Entrepreneurial Orientation and Performance of Micro, Small and Medium Enterprises in Ondo State, Nigeria

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ABSTRACT

Entrepreneurial orientation is critical for Micro, Small and Medium Enterprises performance because all MSMEs are striving to survive due to fierce competition from bigger players. However, this study examined the Influence of Entrepreneurial Orientation (EO) on the performance of (MSMES) in Ondo State, Nigeria. Three research questions were raised to guide the study while one hypothesis was formulated and tested at 0.05 level of significance. The population of the study consists of all MSMEs in Ondo State which were about (1,060,388). The sample of 400 was determined using Taro Yamane. The study used survey research design, through administration of 400 copies of structured questionnaire to MSMEs in Ondo State. 384 copies of questionnaire were retrieved. Data collected were analyzed using descriptive and inferential statistics. The findings revealed that innovativeness, proactiveness and risk-taking are the critical dimension of Entrepreneurial Orientation (EO) driving MSMES performance in Ondo State, Nigeria. The result shows that R=0.803 which means that 80% of relationship exist between the entrepreneurial innovation and performance of MSMEs in Ondo State. Also, the result shows 0.645 as the coefficient of determination (R^2), meaning that, about 65% of variation in the performance of MSMEs in Ondo State was explained by the entrepreneurial innovation. In addition, the result shows that entrepreneurial innovation significantly (F=230.50, p =0.000) and positively influence performance of MSMEs in Ondo State. The study concluded that Entrepreneurial Orientation (EO) has positive significant influence on the performance of MSMEs in Ondo State, Nigeria. The study recommends that MSMEs owners should develop their innovativeness, proactive and risk-taking towards improving the performance of MSMEs in Ondo State, Nigeria. Also, the study recommends that agency for MSMEs should design training programme to ensure that innovativeness, proactiveness and risk-taking activities are emphasized by entrepreneurs in Ondo State, Nigeria.

Keywords: *Entrepreneurial Orientation, Performance, Micro, Small and Medium Enterprises, Innovation, Pro-activeness and Risk-taking.*

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are internationally established as socio-economic transformation engines in both developing and developed economies - Small and Medium Development Agency of Nigeria (SMEDAN, 2017). MSMEs create jobs, wealth, as well as income re-distribution of opportunities within society (NBS-SMEDAN, 2017). The issues on what constitutes Micro, Small and Medium Enterprises have been adduced in the dual-criteria class limits, employment and assets (excluding land and buildings). Hence, Micro Enterprises are those enterprises whose total assets

(excluding land and buildings) are less than Ten Million Naira with a workforce not exceeding ten employees. Small Enterprises are those enterprises whose total assets (excluding land and building) are above Ten Million Naira but not exceeding One Hundred Million Naira with a total workforce of above ten, but not exceeding forty-nine employees. Medium Enterprises are those enterprises with total assets (excluding land and building) are above Fifty Million Naira, but not exceeding one Billion Naira with a total workforce of between 50 and 199 employees (NBS-SMEDAN, 2017).

Entrepreneurial Orientation is a unique idea generated by the investor of an enterprise to give them competitive advantage over other businesses in a business environment to promote the growth and expansion of the enterprise for profitability. Entrepreneurial Orientation refers to processes, practices and decision making activities that lead to new entry (Lumpkin & Dess 1996). Entrepreneurial orientation refers to the action, procedures, policies, method, decision-making strategies and practices within an organization and support entrepreneurial decision in MSMEs performance. Entrepreneurial Orientation is a key concept when investors are crafting strategies in the hopes of doing something new and exploiting opportunities that other organization cannot exploit. For this study the measures or components for entrepreneurial orientation are: innovativeness, pro-activeness and risk-taking. Innovativeness, means the willingness to support innovation, risk-taking for innovation and proactiveness, in seeking new opportunities to tackle market challenges and responding with innovative solutions.

Statement of the Problem

Recently, entrepreneurship has emerged as a critical contributor to economies, where entrepreneurial orientation is fundamental for success. Entrepreneurial orientation has actually emerged as one of the most studied constructs in entrepreneurship and management literature for more than three decades ago (Covin & Wales, 2019, Gupta 2015). Despite the presence of many articles studying entrepreneurial orientation in top entrepreneurship and related journals, literatures are in deficit of high value-added entrepreneurial orientation research domains (Covin & Wales, 2019). The governments of Nigeria at Federal, State and even Local Government levels have come up with series of programs to aid the growth and development of MSMEs, but poor performance and business failure still persist among MSMEs in Ondo State, Nigeria. This might be because, most government interventions in Nigeria, majorly focused on the provision of funding opportunities. Wale-Oshinowo, Lebura. Ibidunmi and Jevwagaga (2018) assert that micro, small and medium enterprises are generally confronted with uncertainties and slimmer opportunities for survival and growth. Striviboon (2021), suggested that technology adoption and innovation performance are critical for organizations' success, which can be significantly predicted through entrepreneurial orientation. Entrepreneurial orientation is critical for MSMEs because all MSMEs are striving to survive in the industry and face fierce competition from big players. To compete with big firms and gain a competitive position in the industry, MSMEs have to take risks to invest in innovative products and services, enter into potential market and take rigorous innovative interchanges. Additionally, there is need to find out the effect of innovation, proactiveness and risk taking on performance of MSMEs in Ondo State, Nigeria.

Research Questions

The following research questions were raised to guide the study

i. What is the effect of entrepreneurial innovation on the performance of Micro, Small and Medium enterprises in Ondo State, Nigeria?
ii. What is the influence of entrepreneurial proactiveness on the performance of MSMEs in Ondo State Nigeria?
iii. What is the effect of entrepreneurial risk-taking on the performance of MSMEs in Ondo States, Nigeria?

Objectives of the Study

The main objective of this study is to examine the influence of entrepreneurial orientation on the performance of MSMEs in Ondo State, Nigeria. Specifically, the study seeks to:

i. Examine the effect of entrepreneurial innovation on the performance of MSMEs in Ondo States, Nigeria.
ii. Examine the influence of entrepreneurial proactiveness on the performance of MSMEs in Ondo State, Nigeria.
iii. Examine the effect of entrepreneurial risk-taking and the performance of MSMEs in Ondo State. Nigeria.

Research Hypotheses

Ho_1: Entrepreneurial Orientation has no significant effect on performance of Micro, Small and Medium enterprises in Ondo States, Nigeria.

Scope of the Study

This study was conducted using Micro, Small and Medium Enterprises (MSMEs) in Ondo State, Nigeria. The MSMEs used in this study was limited to Trade (wholesale and retail) enterprises. The proxy variables for entrepreneurial orientation was adopted from Oyeku, Oduyoye, Karimu, Akindoju, Togunde & Elemo (2020), Shuja, Jose, Mario, Shumaila, Shamim & Antonio (2021), Lumpking Dess (1996) & Jambulingam, Kathuria & Doucette (2004) are: Entrepreneurial innovativeness; Entrepreneurial Pro-activeness; Entrepreneurial Risk-taking; The three latent performance measurement was adopted from Lv, Lai and Liu (2011) & Shuja *et al.,* (2021) are; Product innovation performance; process innovation performance and technological innovation performance.

LITERATURE REVIEW

Conceptual Review

Entrepreneurial Orientation is a significant contributor to a business success. Business operation success is related with both internal and external environment factors. The external environment factors include economic and social conditions, political and technological factors. The internal environment factors include entrepreneurial management which consists of a level of emphasis placed on strategic orientation, resources orientation, management structure entrepreneurial culture development, reward philosophy, and the entrepreneurial orientation is related with personal characteristics of the entrepreneurs (Islam, 2011). The entrepreneurial orientation consists of attitudes towards business innovativeness, pro-activeness in business operation and risk taking (Miller, 1983; Lumpkin., & Dess, 1996; GÜrbÜz., & Aykol, 2009; Kuratko & Hodgetts, 2004).

Entrepreneurial orientation refers to "processes, practices, and decision-making activities that lead to new entry" (Lumpkin & Dess, 1996). A firm is said to enter new entry when it introduces new products, services, technological innovations, markets, or business model innovations that did not exist before (Covin, Wales, & J., 2019). Earlier studies measured entrepreneurial orientation construct using three dimensions, namely, innovativeness, pro-activeness, and risk taking (Miller, 1983 cited in Zulkifli & Rosli, 2013). Later, two more dimensions were introduced to measure entrepreneurial orientation; these are autonomy and competitive aggressiveness (Lumpkin & Dess, 1996). A keen look on literature reveals that researchers have been using both measures, for example, Amin (2015), Amin, Thurasamy, Mohamad, Aznur, and Kaswuri (2016), Chenuos and Maru (2015), and Mahmood and Hanafi (2013) used three dimensions to measure entrepreneurial construct. Other researchers such as Campos and Valenzuela (2013), Zehir, Can, and Karaboga (2015), and Zulkifli and Rosli (2013) used five dimensions to measure the construct.

Most studies have used entrepreneurial orientation as an independent variable while firm performance has been used as a dependent variable; this frequently studied relationship has led to replications with little consideration to identification and assessment of mechanisms and mediating variables through which firm performance occurs (Covin *et al.,* 2019). Although there exists a number

of mediators between entrepreneurial orientation and firm performance, this study anticipates that competitive advantage is likely to mediate the relationship. This mediation is supported by the resource-based view which suggests that a firm's competitive advantage and superior performance emanate from the firm-specific resources and capabilities that are costly for copying by rivals, valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991). Furthermore, Barney (1991) reiterates that resources include but not limited to assets, capabilities, organizational processes, firm attributes, information, and knowledge. Since entrepreneurial orientation refers to among others the processes that lead to new entry (Lumpkin & Dess, 1996), this study argues that entrepreneurial orientation is an intangible firm resource that creates competitive advantage and eventually promotes firm performance. Differences in performance among different firms are much driven by intangible rather than physical assets due to the fact that intangible assets unlike physical assets are not vulnerable to imitation (Connor, 2002). Competitive advantage occurs when a firm implements a value creating strategy that is not concurrently implemented by rivals (Barney, 1991). Despite the importance of competitive advantage as described in the resource-based view, the mediating effect of competitive advantage on the relationship between entrepreneurial orientation and firm performance is not yet extensively studied (Mahmood & Hanafi, 2013). Competitive advantage can be reflected in several dimensions such as differentiated products, market sensing, collaboration with partners, focus on high value customers, market responsiveness, customers as assets, information transparency, and supply chain leadership (Ramaswami *et al.,* 2006). Competitive advantage is a construct whose measurement is still fragmented, for example, Mahmood and Hanafi (2013) used differentiated products, market sensing, and market responsiveness as dimensions of competitive advantage. In another study by Ismail, Rose, Abdullah, and Uli (2010), competitive advantage was measured using cost-based advantage, product-based advantage, and service-based advantage. Other measurements of competitive advantage include price or cost, quality, delivery dependability, product innovation, and time to market (Wijetunge, 2016). These heterogeneous measures of competitive advantage elevate difficulty in knowledge accumulation. Despite the consensus among scholars that firm performance is a dependent variable in entrepreneurial orientation studies, no generic measures of firm performance are agreed so far. Past studies have been using diverse indicators to measure firm performance.

However, financial performance measures have been mostly used as compared to non-financial performance measures. According to Chong (2008), examples of financial performance measures include profit before tax, profit per employee, growth in revenue, and growth in number of employees. Examples of non-financial performance measures are customers' satisfaction, customers' referral rate, growth in customers' base, and market share (Chong, 2008). Use of heterogeneous performance measures is a probable reason for mixed results found in literature (Shepherd & Wiklund, 2009). In addition to financial and non-financial measures, it has been argued that personal wealth measures can be used in the least developed countries to measure SMEs' performance (Eijdenberg, 2016).

Micro, Small and Medium Enterprises (MSMEs) have gotten the attention of scholars and it is generally believed that the source of opportunity for transiting emerging economy to the developed is MSMEs. Micro and Small businesses exist in almost every industry. They can range from mom-and-pop convenience stores to small manufacturing plants. Additional types of small-scale enterprises can include privately owned restaurants, law firms, inns, bakeries, architectural and engineering firms, dry cleaners, coffee house and construction contractors. Such enterprises are generally privately own and operated sole proprietorships, corporations or partnerships. The legal definition of a micro and small-scale enterprise varies by industry and country. These MSMEs contributes 46.54% to Nigeria's GDP in nominal terms [National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2010).

By implication, MSMEs are indispensable in the economy. In addition, MSMEs are majorly family-owned businesses, requiring low capital base (Report of the Vision 2020, 2009) in developing countries especially, in Nigeria. Nigeria Government recognised the importance of MSMEs in the economy and have been zealously assisting this MSME sector (formal and informal) technically. Osotimehin *et al.*, (2012) noted that massive assistance (financial, technical, marketing and managerial) have been

rendered by government to grow the activities of MSEs in Nigeria. Governments have stepped up efforts to promote the development and improvement of the performance of MSEs through incentive schemes and specialised financial institutions such as National Enterprise Development Programme (NEDEP). NEDEP was collectively implemented by three agencies which are: The Bank of Industry (BOI), the Industrial Training Fund (ITF) and the SMEDAN. NEDEP was designed to strengthen the performance of contributor agencies across the Nigerian platform. Also, the provision of support facilities such as technology incubation centres, the African Development Bank (ADB) and so on, are to facilitate improvement in the human capital of the operators and such will lead to increase in the performance of MSMEs sector.

Classification of MSMEs

With the introduction of the National Policy on MSMEs, has now been addressed the equally topical issue of what constitutes micro, small and medium enterprises. The classification adopts dual-criteria class limits, employment and assets (excluding land and buildings) as shown below. The employment criterion, however, retains precedence over assets in resolving any disagreements in classification.

S/N	Size	Employment	Assets (=N= Million) (excluding land and buildings)
1	Micro Enterprises	Less than 10	Less than 10
2	Small enterprises	10 to 49	10 to less than 100
3	Medium enterprises	50 to 199	100 to less than 1,000

Source: SMENDAN National Policy on MSMEs, 2015

Consequently:

- Micro Enterprises are those enterprises whose total assets (excluding land and buildings) less than Ten Million Naira with a workforce not exceeding ten employees.
- Small Enterprises are those enterprises whose total asset (excluding land buildings) are above Ten Million Naira but not exceeding One Hundred Million Naira with a total workforce of above ten, but not exceeding forty-nine employees.
- Medium Enterprises are those enterprises with total assets excluding land and buildings) are above Fifty Million Naira, but not exceeding One Billion Naira with a total workforce of between 50 and 199 employees.

In terms of the number of enterprises in the sector, this increased to 41,543,028 in 2017, with the Education and Manufacturing sectors making the most contribution to Small and Medium Enterprises, while Wholesale and Retail trade, and Agriculture contributing the largest number of enterprises in the Micro Enterprises sector improved socio-economic conditions of citizens of Nigeria, and in particular to individuals directly engaged within the sector. The current 2020 survey report indicates a decline by 3.5% with a total of 39,654,385. According to the survey report Micro businesses account for 38,413,420 which is 96% of the total survey while small and medium businesses make up 1,240,965 million, the decline was largely due to impact of Covid-19.

Theoretical Review

Resource-Based View Theory

The foundation theory for this study is the "resource-based view (RBV)" developed by Barney (1991). The theory focuses on the resources as internal components of the organization and enhances the firm performance and competitiveness. Previous literature posits that RBV is closely related to entrepreneurial innovation abilities by identifying novel ideas, risk-taking, and proactive skills that enhance the MSMEs performance. RBV significantly relates to the MSMEs' performance because it assumes that internal capabilities are essential for firms' enhance performance and competitive edge. The theory describes that the firms' internal resources include tangible asset, financial resources,

organizational and human resources. MSMEs must utilize these resources innovatively to enhance performance.

The RBV draws upon the resources and capabilities that reside within the organization in order to develop sustainable competitive advantages. According RBV not all the resources of firm will be strategic and hence, sources of competitive advantage. Competitive advantage occurs only when there is a situation of resource heterogeneity and resource immobility. The RBV focuses on the concept of difficult to imitate attributes of the firms as sources of superior performance and competitive advantage (Barney 1986, Hamel and Prahalad, 1996). Resources that cannot be easily transferred or purchased, that require an extended learning curve or a major change in the organization climate and culture, are more likely to be unique to the organization and therefore, more difficult to imitate by competitors. The RBV takes an inside-out view or firm specific perspective on only organizations succeed or fail in the market place (Dicksen, 1996).

Resources that are valuable, rare, immutable and non-substitutable (Barney 1991) make it possible for businesses to develop and maintain competitive advantage, to utilize these resources and competitive advantage for superior performance (Collins and Montgomery 1995, Grant 1991. According to RBV, an organization can be considered as a collection of physical resources, human resources and organizational resources (Barney 1991, Amit and Showmaker 1993). Resources of organizations that are valuable, rare, imperfectly imitable and imperfectly substitutable are main source of sustainable competitive advantage for sustainable superior performance (Barney 1991). A resource must fulfil VRIN criteria in order to provide competitive advantage and sustainable performance; A 'VRIN' criterion is explained below:

Valuable (V): Resources are valuable if it provides strategic value to the firm. Resources provide value if it helps firms in exploiting market opportunities or helps in reducing market threats. There is no advantage of possession a resource if it does not add or enhance value of the firm.

Rare (R): Resources must be difficult to find among the existing a potential competitor of the firm. Hence resources must be made or unique to offer competitive advantage, as they cannot design and executive a unique business strategy in comparison with other competitors.

Imperfect Imitability (1): Imperfect imitability mean making copy or imitate the resources will not be feasible. Bottlenecks for imperfect imitability can be many viz: difficulties in acquiring resource, ambiguous relationship between capability and competitive advantage or complexity of resource. Resources can be basis of sustained competitive advantage only if firms that do not hole these resources cannot acquire them.

Non-substitutability (N): Non-substitutability of resources implies that resources cannot be substituted by another alternative resource. Here competitor cannot achieve same performance by replacing resources with other alternative resource.

The theory is relevant to the study because RBV is one of the enterprises theories. It is strategic theory and root to gain a sustainable competitive advantage over the rivals. More so, resources-based theory is drawn upon resources and capability that resides within the organization in order to develop sustainable competitive advantage, this can only occur when enterprises are heterogeneity and immobility.

According to Barney valuable resource must enable a firm to do things and behave in ways that lead to high sales, low costs, high margins, or in others ways add financial value to the firm. Barney also emphasized that resources are valuable when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness (1991). RBV helps managers of firms to understand why competences can be perceived as a firms most important asset and, at the same time, to appreciate how those assets can be used to improve enterprises performance.

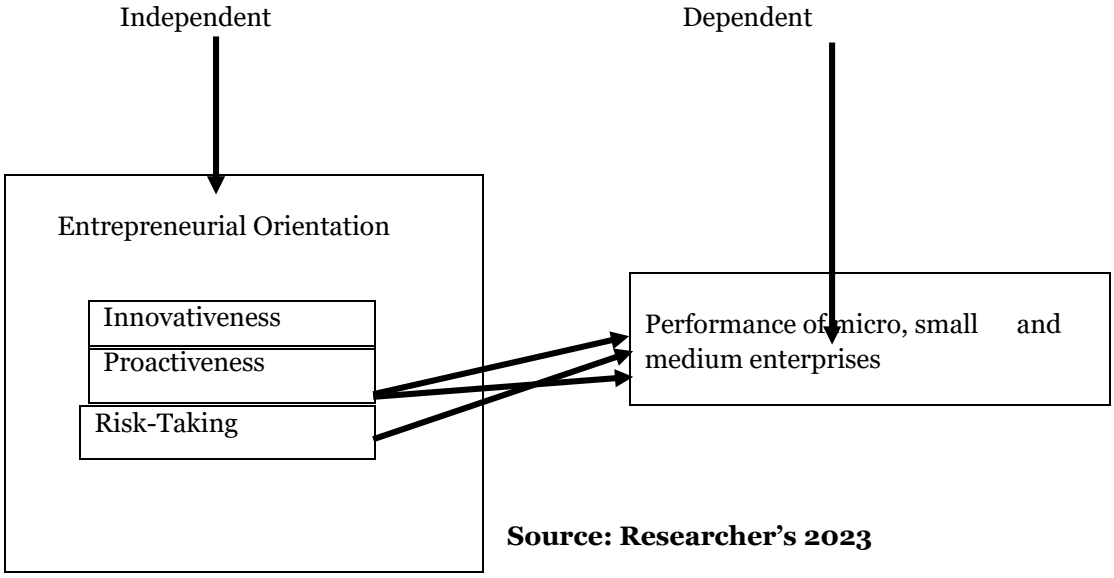
Empirical Review

Li, *et al.,* (2009) studied relationships between entrepreneurial orientation and entrepreneurial performance of 165 enterprises in Taiwan based on primary data collected through a questionnaire. The level of influence of each independent variable on the enterprise performance is measured in a Likert scale of five. The independent variables include entrepreneurial orientation, innovativeness, pro-

activeness and risk taking. The dependent variable is the enterprise growth. The study found that the model has a high level of goodness of fit with chi-Square=72.05, df=40, chi-Square/df=1.8 GFI=0.932, NFI=0.975, CFI=0.989, RMSR=0.0124. Considering the hypotheses, it was found that entrepreneurial orientation is positively related to growth; $p<0.05$ and Path Coefficient = 0.47.

Findings from past studies show that entrepreneurial orientation influences SMEs' performance (Amin, 2015; Amin *et al.,* 2016; Fatoki, 2012; Mahmood & Hanafi, 2013; Mata & Aliyu, 2014; Rauch, Wiklund, Lumpkin, & Frese, 2009; Yeni, 2015; Zehir *et al.,* 2015). These findings agree with the resource-based theory which suggests that a firm's competitive advantage and superior performance emanate from the firm specific resources and capabilities (Barney, 1991). Despite the importance of competitive advantage in promoting firm performance as suggested in the resource-based view, past studies have not paid much attention in studying its mediating effect on the entrepreneurial orientation—firm performance relationship (Mahmood & Hanafi, 2013). However, some studies have observed the positive and significant influence of entrepreneurial orientation on competitive advantage (Mustafa, Rehman, Zaidi, & Iqbal, 2015). In another study, Mahmood and Hanafi (2013) found partial mediation between entrepreneurial orientation and SMEs' performance. Furthermore, past studies have also demonstrated that competitive advantage positively and significantly influences firm performance (e.g., Ismail et al., 2010; Majeed, 2011; Muafi & Roostika, 2014; Wijetunge, 2016; Zhou, Brown, & Dev, 2009). From these findings and the postulation of the resource-based view, this study hypothesizes that H1: Entrepreneurial orientation positively influences competitive advantage, H2: Competitive advantage positively influences SMEs' performance, and H3: Competitive advantage mediates the relationship between entrepreneurial orientation and SMEs' performance.

Conceptual Framework



Source: Researcher's 2023

METHODOLOGY

The study was carried out in South-west geopolitical zone of Nigeria, precisely in Ondo state. The South-west region of Nigeria is homogeneous in culture and populated mainly by the Yoruba ethnic group and hence unified by a general language known as Yoruba. Main occupation of the people is farming as well as other agricultural related activities along with trading and craft specialization. According to Small and Medium Enterprises Development Agency of Nigeria 2017, the state has a total population of 1,060,388 number of micro, small and medium enterprises.

The research method adopted for this study is quantitative research technique. Specifically, questionnaire. Primary data was collected through administration of 400 copies of questionnaire to micro, small and medium enterprises in Ondo State. Both descriptive such as frequencies, percentages

and mean were used to answer the research questions while inferential statistic was used to test the hypothesis at 0.05 level of significance.

The population of the study comprises of micro, small and medium enterprises in Ondo State, Nigeria which is one million, sixty thousand, three hundred and eighty-eight (1,060,388) (SMEDAN, 2017). The sample for the study consisted of four hundred micro, small and medium enterprises in Ondo State, Nigeria. Multi-stage sampling techniques were used to select the respondents. Using Taro Yamane (1967) sample size determination formula at 95% confidence level and margin error of 5, a sample size of 400 was obtained. Well-structured questionnaire was used to collect primary data for this research. Three hundred and eighty- four questionnaire were retrieved back.

To achieve the objectives of the study, descriptive data analysis, which summarizes the data collected in frequency, percentage, mean and standard deviation, was adopted. A 5-point Likert scale was also used to analyze the variation in the view of the respondents. Regression analysis was used to determine the effect of Entrepreneurial innovation on performance of Micro, Small and Medium Enterprises in Ondo State, Nigeria.

RESULTS AND DISCUSSION

Research Question 1: What is the effect of entrepreneurial innovation on the performance of Micro, Small and Medium Enterprises in Ondo State, Nigeria.

Table 1: Descriptive statistics of opinions of respondents on entrepreneurial innovation

Entrepreneurial Innovation on performance of Micro, Small and Medium Enterprises	**SA Strongly Agree Freq.**	**A Agree Freq.**	**IND Indifference Freq.**	**D Disagree Freq.**	**SD Strongly Disagree Freq.**	**$\bar{X}$**	**SD**
The enterprise is more innovativeness than competitors	264(68%)	95 (24%)	10(2.6%))	10(2.6%)	5(1.3%)	4.5	1.11
In the company, there exist a very strong emphasis on R&D, technological leadership and innovations.	254(66-%)	100(26%)	15(3.9%)	10(2.6%)	5(1.3%)	4.5	0.96
The company introduced many new lines of products or services in the past five years.	270(70%)	90(23%)	10(2.6%)	5(1.3%)	5(1.3%)	4.5	1.17
The changes in product lines (types/number of products) for the company have usually been dramatic.	250(65%)	95(25%)	15(4%)	14(4%)	10(1.3%)	4.4	1.18
The company reward employees who find creative ways of improving company's performance.	252(65%)	105(27%)	15(4%)	7(2%)	5(1.3%)	4.5	0.97

The company decides to adopt new ideas only on the basis of their relative cost and benefits to the organization.	262(68%)	80(20%)	22(6%)	15(4%)	5(1.3%)	4.5	0.88

Source: Field Survey, 2023

Key: SA (Strongly agreed), A (agreed), IND (Indifference), D (disagreed) and SD (Strongly disagreed).

Table 1: Question 1, on innovation indicated that 264 respondents representing 68% strongly agreed that MSMES enterprises were in innovativeness than their competitors, 95 respondents representing 25% agreed, 10 respondents representing 3% were indifferences, 10 respondents representing 3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (2) on innovation showed that 254 respondents representing 65% strongly agreed that there exists a very strong emphasis on R&D and technological leadership in MSMES, 100 respondents representing 25% agreed, 15 respondents representing 4% were indifference, 10 respondents representing 3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (3) on innovation indicated that 270 respondents representing 70% strongly agreed that the enterprise introduced many new lines of product or service in the past five years, 90 respondents representing 23% agreed, 10 respondents representing 3% were indifference, 5 respondents representing 1.3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (4) on innovation showed that 250 respondents representing 65% strongly agreed that the changes in products line (types and numbers of products in the company have usually been dramatic, 95 respondents representing 25% agreed, 15 respondents representing 4% were indifferences, 14 respondents representing 4% disagreed and 10 respondents representing 3% strongly disagreed.

Question (5) on innovation indicated that 250 respondents representing 65% strongly agreed that the enterprise reward employees who find creative way of improving the enterprise performance, 105 respondents representing 27% agreed, 15 respondents representing 4% were indifferences, 7 respondents representing 2% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (6) on innovation showed that 262 respondents representing 68% strongly agreed that the enterprise adopt new ideas on the basis of their relative cost and benefit to the organization, 80 respondents representing 20% agreed, 22 respondents representing 6% were indifference, 15 respondents representing 4% disagreed and 5 respondents representing 1.3% strongly disagreed.

Table 2. What is the influence of entrepreneurial proactiveness on performance of MSMEs in Ondo State, Nigeria

Table 2: Descriptive statistics of opinions of respondents on entrepreneurial proactiveness

Entrepreneurial pro-activeness on performance of Micro, Small and Medium Enterprises	**SA Strongly agree** Freq.	**A** Agree Freq.	**IND Indifference** Freq.	**D Disagree Freq.**	**SD Strongly Disagree Freq.**	$\overline{X}$	**SD**
The enterprise is more pro-active than competitors	265(69%)	90(90%)	14(4%)	10(3%)	5(1%)	4.5	1.09
The enterprise is typically the first to initiate actions to competitors, for which competitors then respond.	262(68%)	98(26%)	12(3%)	7(2%)	5(1%)	4.6	0.58
Very often, the company is the first company to introduce new products/services, techniques, technologies etc.	254(66%)	100(26%)	15(4%)	8(2%)	7(2%)	4.5	0.9
The company Perseveres until they bring meaningful change	245(64%)	110(29%)	14(4%)	10(3%)	5(1%)	4.5	0.8
The enterprise looks for market opportunity	250(65%)	104(27%)	14(4%)	10(3%)	6(1%)	4.5	0.8
The firm efficiently utilizing the firm resources	250(65%)	103(27%)	15(4%)	10(3%)	6(2%)	4.5	0.88

Source: Field Survey, 2023

Key: SA (Strongly agreed), A (agreed), IND(Indifference), D (disagreed) and SD (Strongly disagreed).

Table (2) Question 1 on proactiveness indicated that 265 respondents representing 69% strongly agreed that the enterprises is more proactive than competitors, 98 respondents representing 23% agreed, 14 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (2) on proactiveness showed that 262 respondents representing 68% strongly agreed that the enterprise is typically the first to initiate action to competitors, for which competitors ten respond, 98 respondents representing 26% agreed, 12 respondents representing 3% were indifferences, 7 respondents representing 2% disagreed and 5 respondents representing 1.3% strongly disagreed.

Question (3) on proactiveness indicated that 254 respondents representing 66% strongly agreed that very often the enterprise is the first enterprise to introduce new product, services techniques technologies, 100 respondents representing 26% agreed, 15 respondents representing 2% disagreed and 7 respondents representing 2% strongly disagreed.

Question (4) on proactiveness showed that 245 respondents representing 64 strongly agreed that the enterprise persevere until they bring meaningful change, 110 respondents representing 29% agreed, 14 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed and 5 respondents representing 1.3 % strongly disagreed.

Question (5) on proactiveness showed that 250 respondents representing 65% strongly agreed that the enterprise look for market opportunity, 104 respondents representing 27% agreed, 14 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed and 6 respondents representing 1% strongly disagreed.

Question (6) on proactiveness indicated that 255 respondents representing 66% strongly agreed that the enterprise efficiently utilizing the firm's resources, 108 respondents representing 28% agreed, 11 respondents representing 3% were indifferences, 5 respondents representing 1.3% disagreed and 5 respondents representing 1.3% strongly disagreed.

What is the effect of entrepreneurial risk-taking on the performance of MSMEs in Ondo States, Nigeria.

Table 3: Descriptive statistics of opinions of respondents on entrepreneurial risk-taking

Entrepreneurial risk-taking on the performance of MSMEs	**SA Strongly agree Freq.**	**A Agree Freq.**	**IND Indifference Freq.**	**D Disagree Freq.**	**SD Strongly Disagree Freq.**	**$\bar{X}$**	**SD**
The enterprise takes risk more than competitors	275(72%)	88(23%)	10(3%)	5(1%)	6(2%)	4.6	0.8
The enterprise has strong preference for high risk projects with chances of very high return.	250(65%)	102(27%)	15(4%)	10(3%)	6(2%)	4.5	0.8
When confronted with decision making situations involving uncertainty, the firm typically adopt a cautious, "wait and see" posture in order to minimize the probability of making costly decisions.	248(64%)	104(27%)	15(15%)	10(3%)	5(1%)	4.5	0.8
The enterprise believes that, owing to the nature of environment, bold, wide ranging acts are necessary to achieve the firm's objectives.	250(65%)	104(27%)	14(4%)	10(3%)	6(2%)	4.5	0.8
The firm takes risk to venture into new unknown market	270(70%)	82(21%)	10(3%)	10(3%)	10(3%)	4.5	1.09

The enterprise has a highly responsive attitudes towards environmental changes	245(64%)	110(29%)	14(4%)	10(3%)	5(1%)	4.5	0.8

Source: Field Survey, 2023

Key: SA (Strongly agreed), A (agreed), IND(Indifference), D (disagreed) and SD (Strongly disagreed)

Table (3) Question 1 on risk-taking showed that 275 respondents representing 72% strongly agreed that enterprise take risk more than competitors, 88 respondents representing 23% agreed, 10 respondents representing 3% were indifferences, 5 respondents representing 1.3% disagreed, 6 respondents representing 2% strongly disagreed.

Question (2) on risk-taking indicated that 250 respondents representing 65% strongly agreed that the enterprise has strong preference for high risk projects with chances of very high return, 102 respondents representing 27% agreed, 15 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed, 6 respondents representing 2% strongly disagreed.

Table (3) Question 3 on risk-taking showed that 248 respondents representing 64% strongly agreed that the firm typically adopt a caution 'wait and see' in order to minimize the probability of making costly decision, 104 respondents representing 27% agreed, 15 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed, 5 respondents representing 1.3% strongly disagreed.

Table 3 Question 4 on risk-taking indicated that 250 respondents representing 65% strongly agreed that the enterprise believe that owing to the nature of environment, build wide raging act are necessary to achieve the firm's objectives, 104 respondents representing 27% agreed, 14 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Table (3) Question 5 on risk taking showed 270 respondents representing 70% strongly agreed that the firm take-risk to venture into new unknown market, 82 respondents representing 21% agreed, 10 respondents representing 3% were indifferences, 10 respondents representing 3% disagreed and 10 respondents representing 3% strongly disagreed.

Table (3) Question 6 on risk-taking indicated that 245 respondents representing 645 strongly agreed that the enterprise has a highly responsive attitudes toward environmental changes, 110 respondents representing 29% agreed, 14 respondents representing 4% were indifferences, 10 respondents representing 3% disagreed and 5 respondents representing 1.3% strongly disagreed.

Combining results in Tables 1, 2 and 3 together, it can be seen that entrepreneurial innovativeness, proactiveness and risk-taking have effect on micro, small and medium enterprises performance in Ondo State, Nigeria.

TEST OF HYPOTHESIS:

Ho : Entrepreneurial innovation has no significant effect on performance of Micro, Small and Medium enterprises in Ondo States, Nigeria.

Model Summary of Regression estimate for entrepreneurial innovation and performance of micro, small and medium enterprises.

Model	R	R^2 R Square	Adjusted R^2	Standard error of estimate	B	Beta	T	Df	F	Sig.
Regression	.803	.645	.641	.446	0.578	.453	12.244	1	230.50	0.000[b]
								383		
								384		

4.3 FINDINGS

The result shows that R=0.803 which means that 80% of relationship exist between the entrepreneurial innovation and performance of micro, small and medium enterprises in Ondo State. Also, the result shows 0.645 as the coefficient of determination (R^2), meaning that, about 65% of variation in the performance of micro, small and medium enterprises in Ondo State is explained by the entrepreneurial innovation. In addition, the result shows that entrepreneurial innovation significantly (F=230.50, p =0.000 ⩽0.05) influence performance of micro, small and medium enterprises in Ondo State. In addition, the result shows that a positive relationship exists between enterprises are more innovative than competitors (MIC) and performance (PE) (B = 0.578) MSMEs in Ondo State. The relationship between MIC and PE is statistically significant (T = 12.244; P= 0.000). The P-value of entrepreneurial innovation is 0.000 which is less than 0.05 level of significance adopted for this study. This suggests that entrepreneurial innovation is significantly influencing the performance of MSMEs in Ondo State positively. Based on the findings, the null hypothesis (Ho1) which states that entrepreneurial innovation has no significant effect on performance of MSMEs is hereby rejected.

CONCLUSION

The study concluded that entrepreneurial orientation have positive and significant effect influence on the performance of micro, small and medium enterprises in Ondo State.

RECOMMENDATIONS

The study recommends that Micro, Small and Medium Enterprises owners should develop their innovative, proactive and risk-taking towards improving the performance of micro, small and medium enterprises in Ondo State, Nigeria. Also, the study recommends that agency for micro, small and medium should design training programme to ensure that innovativeness, proactiveness, risk-taking activities are emphasized by entrepreneurs in Ondo State, Nigeria.

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