support new ideas, experimentation and creative processes earlier than competitors, while Baker and Sinkula (2009) also saw innovativeness as a fundamental willingness to depart from existing technologies or practices and ventures beyond the current state of the art. Others have also defined innovativeness as the propensity to creatively initiate and support new ideas, experimentation and creative processes that may result in new products, services or technological processes, or the exploitation of new markets (Kropp & Zolin, 2015). Hence, innovativeness can be described as the process of creating newness.

In comparison, small firms have been reputed to be more flexible and non-bureaucratic, hence adopting more quickly to innovation (Nooteboom 2014). According to Price (2013), large firms recognize the importance of innovation in small firms. This view can be seen in various research supporting the notion that SMEs perform better if they engage in innovative activities (Freel 2000, Vermeulen et al. 2015, Westerberg & Wincent 2018, Qian and Li 2013, Verhees & Meulenberg 2014) such as Research and Development (R&D) and increased productivity (Block 2012). For instance, a prominent study by Bruderl and Preisendorfer (2010) highlighted the importance of innovation in small firms. They discovered that in predicting firm growth, one important factor that cannot be overlooked is innovation. Sirelli (2010) also stated that the underlying rationale of small firm's is to encourage innovation, which in turn will lead to a better economic performance, higher growth, more jobs and higher wages. In this vein, it has become imperative for SMEs to be innovative not only to differentiate themselves but also attain some level of firm success (McGrath, 2011; Zahra et al., 2014).

Proactiveness: Lumpkin and Dess (2016) describe proactiveness as "taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging markets". It can also be described as a distinctive entrepreneurial activity to antedate imminent prospects, both in terms of products or technologies as well as in markets and consumer demand (Schillo, 2011). Again, it is the ability to bring about change in an environment by predicting trends through the exploration of opportunities, hence the introduction of new products and services (Boohene et al, 2012). Similarly, proactiveness is viewed by Rauch et al. (2009) as "an opportunity seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competitions and acting in anticipation of future demand".

According to Hughes and Morgan (2017), a firm's awareness and responsiveness to market signals and trends is demonstrated by their proactiveness, therefore, in order to capitalize on market opportunities,

it is imperative to be a first mover (Bleeker, 2011). This first mover advantage is usually associated with high profits, as well as a head start in creating brand recognition (Bleeker, 2011). Similarly, this construct is associated with leadership, as such a proactive firm “has the will and foresight to seize new opportunities, even if it is not always the first to do so” (Lumpkin & Dess, 2016). In this vein, proactive firms are leaders and not followers; they are pacesetters who are not overwhelmed by new situations in the market or environment.

However, a study by Coulthard (2017) has argued that proactiveness is not always being the first mover in the market. Also, proactiveness has been found to be more active in the introductory stages of a firm, and dwindles as the firm grows, hence the role of proactiveness being less important once a firm is established (Hughes & Morgan, 2017; Coulthard, 2017).

Proactiveness has also been linked to structural capital by Dess and Lumpkin (2015). They opine that structural capital is important to proactiveness because it enhances the operations and receptiveness of market signals that make organizations stay ahead of competitors. Therefore, structural capital, such as structures and processes, enables firms to create resources more quickly and at cheaper rates than competitors (Bleeker, 2011). Also, proactiveness has been labeled as a vital trait in entrepreneurship due to its forward-looking action approach (Lumpkin and Dess, 1996), thus revealing itself through actions as the formulation of ‘stated beliefs’ and the implementation of these ‘beliefs’ (Boohene et al, 2012).

Hughes and Morgan (2017) have posited the construct to be likely valuable in securing superior performance return. This, they believe, is due to it requiring customer focus hence the ability to anticipate and pursue customer need. This assertion has been supported by studies reporting a high correlation between performance and proactiveness (e.g., Day & Wensley, 2008; Wright, Kroll, Pray, & Lado, 2015).

Risk-taking: Risk-taking has been historically linked to entrepreneurship since the 1700’s. It has been a key characteristic of an entrepreneur. The physiocrat, Richard Cantillon, was one of the first to formally use the term entrepreneurship and also point out the risk propensity of entrepreneurship. He characterized entrepreneurship as the propensity to undertake any venture of which the outcome is shrouded in a state of uncertainty, hence making it risky (Cantillon, 1734). According to Cantillon (1734), producers in the market economy are divided into two classes; hired people (people who receive fixed wages) and entrepreneurs (working for one’s own self). He argued that the uncertainty and riskiness of self-employment are major factors that alienate entrepreneurs from hired workers. Therefore, the concept of risk-taking is a quality that is frequently used to describe entrepreneurship (Lumpkin & Dess, 2016).

Pursuant to this, Miller and Friesen (2008) defined risk-taking as "the degree to which managers are willing to make large and risky resource commitments, that is, those which have a reasonable chance of costly failures". Lumpkin and Dess (2016) confirm this assertion by stating that the incurring of heavy debt or the committing of large resource by firms in the interest of obtaining high returns through the seizing of opportunities in the market place is characterized by risk-taking behavior, and are usually exhibited by firms who are entrepreneurially oriented. MacCrimmon and Wehrung (2016) also define risk as substantial variance in important outcomes and that the likelihood that an individual will forego a safe alternative with a known outcome in favor of a more attractive choice with a more uncertain reward (Brockhaus, 2010) is what defines risk-taking.

In a similar vein, recent scholars have also defined risk-taking as the tendency of firms to take bold steps such as entering unknown new markets, committing a large portion of the firm’s resources to undertakings with uncertain outcomes and/or borrowing heavily. Thus, risk-taking cannot be alienated

from entrepreneurship and is a distinctive facet of entrepreneurial behavior (Das & Teng, 2017; Lee & Peterson, 2011).

According to Lumpkin and Dess (2011), a firm’s stage of development determines its risk tendencies, therefore, risk taking can be at an individual level trait (Sitkin & Pablo, 2012; Brockhaus, 2010) or a firm-level orientation (Baird & Thomas, 2015). Furthermore, Palmer and Wiseman (1999) distinguished between managerial risk, which relates to choices associated with uncertain outcomes, and organizational risks, which involves volatile income streams. Moreover, firms differ in terms of their organizational and governance structures, and risk-taking may be higher in some organizational contexts than in others.

However, some studies have argued that some entrepreneurs may perceive ventures as less risky than non-entrepreneurs due to cognitive biases of the former (Simon et al., 2010) and the fact that they may be over-confident (Wickham, 2015) and tend to frame business situations more optimistically (Palich & Bagby, 2012). Others also have argued that risk-taking is an inherent part of starting an entrepreneurial venture (e.g., Timmons & Spinelli, 2017), hence entrepreneurial firms being known to take more risk and are more proactive in searching for new business opportunities (Kreiser et al. 2012).

Concept of SMEs Growth

Extant literature has been prolific in generating the difference in the measurements of firms’ growth and highlighting their merits and demerits. Thus, SME growth can be measured by several attributes/indicators, for instance, sales, assets, market shares, profits and employment (Shepherd & Wiklund, 2009; Weinzimmer, Nystrom & Freeman, 2008). Among these attributes, sales growth and employment growth were adopted for this study. This two were favored for this research because they are broadly used among scholars as indicators for both small and large firm growth. Also, Zhou and Wit (2009) opined that growth in sales and employment do well in reflecting both short-term and long-term changes in a firm. Additionally, these two are easy to obtain in comparison to other attributes such as market shares, as well as being more objective (Delmar, 2017).

Methodology

The study was conducted using descriptive survey research design. The design of this research was a descriptive survey research. The population of the study selected registered SMEs operators in Benue state. These registered SMEs are located in various locations which are: Makurdi, Otukpo, Gboko, Ikpayango and Otukpa. The total population is one thousand, eight hundred and fifty-two (1852). Therefore, the study used simple random sampling technique. Taro Yamane’s formula was used to obtain the sample size of 328. In order to arrive at a statistically valid conclusion, the researcher administered extra 30 copies to make it 358 questionnaires. This was to avoid the cases of missing damaged, or unreturned questionnaires that would affect the exact sample size. However, 339 were returned, while 328 which were properly filled were selected and used.

Table 4.2: Innovativeness

Innovativeness Variable						
S/No.	Items	Agreement scale				
		SD(%)	D(%)	U(%)	A(%)	SA(%)
1	We encourage employees to think and behave in original and distinctive ways	9.1	1.8	5.5	36.4	47.3

2	Our enterprise has the tendency to engage in and support new ideas, experimentation and creative processes	5.5	0.9	14.5	62.7	16.4
3	We emphasize on research and development	4.5	1.8	3.6	50.9	39.1
4	We encourage new ideas from workers regardless of their position	4.5	0.9	2.7	14.5	77.3
5	Our firm embraces Creativity and experimentation	0.9	62.7	4.5	2.7	29.1
6	Our firm seek advice from other firm who know a lot about business activities with an aim of improvement	5.5	64.5	14.5	4.5	10.9

Source: Field Survey, 2019

From Table 4.2, it could be observed that majority of the respondents strongly agreed that they encourage employees to think and behave in original and distinctive ways; 62.7 percent agreed that their enterprise has the tendency to engage in and support new ideas, experimentation and creative processes; 77.3 percent further supported the claim that they encourage new ideas from workers regardless of their position. However, 62.7 percent disagreed that firm embraces creativity and experimentation; and more so, 64.5 percent disagreed that their firm seek advice from other firm who know a lot about business activities with an aim of improvement.

Table 4.3: Proactiveness

Pro-activeness Variable						
S/No.	Items	Agreement scale				
		SD(%)	D(%)	U(%)	A(%)	SA(%)
1	Our enterprise acts in anticipation of future needs	20.0	9.1	10.9	34.5	25.5
2	Our enterprise has an intensive drive towards its goals	12.7	9.1	9.1	41.8	27.3
3	We belief in Anticipated future demands & opportunities in the market	20.9	2.7	5.5	38.2	32.7
4	Our enterprise thinks and acts in the best interest of our customers with a mindset of improving service delivery	23.6	4.5	23.2	22.3	26.4
5	Our enterprise takes bold, wide-ranging acts which necessary in achieving our business objectives	21.8	13.2	6.8	41.8	16.4

Source: Field Survey, 2019

With respect to Proactiveness, it was discovered that 34.5 percent of the entire respondent agreed that their enterprise acts in anticipation of future needs; 41.8 percent believed that their enterprise has an intensive drive towards its goals; 38.2 percent further agreed that they belief in anticipated future demands & opportunities in the market; 26.4 percent strongly agreed that their enterprise thinks and acts in the best interest of our customers with a mindset of improving service delivery; while 41.8 percent of the majority agreed that their enterprise takes bold, wide-ranging acts which necessary in achieving our business objectives as captured in Table 4.3.

Table 4.4: Risk-taking

Risk-taking variable						
S/No.	Items	Agreement scale				
		SD(%)	D(%)	U(%)	A(%)	SA(%)

1	We have a strong and aggressive attitude towards taking decisions to achieve firm objectives	4.5	2.7	4.5	35.5	52.7
2	Our enterprise understands risk-taking and how it works	4.5	5.5	3.6	48.2	38.2
3	Our enterprise considers the term “risk taker” a positive attribute for people in our business	5.5	1.8	3.6	43.2	45.9
4	We seize opportunities in the marketplace	18.2	5.5	14.1	25.0	37.3
5	Our enterprise try several ways to overcome things that get in the way of reaching our business goals	3.6	3.6	3.6	40.5	48.6
6	Resources are allocated appropriate to accomplish business tasks	3.6	2.7	7.3	30.9	55.5

Source: Field Survey, 2019

As regards to risk taking, it was discovered that most of the respondents of about 52.7 percent strongly agreed that they have a strong and aggressive attitude towards taking decisions to achieve firm objectives; 48.2 percent agreed that their enterprise understands risk-taking and how it works; 45.9 percent strongly agreed that their enterprise considers the term “risk taker” a positive attribute for people in our business; 48.6 percent strongly agreed that their enterprise try several ways to overcome things that get in the way of reaching our business goals; and lastly, 55.5 percent strongly agreed that resources are allocated appropriate to accomplish business tasks as captured in Table 4.4.

Table 4.5: SMEs Growth

SMEs Growth Variable						
S/No.	Items	Agreement scale				
		SD(%)	D(%)	U(%)	A(%)	SA(%)
1	We have achieved our sales objective within the past two years	22.7	2.7	7.3	43.6	23.6
2	Our enterprise has witnessed an increase in the number of Employees within the past two years	24.5	4.5	7.3	36.4	27.3
3	The firm’s sales revenue has improved due to repeat sales	17.3	12.7	11.8	40.0	18.2
4	More people has gained employment positions due to huge business expansions	2.7	2.7	6.4	71.8	16.4
5	Income internally generated from the business creates more opportunities for people to be employed	3.6	5.5	23.6	54.5	12.7
6	The enterprise has significantly improved the logistic delivery, distribution of inputs and outputs over the past years.	4.5	4.5	6.4	50.9	33.6

Source: Field Survey, 2019

From Table 4.5 which shows the responses on SMEs growth, 43.6 percent which constitutes the majority agreed that they have achieved their sales objective within the past two years; 36.4 percent agreed that their enterprise has witnessed an increase in the number of employees within the past two years; 40 percent agreed that their firm’s sales revenue has improved due to repeat sales; 71.8 percent agreed that more people has gained employment positions due to huge business expansions; 54.5 percent agreed that income internally generated from the business has created more opportunities for people to be employed; and lastly, 50.9 percent of the respondents agreed that their enterprise has significantly improved the logistic delivery, distribution of inputs and outputs over the past years

Discussion of Findings

The results from the study showed that innovativeness has a negative and insignificant effect on SME growth in Benue state ($\varphi_1 = -0.875541$, $pv = 0.0981$). The findings presented also show that taking all other independent variables constant, a unit change in innovativeness, on the average, lead to a 0.875541 decrease in growth of SMEs. It was discovered that most SMEs in Benue state do not seek advice from other firm who know a lot about business activities with the aim of improvement. This means that SMEs in Benue state are not innovative and suggests that innovativeness is not an important factor that influences SME growth in the State. The result confirms Quaye and Acheampong's (2013) whose empirical study findings showed that SMEs in Ghana are not innovators. The results were, however, in contrast with Bruderl and Preisendorfer (2017) who stated that in predicting firm growth, one important factor that cannot be overlooked is innovation. Also, this study is in contrast with Boohene, Marfo-yiadom and Yeboah's (2012) study, which indicated a positive and significant relationship between innovativeness and growth of businesses.

However, findings from the study showed that risk-taking has a positive and significant effect on SME growth. The result shows a significant positive relationship between risk-taking and SME growth in Benue state ($\varphi_2 = 2.598550$, $pv = 0.0158$). It showed that, a unit increase in risk-taking would lead to a 2.598550 increase in the growth of small and medium enterprises in Benue state. This means that SMEs operating in Benue are daring, understand risk-taking and how it works and consider risk-taking a positive attribute in their business growth. It also indicates that SMEs that take risk are the ones with the potentials to grow. The SMEs in Benue state have a strong and aggressive attitude towards taking decisions to achieve firm objectives This finding is in contrast with Rauch and Frese (2014) whose study showed that risk-taking has a significantly smaller correlation with performance.

The results from the study also depicts that proactiveness has a positive and significant relationship with SME growth in Benue state ($\varphi_3 = 1.784541$, $pv = 0.0399$). Further, the findings show that a unit increase in pro-activeness, lead to a 1.784541 increase in growth of SMEs in Benue state. This means that SMEs operators in Benue state are proactive in their dealings and thus shows that being proactive is very important for SME growth. It showed that SMEs in Benue state thinks and acts in the best interest of our customers with a mindset of improving service delivery; and they equally take bold, wide-ranging acts which necessary in achieving their business objectives. This finding is, therefore, consistent with Boohene, Marfo-Yiadom and Yeboah (2012) which also reveals a positive and significant relationship between proactiveness and firm growth. Again, it is consistent with Rauch, Wiklund, Lumpkin and Frese (2018) study which indicated a high correlation between performance and proactiveness. Thus, improved proactiveness will reflect directly in higher business growth.

The constant coefficient in the regression results established that holding all factors (innovativeness, pro-activeness, and risk taking) constant, growth of small and medium enterprises in Benue state was 1.625511

Conclusion and Recommendations

The findings from the study indicated that risk-taking had the highest effect on SMEs growth in Benue state, followed by pro-activeness, while innovativeness had the least effect on SMEs growth in terms of size or magnitudes. The study thus concludes that risk-taking and proactiveness have positive and significant effect on SME growth; while innovation had a negative and insignificant effect on SMEs

growth in Benue state. Entrepreneurial orientation of the SMEs as evidenced in this study is therefore a pre-requisite for improved growth.

Based on the findings above, the following are the recommendations that can be made for managerial policy and managerial practice:

- i. SMEs in Benue state are encouraged to adopt innovative measures at enhancing their SMEs growth by inspiring employees to discover their creativity via welcoming new ideas from workers-regardless of their location. They should strive to bring innovation in the work place by permitting workers the freedom to be creative, recognize and encourage creative culture, always update their knowledge with recent technologies, introduce new products and processes, support new and creative processes, purposely search for sources of innovation, be daring in their dealings and invest in research and development. This study therefore recommends that the management of Small and Medium Enterprises in Benue state to invest heavily on research and development so as to improve on innovation. This will lead to increased performance of the firms.
- ii. The management and proprietors of the Small and Medium Enterprises in Benue State are encouraged to increase their risk-taking horizon. This is in line with the risk return trade off theorem, which holds that there is a higher return for higher risk undertaken. SMEs operators risk taking need to be sustained and improved so that they can meet the challenging and diverse clients need and properly exploit the environmental business opportunities.
- iii. With respect to been proactive, the study found that pro-activeness positively influences firm performance to a very great extent and therefore recommends that, the proprietors and the management of Small and Medium should adopt a proactive approach to their businesses. This may be achieved by introducing new products before competitors, anticipation of future demand and influencing market environment respectively. SME owners/managers in Benue state must strive to maintain a low central authority and not depend solely on their judgment in decision making. They must also have the ability to be self-directed and seek advice in the pursuit of business opportunities so as to sustain their business growth.

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