

ENTREPRENEURIAL DEVELOPMENT AND PERFORMANCE OF SMALL AND MEDIUM
ENTERPRISES IN ABUJA METROPOLIS

BY

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Abstract

This study investigated entrepreneurial development and performance of small and medium enterprises (SMEs) in Abuja; while aligning dimensions of entrepreneurial development to imply the context of entrepreneurial intention; entrepreneurial education; entrepreneurial orientation; entrepreneurial culture; entrepreneurial innovation and entrepreneurial competence. The study adopted a descriptive survey research design using the ex-post facto type of a quantitative nature by using questionnaires to collect valuable data from primary sources. Purposive sampling technique was used study to select fifty (50) small and medium enterprise entrepreneurs operating within Gwari area Council Abuja. Data was analyzed using simple percentage analyses. The result of the study revealed that the four hypothesized dimensions (entrepreneurial intention; entrepreneurial orientation; entrepreneurial culture and entrepreneurial competence) of entrepreneurial development had positive impact on performance of small and medium enterprises (SMEs). Therefore, it is recommended that entrepreneurs should be encouraged to develop innovative and creative ideas that will enable them be competitive and value laden.

Keywords: *Entrepreneurial Development, Performance, Small and Medium Enterprises, Abuja*

Introduction

Essentially entrepreneurial development implies the acquisition of skills that will enable an entrepreneur to function appropriately and adequately in terms of attaining high productive performance and planning for the future, based on present circumstance. Maintaining and developing the organized capability which makes achievement possible, and coordinating the specialist functions that should enable a firm to perform the technical task in marketing, personnel, research and development, manufacturing, finance and control, especially in the face of changing technology and dynamic industry trend (Taiwo, Ayodeji & Yusuf, 2012). This is premised considering the fact that entrepreneur development is a veritable phenomenon that could ignite rapid SMEs expansion and boost employment. Okogba (2018) report revealed that small and medium-scale enterprises (SMEs) are now strategic and essential for accelerating economic growth in Nigeria. SMEs constitute about 90 per cent of all the businesses in Nigeria, creating more than 80 per cent of employment. The contributions of SMEs to the Nigerian economy cannot be overstated and supporting SMEs in Nigeria to flourish is crucial because it creates a growing middle class with disposable income, in relation to market opportunities for new investors. Small and medium enterprise (SMEs) is a business enterprise that employs a small number of workers and does not have a high volume of sales. Such enterprises are generally privately owned and operated sole proprietorships, corporations or partnerships.

The contributions of SMEs to the Nigerian economy cannot be overstated and supporting SMEs in Nigeria to flourish is crucial because it creates a growing middle class with disposable income, in relation to market opportunities for new investors. SMEs have been playing a vital role by investing in community projects and financial support to charity organisations, enabling further development beyond their own ventures. One thing is clear: whether it is a small barber shop or a dry cleaning shop down the street, small and medium-sized businesses drive the national economies. This makes small scale business enterprises to have significant relevance to economies globally and in most parts of the world they constitute about 90 percent of all business enterprise. This explains the affirmations of Akoga and Balcioglu (2010) that the reason why much attention is given to address the performance, growth, expansion and sustainability of small scale business enterprises in Nigeria is due to the role they are expected to play in providing the driving force for the industrialisation and overall development of the Nigerian economy, in addition to their significant roles in meeting some basic economic and industrial development objectives through entrepreneurship development. Small and medium enterprise (SMEs) is a business enterprise that employs a small number of workers and does not have a high volume of sales. Such enterprises are generally privately owned and operated sole proprietorships, corporations or partnerships. Small and medium enterprise businesses are either services or retail operations like grocery stores, medical stores, bakeries and small manufacturing units, etc. Small and medium enterprise businesses are independently owned organisations that require less capital and fewer workforces and less or no machinery. These businesses are ideally suited to operate on a small scale to serve a local community and to provide profits to the company owners. The legal definition of small and medium enterprise varies by industry and country.

According to Kehinde, Abiodun, Adegbuyi and Oladimeji (2016) in Nigeria, the Third National Development plan defined a small and medium enterprise (SMEs) business as a manufacturing establishment which employs not more than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira. Also, Effiom and Edet (2018) posited that in Nigeria, a small scale enterprise is a firm employing a workforce of 11 – 100 persons or capital not exceeding N50 million, including working capital but excluding cost of land. While a medium scale enterprise is one with a workforce of 101 - 300 persons or capital exceeding N50 million but not more than N200 million, including working capital but excluding cost of land. Central Bank of Nigeria (2010) in its definition of what constitutes SMEs accepted the number of staff employed at the above level, but differs on asset value. Thus, firms with asset ranging between N5 million and N500 million, are classed under SMEs. Small and Medium Enterprises in Nigeria are believed to account for about 40 percent of GDP and 70 percent of industrial employment (Eniola, 2014).

However, starting up SMEs by an individual requires intense entrepreneur intention. Thus, entrepreneurial intention is crucial in determining the performance of businesses, large or small businesses (Van Vuuren & Nieman, 1999). For example, Krueger (1993) defines entrepreneurial intention as a commitment to starting a new business. People who become entrepreneurs have a particular set of motivational goals. Krueger (2000) also argues that entrepreneurs' intentional behaviour helps to explain why many entrepreneurs decide to start a business long before they scan for opportunities. Krueger (2000) maintains that entrepreneurs' intentions guide their goal setting, communications, commitment, organisation and other kinds of work. Krueger further indicates that intentions are the single best predictors of any planned behaviour including entrepreneurship. Entrepreneurial orientation (EO) has been linked with organizational performance, whereby the higher the EO, the higher the level of performance. Entrepreneurial orientation is the presence of organizational-level entrepreneurship and a combination of risk taking, innovation and pro-activeness that must positively present in order for an EO to be manifested (Wiklund & Shepherd, 2005). In the same vein entrepreneurial competencies affect business performance (Mitchelmore & Rowley, 2010). Also, a study shows that competency is related to a superior performance in any given circumstance (Hayton & Kelley, 2006) and successful businesses are led by competent owners. Global Entrepreneurship Monitor investigates entrepreneurial competencies via assessing perceived capability, perceived opportunities, having less fear of failure and entrepreneur's role models all year round. Studies reveals that according to the nature of competencies, perceived capability and opportunities refer to skills of an entrepreneur where role models and less fear of failure are targeted to define entrepreneur's personality (Zali, Bastian, & Qureshi, 2013).

Likewise it is of note that entrepreneur culture makes entrepreneurs behave in culture specific manner when providing goods and services to members of the society as they are conscious that different cultures have different product and brand preferences (Danita, 2017). With regards to managerial attitudes and behaviours, Danita (2017) argued the different opinions and expectations entrenched in a culture influence the way members of an organisation undertake their duties. In addition, national cultures affect the demand and consumption of goods and services. The different cultural dimensions govern individuals' propensity to entrepreneurship (Danita, 2017). Therefore, this study is anchored on Schumpeter (1951) Theory of Economic Development considering the fact that the Schumpeterian system of economic thought was built in such a way as to realize a necessary symbiosis between economic, historical, political, social and all other elements of the process of the functioning and development of the capitalist world. For example, Swedberg (2002) confirmed the substantial influence of Schumpeter's work on the entrepreneurship and entrepreneur development across cultures. Certainly, from the Schumpeterian point of view, economic phenomena are not isolated and cannot be undetermined.

Statement of the Problem

In recent times, more firms are coming up day by day and the market is becoming more and more competitive and dynamic. Enterprises are becoming more dynamic and owners are expected to use different entrepreneurial development strategies in order to still remain relevant in the market. Just any strategy cannot be used by any enterprise; each enterprise must discover the appropriate entrepreneurial development factors that best suits its operations. Without the appropriate entrepreneurial development factors, an enterprise cannot survive in today's competitive environment. Small and medium enterprises of today are aspiring to achieve sustainability, growth and development because without it, a small and medium enterprise will stagnate and when this occurs, the enterprise would not be able to compete favourably in the competitive market of today. Most small and medium enterprises of today are failing because of consistent deficiency in performance. That is why investigating entrepreneurial development and performance of small and medium enterprises (SMEs) in Abuja is a necessary gap to fill. This study therefore seeks to bridge this identified gaps by investigating entrepreneurial development and performance of

small and medium enterprises (SMEs) in Abuja; while aligning dimensions of entrepreneurial development to imply the context of entrepreneurial Intention; entrepreneurial orientation; entrepreneurial competence and entrepreneurial culture.

Objective of the Study

The main objective of this study is to investigate entrepreneurial development and performance of small and medium enterprises (SMEs) in Abuja. The specific objectives are:

1. To determine the influence of entrepreneurial intention on performance of small and medium enterprises (SMEs) in Abuja?
2. To examine the influence of entrepreneurial orientation on performance of small and medium enterprises (SMEs) in Abuja?
3. To investigate the influence of entrepreneurial competence on performance of small and medium enterprises (SMEs) in Abuja?
4. To examine the influence of entrepreneurial culture on performance of small and medium enterprises (SMEs) in Abuja?

Research Questions

The following research questions will be answered in the study:

1. To what extent does entrepreneurial intention influence performance of small and medium enterprises (SMEs) in Abuja?
2. To what extent does entrepreneurial orientation influence performance of small and medium enterprises (SMEs) in Abuja?
3. To what extent does entrepreneurial competence influence performance of small and medium enterprises (SMEs) in Abuja?
4. To what extent does entrepreneurial culture influence performance of small and medium enterprises (SMEs) in Abuja?

Methodology

This study adopted a descriptive survey research design using the ex-post facto type of a quantitative nature by using questionnaires to collect valuable data. It is a type of design that the researcher usually has no control over the variables of interest being investigated and therefore cannot manipulate them. The population for this study were small and medium enterprise entrepreneurs operating in Gwari area Council of Abuja. The sample size for this study consists of fifty (50) small and medium enterprise entrepreneurs operating within Gwari area Council of Abuja. Purposive sampling technique was used in this study to select fifty (50) small and medium enterprise entrepreneurs operating within Gwari area Council Abuja.

Small Scale Business Entrepreneur Development and performance Scale is self constructed by the researcher: It has five sections of A; personal demographic data's, B; entrepreneur intention with six items; entrepreneur orientation with six items, D; entrepreneur competences with six items and E; entrepreneur culture with six items, It is a modified Likert scale with a 4 point response range pattern of Strongly Agreed (4), Agree (3), Disagree (2) and Strongly Disagreed (1). It was validated using test-re-test method with reliability coefficient of 0.76, 0.82, 0.78, and 0.86. The researcher sought the consent of entrepreneurs used for the study. The essence of the study was explained to the participants and also how the questionnaires are to be filled. They were told that their responses are strictly for research purpose and it will be treat confidentially. There after the questionnaires were administered and collected back for scoring. This information were analysed to answer the research questions raised to guide this study. Data was analyzed using simple percentage analyses. Simple percentage analyses were used to answer the research questions.

Results

Research Question One: To what extent does entrepreneurial intention influence performance of small and medium enterprises (SMEs) in Abuja?

Table 1: Entrepreneurial intention and performance of small and medium enterprises (SMEs)

The influence of entrepreneurial intention on performance of small and medium enterprises (SMEs) Scale				
Items	Strongly	Agree	Disagree	Strongly

		Agreed			Disagree
1	Nursing the ambition of being self employed before now made me focused as an entrepreneur	43 (86%)	5 (10%)	1 (2%)	1 (2%)
2	My passion for creativity made me become an entrepreneur	38 (76%)	11 (22%)	1 (2%)	0
3	The frustration of being unemployed made me decide to be an entrepreneur	1 (2%)	3 (6%)	15 (30%)	31(62%)
4	My ability to come up with novel ideas motivate me to be an entrepreneur	42 (84%)	8 (16%)	0	0
5	My ability to persuade people to buy my ideas inspired me to be an entrepreneur	36 (72%)	9 (18%)	1 (2%)	4 (8%)
6	The desire to be rich made me become an entrepreneur	43 (86%)	7 (14%)	0	0

Result in table 2 revealed that to a high extent, entrepreneurial intention influences performance of owners of small and medium enterprises (SMEs) for example, 43 (86%) of the respondents indicated that their nursing the ambition of being self employed made them focused as an entrepreneur, also that the desire to become rich made them ventured into entrepreneurship.

Research Question Two: To what extent does entrepreneurial orientation influence performance of small and medium enterprises (SMEs) in Abuja?

Table 2: Entrepreneurial orientation influence performance of small and medium enterprises (SMEs)

The influence of entrepreneurial orientation on performance of small and medium enterprises (SMEs) Scale				
Items	Strongly Agreed	Agree	Disagree	Strongly Disagree
1 Getting good information about the nature of business in Abuja gives me a better edge to excel	41 (82%)	9 (18%)	0	0
2 Knowledge of market segmentation gives me a better idea to penetrate the market	37 (74%)	11 (22%)	1 (2%)	1(2%)
3 Using facebook to make sale make business less stressful	29 (58%)	17 (34%)	1(2%)	3 (6%)
4 The internet is a good platform to introduce a product/service	36 (72%)	14 (28%)	0	0
5 Using blog to advertise my product/services increases my sales and performance	33 (66%)	16 (32%)	0	1 (2%)
6 I prefer to use internet to sell my product/services because I realise most customers opt for online purchase	37 (74%)	11 (22%)	1 (2%)	1 (2%)

Table 3 highlights that to a high extent entrepreneurial orientation influenced the performance of entrepreneurs of small and medium enterprises (SMEs) for example, 41 (82%) of the respondents stated that getting good information about the nature of business in Abuja gave them a better edge to excel. Also, 37 (74%) indicated that knowledge of market segmentation gave them a better idea to penetrate the market.

Research Question 3: To what extent does entrepreneurial competence influence performance of small and medium enterprises (SMEs) in Abuja?

Table 3: Entrepreneurial competence influence performance of small and medium enterprises (SMEs)

The influence of entrepreneurial competence on performance of small and medium enterprises (SMEs) Scale				
Items	Strongly Agreed	Agree	Disagree	Strongly Disagree
1 Using website to sell my product/services is very profitable to me	33 (66%)	15 (30%)	1 (2%)	1 (2%)
2 Using social media platforms to sell my product /services is very profitable to me	38 (76%)	9 (18%)	1 (2%)	2 (4%)
3 Using geographic segmentation do improve sales	31 (62%)	14 (28%)	4 (8%)	1 (2%)
4 Using distribution segmentation enhances business opportunities	35 (70%)	11 (22%)	3 (6%)	1 (2%)
5 Use of price segmentation increases sales	43 (86%)	7 (14%)	0	0
6 I used demographic segmentation to penetrate the	37 (74%)	11(22%)	1(2%)	1 (2%)

market

The result in table 4 showed that to a high extent expressed competence by an entrepreneur influences performance of small and medium enterprises (SMEs). 43 (86%) of the respondents indicated that the use of price segmentation increases sales and 37 (74%) stated that used demographic segmentation to penetrate the market.

Research Question 4: To what extent does entrepreneurial culture influence performance of small and medium enterprises (SMEs) in Abuja?

Table 4: Entrepreneurial culture influence performance of small and medium enterprises (SMEs)

The influence of entrepreneurial culture on performance of small and medium enterprises (SMEs) Scale				
Items	Strongly Agreed	Agree	Disagree	Strongly Disagree
1 I ensure that I motivate my employees and it has helped to improve the outcome of my business enterprise	41 (82%)	9 (18%)	0	0
2 I make sure I give employees opportunity to express their views to enhances the performance of my business enterprise	37 (74%)	13 (26%)	0	0
3 Giving strict orders to my employees without their contributions supports the growth performance of my business	3 (6%)	1 (2%)	19 (38%)	27 (54%)
4 I allow employees to behave the way they like to supports the growth performance of my business	1 (2%)	0	17 (34%)	32 (64%)
5 I make sure I attend to the needs of employees to make them support the advancement of my business	39 (78%)	11 (22%)	0	0
6 I encourage innovation and creativity of employees to enhance positive growth of my business	33 (66%)	17 (34%)	0	0

The response of the 50 respondents in table 5 showed that to a high extent imbibed entrepreneurial culture influences performance of owners of small and medium enterprises (SMEs). For example, 41 (82%) stated that motivating their employees help improve the outcome of their business enterprise positively

Discussion of the Findings

The result of the first research question revealed that to a high extent, entrepreneurial intention influences performance of owners of small and medium enterprises (SMEs) for example, 43 (86%) of the respondents indicated that their nursing the ambition of being self employed made them focused as an entrepreneur. This is in line with the report of Van Vuuren and Nieman (1999) that entrepreneurial intention is crucial in determining the performance of businesses, large or small businesses. Krueger (2000) also argues that entrepreneurs' intentional behaviour helps to explain why many entrepreneurs decide to start a business long before they scan for opportunities. Krueger (2000) maintains that entrepreneurs' intentions guide their goal setting, communications, commitment, organisation and other kinds of work. Krueger further indicates that intentions are the single best predictors of any planned behaviour including entrepreneurship.

It was also revealed that to a high extent entrepreneurial orientation influenced the performance of entrepreneurs of small and medium enterprises (SMEs) for example, 41 (82%) of the respondents stated that getting good information about the nature of business in Abuja gave them a better edge to excel. This findings concurs with Wiklund and Shepherd (2005) findings that entrepreneurial orientation (EO) has been linked with organizational performance, whereby the higher the EO, the higher the level of performance. Entrepreneurial orientation is the presence of organizational-level entrepreneurship and a combination of risk taking, innovation and pro-activeness that must positively present in order for an EO to be manifested.

The study showed that to a high extent expressed competence by an entrepreneur influences performance of small and medium enterprises (SMEs). 43 (86%) of the respondents indicated that the use of price segmentation increases sales and 37 (74%) stated that used demographic segmentation to penetrate the market. This corroborates the study of Hayton and Kelley (2006) which reported that competency is related to a superior performance in any given circumstance and successful businesses are led by competent owners.

The response of the respondents showed that to a high extent imbibed entrepreneurial culture influences performance of owners of small and medium enterprises (SMEs). For example, 41 (82%) stated that motivating their employees help improve the outcome of their business enterprise positively. This is consistent with the assertions of

Danita (2017) that entrepreneur culture makes entrepreneurs behave in culture specific manner when providing goods and services to members of the society as they are conscious that different cultures have different product and brand preferences. Also, different cultural dimensions govern individuals' propensity to entrepreneurship (Danita, 2017).

Conclusion

The role of entrepreneurs in the economic and social development of any nation is significantly germane. The efforts of entrepreneurs in striving to sustain their business orientation, passion, focus, resilience and success is dependent on their developmental drive and initiative to appropriately utilise available human and non-human material to enhance the attainment of maximum productive performance that would be value oriented.

Recommendations

1. Entrepreneurs should be encouraged to develop innovative and creative ideas that will enable them be competitive and value laden.
2. Entrepreneurs should endeavour to develop their competence through education and training to enable them develop capacity to maximize their potentials and business opportunities around them.
3. The government should put in place policies that will enable people have good orientation of the benefit of entrepreneurship development.
4. Schools should incorporate in their curriculum entrepreneur development programmes that will help foster the development of entrepreneur intention among students in schools before they graduate.

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