



Entrepreneurial Behaviour and the Performance of Small and Medium Enterprises in South-West, Nigeria

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Abstract

In recent times, the performance of Small and Medium Enterprises (SMEs) has generated increased interest because of their crucial contribution to the national and global economies. Against this backdrop, this study empirically investigated the impact of entrepreneurial behaviour on the performance of SMEs in South-West, Nigeria. Specifically, this study evaluated the combined impact of entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network on the performance of SMEs. This study adopted a survey research design. The population of this study consisted of one hundred and forty-nine thousand, three hundred and seventeen (149,317) registered SMEs in operation with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as at the end of December, 2021 in South-West, Nigeria. This study adopted a tabular approach proposed by Gill et al. (2010), as cited in Taherdoost (2017), to arrive at a sample size of six hundred and fifty-nine (659) respondents. The study employed a multi-stage sampling technique, involving stratified sampling, proportionate sampling, and simple random sampling. The primary data used for the analyses were collected from the respondents through the use of structured questionnaire, and responses were analysed using descriptive and multiple regression analysis. The results revealed entrepreneurial behaviours (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network) had a significant and positive impact on the performance of SMEs (Adjusted $R^2 = 0.878$, $p < 0.05$). This study concluded that entrepreneurial behaviours enhanced the performance of SMEs in South-West, Nigeria. The study recommended that SMEs' owners and managers should adopt an entrepreneurial approach, including entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network strategies. By doing so, they can develop more innovative products and services, outperform competitors, improve output, and retain customers in their operating sector.

Key words:

Entrepreneurial behaviour,
entrepreneurial competency,
entrepreneurial mindset,
entrepreneurial orientation,
social network, SMEs
performance.

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1. Introduction

Entrepreneurship is a practice and a phenomenon that happens all over the world. It helps the economy grow, keeps society stable, creates wealth, and lowers the unemployment rate. In recent times, the performance and contributions of Small and Medium Enterprises (SMEs) have been generating increased interest because of their crucial contribution to the national and global economy. Meanwhile, organisational performance is a crucial outcome of all organisational operations and is used to gauge the business's level capacity and the effectiveness of its work processes in achieving the desired results. Performance measures how well a business can use and manage its resources at any given time.

Small and Medium Enterprises (SMEs) are predicted to contribute 40% of global GDP and 70% of job possibilities (Qalati et al., 2021). As a result, they are critical to the growth and development of any economy. Quainoo (2011), cited by Abubakari et al. (2022), noted that small enterprises represent the backbone of the economies of several industrialised countries, including the United States, the United Kingdom, China, Canada, and Japan. Meanwhile, the estimates for SMEs' contributions to GDP and other benefits range from 60.0% in China to 57% in Germany to 55.3% in Japan to 50.0% in Korea to 38.2% in Malaysia (Hidayati & Rachman 2021). Also, in most developing countries, Small and Medium-sized Enterprises (SMEs) are known for their contributions to the economy and rural economic development. Prempeh (2015), cited in Abubakari et al. (2022) asserted that almost 90% of all businesses in Africa, are in the SMEs sub-sector. They contribute to the economy by reducing poverty through jobs creation in rural and urban locations across Africa. PricewaterhouseCoopers and Micro, Small, and Medium Enterprises' Survey (2020) found that SMEs in South Africa made up 52% of the GDP and 29% of the job's creation. The study by Amoah and Jibril (2020) revealed that SMEs faced many challenges in developing countries that hindered their growth and development. Amoah et al. (2021) noted further that financial challenges, lack of research and development, entrepreneurial skills, human capital, market penetration and acceptability, and technology have always been the significant challenges confronting SMEs, mostly in developing countries.

According to PWC's MSME Survey (2020), SMEs in Nigeria have contributed 90 percent of the country's manufacturing output, 50 percent of all industrial jobs, and 48 percent of GDP over the past five years. Small and Medium-sized Enterprises (SMEs) account for the bulk of economic activity and 75% of total employment worldwide (Salavou et al. 2017). However, Adekunle et al. (2022) argued that despite their contributions, 80% of SMEs in Nigeria fail before their fifth anniversary, and the survivors face challenges that hinder their performance, growth, and sustainability. However, SMEs have experienced a performance characterised by low sales, poor innovation, low profitability, low market share, poor customer satisfaction, and poor productivity, which rendered them less competitive in a global market (Adekunle et al., 2022).

Economics, management, sociology, and psychology are just a few of the numerous disciplines that offer their unique perspectives on the phenomenon of entrepreneurship and the concept of Small and Medium Enterprises (SMEs). Studies in economics and management have attempted to define and explain SMEs by analysing their effects on the economy at large, the number of jobs they generate, and the effectiveness of their top management in the running of the business (Luca, 2017); the psychological approach seeks to discover features of entrepreneurial personality and the psychosocial correlates of such conduct in the running of businesses, complementing sociology's focus on the effect of social factors (values, norms, and rules) in shaping entrepreneurial behaviour. However, the main goals of entrepreneurship research are to learn what makes an entrepreneur successful, how an entrepreneur starts a business, how entrepreneurship contributes to economic growth and development, and the challenges facing entrepreneurship in different economies.

Organisational behaviour can be distinguished from its surroundings through the cultivation of an entrepreneurial orientation, which reflects a company's decision-making processes, managerial orientations, risk-taking propensities, innovation tools and capability, opportunity recognition skills, and market approaches (Alvarez-Torres et al., 2019). However, Shika (2017) opines that the significance of entrepreneurial competency to performance has been amplified due to the strategic role played by the entrepreneur in business formation and operation. Meanwhile, Ismail (2014) found the need for better entrepreneurial competency among SMEs in the strategic management of businesses to achieve organisational success and drive competitiveness. Jemal (2020) further explains that people with an entrepreneurial mindset are inclined towards innovation, value creation, calculated risk-taking, and are accustomed to the frequent changes and

unpredictability that are typical in business environments. Ioanid et al. (2018) thought that collaborations were the most critical factor in the success of entrepreneurial activities and processes. This is because social networks allow businesses to work together to improve performance. Kärkkäinen et al. (2010) emphasised the benefits of social networks in business success when the appropriate method is adopted to promote this kind of cooperation between businesses and their clients, suppliers, and other market participants.

This paper has five sections: Section One contains an introduction, Section Two is the literature review and hypothesis development, Section Three is the material and methods, Section Four is the results and discussion, and Section Five is the conclusion and recommendation.

1.1 Statement of the Problem

Despite the perceived contribution of SMEs to the Gross Domestic Product (GDP) in Nigeria, Aremu and Adeyemi (2011); Ayodeji (2015); Fasua (2017) opine that most of these SMEs were seen to perish within the first five years of life, a tiny number died between the sixth and tenth years, while only approximately 5% to 10% lived, thrived, and grew into maturity. Egbesola (2020) argued further that about 61% of SMEs in Nigeria fail as quickly as these SMEs were created. Aggarwal and Chanhan (2020) and Namusonge et al. (2016), on the other hand, attributed the poor performance of SMEs to a lack of basic business knowledge, skills, and attitude; poor entrepreneurial behaviour and ethics; high operating costs; and inconsistent government policies. Other challenges identified are low entrepreneurial skills, poor management knowledge and practices, and lack of entrepreneurial training (Olaolu & Obaji, 2020), thus resulting in an increased business failure that hinders SMEs' growth, performance and sustainability in Nigeria. Qureshi et al. (2020) stated that entrepreneurship aims at getting things done in unusual ways to improve performance and identify entrepreneurial behaviour as a likely determinant of entrepreneurial success and performance. Gartner (1989), cited in Hinz (2017), states that, when it comes to explaining the significance of different persons and how they make decisions and deal with the obstacles they meet in business, entrepreneurial behaviour goes beyond simple definitions of character, attributes, and talents.

Following the behavioural approach in addressing this, several studies in the literature linked entrepreneurial behaviour and performance, such as the study of Pietersen (2021); Lisa (2019); Qureshi et al. (2020), but proxied entrepreneurial behaviour with variables such as personal characteristics, social characteristics, innovativeness, risk-taking, and proactiveness, and were seen to demonstrate the positive relationship, while few argued for a negative relationship. However, the findings of these few available results were contradictory when compared to each other, and the dimensions used to proxy entrepreneurial behaviour in their various studies were contrary to the dimensions present in this study (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network), prompting the need to further investigate entrepreneurial behaviour with different dimensions such as; entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network on the SMEs performance in South-west. Nigeria, to fill the gaps created with a few related studies in the Nigerian context and SMEs sector.

2. Literature Review and Hypotheses Development

2.1 Conceptual Review

2.1.1 Entrepreneurial Behaviour

Entrepreneurial is an adjective that describes a person's entrepreneurship spirit in the business. The fact that scholars use the adjective suggests that entrepreneurs have a distinct style and behaviour that separates them from other professions. Entrepreneurial behaviour was used to describe "opportunity-driven, value-adding, creative endeavour wherein new organisations are conceived, expanded, or remodelled" (Bird, 1989, cited in Shaheen and Al-Haddad, 2018). Kumar and Poonam (2019) view entrepreneurial behaviour as a distinct change in knowledge, skills, and attitude in the day-to-day context of business transactions. Luca (2017) describes entrepreneurial behaviour as the creation of a business and its subsequent success from the perspective of the individual's knowledge, attitudes, and abilities, which shape the individual's life vision and the goals he sets for his growth and development. Therefore, entrepreneurial behaviour stems from the entrepreneurs' skills, knowledge, traits, experience, competencies, intelligence, learning, interaction,

association, motivation, abilities, intentions and cognition that individuals carry out in an organisation. This study will further explain entrepreneurial behaviour with four dimensions: entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks.

Entrepreneurial Orientation

In today's cutthroat business climate, even SMEs are seeking for ways to increase their revenue, market share, and bottom line. According to Etim et al. (2017), an organisation has an entrepreneurial orientation if it makes decisions in a way that encourages initiative, creativity, risk-taking, fierce competition, and autonomy. Entrepreneurial orientation is a notion that separates an organisation's culture and behaviour by showing the possibilities and styles of its internal control, risk-taking orientation, innovation processes, opportunity recognition, market approach, and decision-making process. According to Alvarez-Torres et al. (2019), entrepreneurial orientation has a significant impact on the expansion and viability of Small and Medium-sized Enterprises (SMEs) in an economy. Meanwhile, Olubiyi et al. (2019) describe entrepreneurial orientation as a process, involving the willingness to innovate, engage in strategic decision-making, take risks, and be proactive and competitive, giving SMEs the foundation to be more successful than their industry rivals.

Entrepreneurial Competency

Competency has been used in management literature for a long time; however, its role and significance have only recently been realised as contributing to business performance, growth, and sustainability. Competency assumes that entrepreneurs with these qualities will be able to look for better opportunities and formulate better strategies that are helpful to their business. Buttressing this view, Rehman et al. (2020) describe entrepreneurial competency as the skills, combination and usage of these skills by an entrepreneur, such as self-esteem, traits, social, managerial, and networking competencies, to boost the company's productivity. On the other hand, Samoedra (2021) sees entrepreneurial competency as essential to keeping in touch with the various stakeholders and groups vested in the company's success. Auriacombe and Vyas (2019) see entrepreneurial competency as the sum of an entrepreneur's personality, skills, and knowledge. It is seen as the intellectual capital that allows them to carry out their responsibilities successfully. On their own, Zhao and Wang (2021) opine that entrepreneurial competency is the ability of entrepreneurs to adapt to the business environment, successful entrepreneurial activities and processes, and have individual character, knowledge, and skills that will aid in improving business performance.

Entrepreneurial Mindset

Entrepreneurial mindset refers to having a particular mental state that allows entrepreneurs to identify opportunities, direct their behaviour towards entrepreneurial activities and results, and use available resources in novel ways to capitalize on economic opportunities. Arokodare et al. (2020); Kouakou et al. (2019) consider that having an entrepreneurial mindset transforms a person's status from an individual to an entrepreneur. These studies also state that an individual with an entrepreneurial mindset, in particular, is frequently driven to opportunities with new value creation, innovation, and the capacity to assess the company environment and explore the prospects and possibilities to achieve a desirable outcome. The study of Kerubo and Nyang'au (2021) states that, an entrepreneurial mindset sustains and manifests an organisation's economic competitiveness as well as citizens' socioeconomic lifestyles through the development of value, wealth, and jobs.

Social Networks

The relevance of social networks must be considered in this competitive business environment as business owners increasingly use social networks, which show the relationships between individuals, units, or groups, to understand better the connections between and within organisations to improve business performance. The social network reflects the worldwide interaction between social structures and is part of the social analysis research paradigm. In a social network, relationships can be formal or informal; while informal networks are

typically developed by emotion, friendship, and other factors, formal networks typically relate to relationships established by contract, consanguinity, and other factors (Shan et al., 2018). Ibrahim et al. (2021) assert that in the perspective of entrepreneurship, the nodes of the social network are the owners of organisations who form a relationship with other entrepreneurs in the same field or industry. The relationship may vary in many ways, including but not limited to friendships, advice sharing, and competition. In principle, a group can become motivated to join a social network through shared interests, cross-promotion of information, reminders, and assistance in accomplishing tasks to achieve objectives (Leopold, 2017).

2.1.2 Small and Medium Enterprises (SMEs) Performance

Organisational performance is a central concept in management sciences that is widely used, and many researchers have sought to define it for decades. Giving an appropriate definition of the performance concept depends on how the organisation is organised to achieve its objectives. However, Lawrence and Lorsch (1973), as cited in Boubakary et al. (2021), states that the organisation's performance translates into its capacity to satisfy the stakeholders' environmental requirements. Meanwhile, Shah et al. (2018) define performance as a measurement of how an organisation uses its assets to generate revenue through effective resource management, achieving employee satisfaction, customer loyalty and satisfaction, and further categorising performance as financial or non-financial. Dyer and Singh (1998) proposed a paradigm for performance measurement that includes four indicators: Absenteeism, turnover, job satisfaction, and individual and group performance are all examples of human resource outcomes. Productivity, product quality, and service quality are examples of organisational outcomes. Return on investment and return on assets are examples of financial outcomes. A company's stock price, which is measured as the market value divided by the cost of replacing its current assets, determines market efficiency. Performance can be judged from the perspectives of money, business operations, customers, personnel dedication, and learning and commitment (Hidayat et al., 2015).

Therefore, this study will globally consider performance through the two prominent essential dimensions: the organisational dimension and the economic dimension. Hence, the organisational dimension with innovation and perceived productivity and the economic dimension with a competitive advantage and customer retention. The adoption of these four indicators was because they are readily observable and realistic in the case of SMEs.

Innovation

The Latin word "innovate," which translates to "innovation," is where the term "renewal" originates. Because innovation often makes a big difference in how creative a company is, it is part of a business's entrepreneurial process. Kiragu and Mutiso (2021) see innovation as the adoption of concepts or behaviours relating to products or services that are novel to the firm that is adopting them. Buttressing this, according to Akinlabi et al. (2020), innovation requires discovering a new, improved way of doing something. Exploiting fresh ideas to create a new product, process, service, business system, or management strategy substantially impacts the company's productivity and growth.

Competitive Advantage

Competitive advantage is the ability to establish a market position that can be maintained in the presence of continuing competition. However, the possession of a competitive advantage positions the company to be able to survive in a competitive business environment. Russell and Millar (2014), as cited in Herman et al. (2018), asserted that businesses develop a competitive edge through their decision to compete in specific markets, referred to as a competitive ability, capability, or priority. However, an organisation's resources become inimitable if they arise from unique historical circumstances, and the causal and social complexity of the relationship between the resource and competitive advantage is high.

Perceived Productivity

Productivity is a vital indicator of a company's efficiency and effectiveness. It is a set of steps used to assess the outcomes of doing one's job. Hussain et al. (2021) define productivity as an essential factor that sees organisations prosper and grow in the employees. Wibowo (2017), as cited in Obianuju et al. (2021), defines productivity as the results achieved by an organisation during a given fiscal year compared to several predetermined benchmarks. It is one way to evaluate how well an organisation manages its affairs and is susceptible to internal and external influences.

Customer Retention

Customer trust or loyalty from customers is another aspect that cannot be ruled out in determining customer retention for a product. When a company has a strong reputation and is highly trusted, customers tend to remain loyal and continue using its products and services. This loyalty is commonly referred to as customer retention, which measures the rate at which customers continue to use a company's products. Tayyba et al. (2021) claim that customer retention is directly impacted by service quality; as a result, if service quality were to be enhanced, customer retention would be simpler, more profitable, and longer lasting.

2.2 Theoretical Framework

This study has employed a multi-theoretical framework that draws upon the Dynamic Capabilities; first introduced by Teece and Pisano in 1994, The Theory of Planned Behaviour; introduced by Ajzen in 1991, and Institutional Theory; first proposed by John Meyer and Brian in 1977 as underpinning theories for this study. The adoption of the dynamic capability theory, as an extension of the resource-based view (RBV), is advocated by Gupta et al. (2018) due to its ability to provide businesses with a framework for identifying and leveraging opportunities through the development of new skills and the enhancement of existing ones, as noted by Wang et al. (2016). The present study incorporates the theory of planned behaviour as a fundamental theoretical framework, which is supported by Gorgievski et al.'s (2018) research indicating that behavioural intention is contingent upon an individual's attitude, subjective norm, and perceived behavioural control. Consequently, an individual's disposition towards a specific conduct is influenced by a set of readily available convictions regarding the consequences linked to the enactment of said conduct. The present investigation has incorporated institutional theory as one of the fundamental theories, owing to its impact on entrepreneurial activities and processes, as evidenced by the research conducted by Herold (2018). The theory of institutionalism delves into the extrinsic forces that influence the conduct of corporations, prompting them to embrace particular organisational customs and procedures that prove advantageous to the economy. Therefore, the collective adoption of dynamic capabilities theory, the theory of planned behaviour, and institutional theory, is justified for the study on entrepreneurial behaviour and SMEs performance in South-west, Nigeria, as it allows for a comprehensive and nuanced examination of the complex interplay between individual entrepreneurial actions, strategic capabilities, planned intentions, and the broader institutional context, providing a more holistic understanding of the factors influencing entrepreneurial behaviour and SMEs performance.

2.3 Empirical Review

Hinz (2017) studied entrepreneurial behaviour, linking self-efficacy with effectuation. Performance accomplishments, vicarious experience, resources, and prior entrepreneurial experience are some of the antecedents the researcher looks at, along with efficacious behaviour like partnering, taking advantage of opportunities, dealing with loss sensibly, and experimenting. A conceptual model was developed for the study to demonstrate the interplay between these two areas of inquiry. The model shows how entrepreneurial self-efficacy's precursors and outcomes affect performance. However, this conceptual model only addressed horizontal connections between entrepreneurial self-efficacy and effectuation. This suggests the existence of potential vertical linkages among their components, which can be investigated in more depth in subsequent studies.

The study of Aggarwal and Chanhani (2020) explored the concept of entrepreneurial behaviour and its significance in explaining organisational performance. The study used entrepreneurial behaviour as measured

by an entrepreneur's orientation to engage in innovative, risk-taking and proactive behaviour, which was revealed to influence organisational performance significantly. The findings reveal that entrepreneurial behaviour is an essential factor influencing organisational performance, with significance varying from one context or economy to another. However, the study was exploratory and was based on the available literature. Therefore, this creates a gap for further research with proxies of variables using both primary and secondary data, with consideration of other countries around the globe.

Qureshi et al. (2020) explored individual and work contextual factors that stimulate the entrepreneurial behaviour of employees in Small and Medium Enterprises (SMEs) using a non-experimental, face-to-face form of data gathering and analysing 383 responses with SmartPLS (v 3.2.7). The results showed that emotional intelligence and a supportive environment were significantly linked to responses. The study also confirmed the importance of psychological ownership as a mediator in the postulated relationship. However, other measures of emotional intelligence were not included in the study. Hence, future research should account for and control demographic and contextual variables that influence emotional intelligence.

The study conducted by Clinton et al. (2020) aimed to examine the transmission and embedding of entrepreneurial behaviour across generations in a Transgenerational Entrepreneurial Family (TEF). The study employed a longitudinal approach and conducted a comprehensive analysis of data obtained from extensive interviews, documents, and fieldwork pertaining to four TEF instances. The researchers utilised various techniques such as open coding, within-case analyses, second-order coding, and cross-case analysis to conduct an iterative data analysis method. The present study's results and illustrations demonstrate that the adoption of entrepreneurial behaviour within Tertiary Education Facilities (TEFs) was a negotiated and reified process, influenced by the diversity of family responses to distressing occurrences. Furthermore, the study demonstrated the impact of factors that facilitate entrepreneurial behaviour on the durability of entrepreneurial endeavours within each Technology Entrepreneurship Framework (TEF). Scholars may explore the potential of TEFs to facilitate culturally-relevant entrepreneurship education in the future.

Pietersen and Botha (2021) conducted a study that analyzed the relationship between impulsivity and entrepreneurial behaviour through an irrational, impulse-driven pathway. They developed a unique measure to capture this pathway and used structural equation modeling with longitudinal survey data from owner-managers. Their research found evidence to support the hypothesis that multidimensional attribute impulsivity affects entrepreneurial behaviour by overcoming the inhibiting effects of uncertainty. Additionally, they performed several robustness tests to validate their findings. This lack of reasoning was manifested by participants giving more weight to the desirability of an entrepreneurial opportunity than its feasibility. More studies are needed to accurately capture differences in probability discounting; for example, conjoint designs could give many options for manipulating desirability and feasibility characteristics.

Murad et al. (2022) conducted an investigation into the association between early-stage entrepreneurial practises and entrepreneurial social identities, with a particular focus on entrepreneurial self-efficacy. The research comprised a sample of 455 undergraduate students who were enrolled in public universities located in the province of Punjab, Pakistan. The PLS-SEM (partial least squares structural equation modelling) method was employed to analyse data collected from a survey designed to assess the research model and underlying assumptions. The results of the study provide evidence in favour of the hypothesis that social identities, such as those linked to Darwinism, missions, and communitarianism, have a positive and statistically significant impact on the development of new businesses. The findings of this study demonstrate the significance of entrepreneurial self-efficacy as an intermediary variable in the association between social identities and the expansion of entrepreneurial behaviour. Information was gathered for the cross-sectional study by sending an online survey to students enrolled in Punjab's public universities. Studies of entrepreneurs' social identities throughout time, as well as the forces that affect them, may provide important clues about how well their businesses perform.

3. Material and Methods

The study used a survey research design to integrate the various components of this study coherently and logically. This design helped the researcher gather the data and analyse it accordingly. This research design created an avenue to describe the existing conditions through primary data from the respondents. More

importantly, it supplied data that reflected respondents' perspectives from a wide geographic area and helped the researcher explain the relationship between the dependent and independent variables.

This study focused on Small and Medium-sized Enterprises (SMEs) operating in South-West Nigeria. The study focuses mainly on SMEs that have been registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) as of the end of 2021. The South-West zone was chosen because it has the highest concentration of SMEs in Nigeria compared to the other six geopolitical zones, accounting for roughly 22.3% of total SMEs in Nigeria (MSME Survey, 2021).

The total population of SMEs in the South-west geopolitical zone in Nigeria is 149,317, which have registered with SMEDAN as follows: Ekiti-State; 17,510, Ondo-State; 7,899, Osun-State; 18,969, Oyo-State; 31,739, Ogun-State; 31,133, and Lagos-State; 42,067 (MSME Survey, 2021). Therefore, the population of this study consisted of 149,317 SMEs in South-west Nigeria. That is an owner or a manager representing each registered SMEs in South-west Nigeria.

This study adopted the use of the tabular approach by Gill et al. (2010), as cited in Taherdoost (2017), at a 95% confidence level (0.05 margin error) to ascertain the sample size for the study. Therefore, the required sample size at a 95% confidence level at 0.5 margins of error is six hundred and fifty-nine (659). For this study, the researcher distributed a total of six hundred and fifty-nine (659) questionnaires to Small and Medium Enterprises (SMEs) located in the South-west region of Nigeria.

To ensure a representative sample, a multi-stage sampling method was employed, incorporating stratified sampling, proportionate sampling, and simple random sampling techniques. To determine the sample size and the number of questionnaires to be distributed in each state, the study utilized the Proportionate Allocation Formula proposed by Agbionu et al. (2018). This formula ensured that the sample size was allocated proportionately across the states, accounting for the variations in the population size of SMEs in each state. The final stage was the stage of randomly selected and distributed questionnaires to registered SMEs in each state in South-west Nigeria based on the allocated sample size to each state. Ekiti; 77, Ondo; 35, Osun; 84, Oyo; 140, Ogun; 137, and Lagos; 186.

This study employed primary data obtained from participants through a structured questionnaire and the questionnaires were disseminated to randomly chosen owners/managers of Small and Medium Enterprises' (SMEs) within the region during their typical working hours. The questionnaire designed for this study was structured into three sections with close-ended questions. Section A was made up of the personal data of the respondents based on demographic characteristics, such as gender, marital status, length of service, educational qualification, current management level, and current status in the organisation. Section B was made up of questions that gathered information on respondents' perceptions based on the dimensions of entrepreneurial behaviour (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks), and section C consisted of questions used to gather information on respondents' perceptions based on the dimensions used to proxy the performance of SMEs.

The devised instrument was constructed utilising a 5-point Likert-type scale ranging from "strongly agree" to "strongly disagree." The rationale for selecting this particular design is based on its expeditious and efficacious approach to instrument design, which facilitates data collection. The scale utilised in the study assigned a numerical value of 5 to strongly agree, 4 to agree, 3 to undecided, 2 to disagree, and 1 to disagree strongly.

The study employed Principal Component Analysis (PCA) using the Kaiser-Meyer Olkin (KMO) and Bartlett test of sphericity to establish the construct validity of the instrument; Entrepreneurial orientation (0.883), Entrepreneurial competency (0.782), Entrepreneurial mindset (0.892), Social networks (0.900), Innovation (0.914), Competitive advantage (0.716), Perceived productivity (0.796), and Customer retention (0.845). The reliability test results concerning its stability, dependability, and predictability through Cronbach's alpha revealed the following results: entrepreneurial orientation (0.968), entrepreneurial competency (0.935), entrepreneurial mindset (0.973), social networks (0.979), innovation (0.969), competitive advantage (0.954), perceived productivity (0.941), and customer retention (0.967). This result ranges from 0.935 to 0.979, which is adequate because it falls within the acceptable region.

The data collected from the participants underwent thorough statistical analysis, including descriptive and inferential statistics. Frequency distribution and percentage analysis were performed to describe the demographic characteristics of the participants. For hypothesis testing, inferential statistical analysis was

conducted, using multiple regression analysis to examine hypothesis. Because it allowed the scores of SMEs' performance to be regressed on the combined values of entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks.

3.1 Model Specification

The conceptual framework of this study establishes entrepreneurial behaviour as the independent variable and SMEs performance as the dependent variable. To achieve the research objectives, multiple regression models were adopted following Lisa's (2019) approach, modified and developed to make statistical predictions. The predictive equation used in this study is presented below. The variables for this study were operationalised thus:

$$Y = f(X)$$

Where

Dependent Variables (Y) = SMEs Performance (SP)

Independent Variables (X) = Entrepreneurial Behaviour (EB)

$X = (x_1, x_2, x_3, x_4)$

x_1 = Entrepreneurial Orientation (EO)

x_2 = Entrepreneurial Competency (EC)

x_3 = Entrepreneurial Mindset (EM)

x_4 = Social Networks (SN)

Functional relationship (fn.)

$$Y = f(X)$$

$$Y = f(x_1, x_2, x_3, x_4) \dots \dots \dots \text{fn.1}$$

The regression equation is given then as;

$$Y = f(x_1, x_2, x_3, x_4)$$

$$SP = f(EO, EC, EM, SN)$$

$$Y = \alpha_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \mu_i$$

$$SP = \alpha_0 + \beta_1 EO + \beta_2 EC + \beta_3 EM + \beta_4 SN + \mu_i \dots \dots \dots, \text{Eqn. 3.1}$$

Where α = the constant of the equation

$\beta_1 - \beta_4$ = the coefficient of variables in the equations;

μ_i = the stochastic function that accounts for the errors that may arise in the equation

4. Results and Discussion

4.1 Social Demographic Information

The results in table 1 indicated that the respondents were primarily males, with 371 respondents representing 60.8% of the total respondents, while the remaining 239 were females, representing 39.2%. Therefore, this indicates that the male dominates the female in the selected SMEs for the study. The table revealed further that the respondents within the age bracket below 25 years constitute 33 (5.4%) of the respondents. Those aged 25–35 years presented 102 (16.7%) of the respondents. The age group between 36 and 45 comprised 155 (25.4%) of the respondents, and 320 (52.5%) fell within the age bracket above 45 years, which, incidentally, is the age bracket with the highest number of respondents for this study.

Further findings on the educational qualifications of the respondents show that 160 (26.2%) of the respondents were WASC/SSCE holders. 105 (17.2%) were ND/NCE holders, 212 (34.8%) were HND/BSC/BA holders, and represented the qualifications with the highest number of respondents. On the other hand, 24 (3.9%) were MSC//MA holders, 3 (0.5%) were PhD holders, which represents the least number of respondents, and 106 (17.4%) were with other qualifications. A unique discovery from the result is that all the respondents have one academic qualification or the other. Therefore, the selected SMEs for the study attract highly educated entrepreneurs.

Further findings show that 159 (26.1%) respondents are single, 366 (60.0%) respondents are married, 47 (7.7%) respondents are separated/divorced, and 38 (6.2%) constitute a widow/widower among the respondents.

On the length of service, 324 (53.1%) respondents had spent 0–10 years within the selected SMEs, 202 (33.1%) had spent 11–20 years, 59 (9.7%) had spent 21–30 years, and 25 (4.1%) had spent above 30 years. It is clear from the responses that selected SMEs in the study area have managers with diverse working experiences to perform optimally.

The findings relating to the current management level indicate that 234 (38.4%) of the selected respondents are in the top management position, 337 (55.2%) fall into the middle management position, and the remaining 39 (6.4%) of the respondents for this study fall into the other categories of management. Therefore, the responses revealed that this study was guided by the information obtained from the top and middle-level managers involved in strategic decision-making processes and procedures influencing organisational performance. The study further established that 199 (32.6%) of the respondents are the CEO/Owners of the SMEs, 127 (20.8%) are Accounts/Finance Officers, 61 (10.0%) perform Corporate Planning/Legal functions, and 192 (31.5%) perform Operations/Production functions. Also, 22 (3.6%) and 9 (1.5%) perform Marketing and HRM functions within the organisation, respectively. Therefore, the result shows that all the respondents are qualified to respond to this survey. Therefore, with this calibre of highly placed respondents, objective responses were collected and transcended to objective findings and conclusions for this study.

Table 1

Characteristics of the Respondents

Characteristics	Variables	Frequency	Percentage (%)
Gender of the Respondents	Male	371	60.8
	Female	239	39.2
	Total	610	100.0
Age of the Respondents	Below 25 Years	33	5.4
	25-35 Years	102	16.7
	36-45 Years	155	25.4
	>46 Years	320	52.5
	Total	610	100.0
Educational Qualifications	WASC/SSCE	160	26.2
	ND/NCE	105	17.2
	HND/BSC/BA	212	34.8
	MSC/MA	24	3.9
	PhD.	3	.5
	Other Qualifications	106	17.4
	Total	610	100.0
Marital Status	Single	159	26.1
	Married	366	60.0
	Separated /Divorcee	47	7.7
	Widow/Widower	38	6.2
	Total	610	100.0
Length of Service	0-10 Years	324	53.1
	11-20 Years	202	33.1
	21-30 Years	59	9.7
	>31 Years	25	4.1
	Total	610	100.0
Current Management Level:	Top	234	38.4
	Middle	337	55.2
	Others	39	6.4
	Total	610	100.0
Current Status	CEO/Owner	199	32.6
	Accounts/Finance	127	20.8
	Corporate Planning /Legal	61	10.0

	Operations/Production	192	31.5
	Marketing	22	3.6
	HRM	9	1.5
	Total	610	100.0

Source: Field Survey, (2023)

4.2. Test of Hypothesis

Hypothesis One: Entrepreneurial behaviours (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and the social network do not significantly influence the performance of Small and Medium Enterprises in South-west Nigeria.

Table 2 presents the regression coefficient results indicating the combined impact of entrepreneurial behaviour components (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks) on SMEs' performance. The findings demonstrate that the combination of these components significantly influences SMEs' performance in South-west Nigeria (Adj.R2 = 0.878; F = 1100.377, $p < 0.05$). The F-statistic, which measures the joint determination, has a calculated value of 1100.377 with $p < 0.05$. This outcome suggests that entrepreneurial behaviour components collectively play a significant role in explaining the variations in SMEs' performance in South-west Nigeria. Additionally, the Adjusted R-squared value of 0.878 indicates that entrepreneurial behaviour components account for 87.8% of the variations in SMEs' performance.

The result further shows the regression coefficients of the contribution of each independent variable (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks) to the criterion variable (SMEs Performance).

The regression coefficient shows that entrepreneurial orientation positively interacts with SME performance. The coefficient of entrepreneurial orientation was 0.367, with a t-value of 12.044. This result shows that a unit increase in entrepreneurial orientation would result in a 36.7% increased contribution to SMEs' performance. Hence, the coefficient of entrepreneurial orientation is statistically significant at 5% significance.

The regression analysis reveals a positive correlation between entrepreneurial competency and the performance of SMEs. The coefficient of entrepreneurial competency is 0.216, with a t-value of 12.777 and $p < 0.05$. This indicates that a unit increase in entrepreneurial competency leads to a 21.6% increase in SMEs' performance. The statistical significance of the coefficient at a 5% significance level confirms that entrepreneurial competency is a significant factor influencing the performance of SMEs.

The coefficients also point to a positive association between an entrepreneurial mindset and the performance of SMEs. The t-statistic for this parameter is 13.293, and the associated p-value is less than 0.05. These findings indicate a coefficient of 0.412; this result demonstrates that an increase of one unit in entrepreneurial mindset is associated with a 41.2% rise in the performance contributions of SMEs. According to the 5% significance level, the coefficient of an entrepreneurial mindset is positive and statistically significant.

In addition, the estimated association between social networks and the performance of SMEs is positive. The data displays a positive value for the social network coefficient of 0.354. A t-statistic of 24.072 and a probability of less than 0.05 indicates statistical significance. The result demonstrates that a one-unit boost in SMEs' social networks resulted in a 35.4% improvement in their performance or contributions.

This implies that the coefficient of the social network variable is statistically significant at a 5% significance and that social networks positively contributes to the SME's performance.

The overall result reveals that SMEs' performance was highly enhanced by entrepreneurial behaviour components (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks). Consequently, the null hypothesis one (H01), which posits that entrepreneurial behaviours (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks) have no significant impact on the performance of Small and Medium Enterprises (SMEs) in South-west, Nigeria, is rejected. Conversely, the alternative hypothesis is accepted, indicating that the study has established a significant and collective influence of entrepreneurial behaviour components (entrepreneurial orientation,

entrepreneurial competency, entrepreneurial mindset, and social networks) on the performance of SMEs in the region. Thus, it can be concluded that these entrepreneurial behaviours play a substantial role in shaping and enhancing the performance of SMEs in South-west, Nigeria.

Table 2

Contribution of Each Predictor of Entrepreneurial Behaviour to SMEs Performance

Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.012	.052		.231	.818
	EO	.266	.022	.367	12.044	.000
	EC	.151	.012	.216	12.777	.000
	EM	.299	.022	.412	13.293	.000
	SN	.289	.012	.354	24.072	.000
R= 0.938, R ² = 0.879, Adj.R ² =0.878, F=1100.377						
a. Dependent Variable: SMEs Performance (SP)						

Source: Author's Computation (2023)

4.3 Discussion of Findings

The study examined the impact of entrepreneurial behaviours (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social networks) on the performance of small and medium enterprises (SMEs) in the South-West, Nigeria. The Null Hypothesis (H01) proposed that these entrepreneurial behaviours do not have a significant impact on SMEs performance. However, the results of the regression analysis indicated a combined positive and significant influence of the entrepreneurial behaviour components on SMEs performance. As a result, the null hypothesis was rejected, and the alternative hypothesis, which states that entrepreneurial behaviours significantly affect SMEs performance, was accepted. This implies that the combination of entrepreneurial behaviour components (entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network) jointly contributes to the performance of SMEs in South-West, Nigeria. Therefore, the finding of this hypothesis was supported by the R Square value of 0.879, which implies that the combination of entrepreneurial behaviour components explains 87.9% of SMEs performance changes. The result of this analysis collaborated with the study of Lisa (2019), which found entrepreneurial behaviour variables to influence organisational performance. It also extended the study of Aggarwal and Chauhan (2020), which found entrepreneurial behaviour to be an essential factor influencing organisational performance.

5. Conclusion and Recommendation

In conclusion, this study underscores the significant positive impact of entrepreneurial behaviour exhibited by managers and owners of SMEs on their overall performance within the South-West region of Nigeria. Through meticulous statistical analysis, it became evident that factors such as entrepreneurial orientation, competency, mindset, and social networks collectively contribute to enhancing SMEs' performance in this specific context.

While the findings highlight the promising potential for fostering entrepreneurship within SMEs, it is crucial to acknowledge the limitations that may affect the broader applicability of the findings. Firstly, the empirical data were collected solely from a single developing country, Nigeria, and within a specific geographical region, the South-West. Therefore, caution should be exercised when extrapolating these findings to other countries or regions with different socio-economic contexts. Additionally, the study's sample

population was limited to SMEs registered with SMEDAN in the South-West region, potentially underrepresenting certain segments of the SMEs landscape. Notably, SMEs not registered with SMEDAN but in operation were not included in the sample, which may introduce biases and limit the generalizability of the findings.

Despite these limitations, the findings underscore the importance of nurturing entrepreneurial behaviours and fostering supportive environments within SMEs. Future research endeavours could benefit from addressing these limitations by including a more diverse range of sectors, regions, and countries in the study to enhance the robustness of findings. By broadening the scope of investigation, researchers can gain a more comprehensive understanding of the factors influencing SMEs performance across different contexts.

Overall, this study contributes valuable insights into the factors driving SMEs performance in the Nigerian context, providing a foundation for further exploration and development of strategies to support SMEs' growth and sustainability.

Recommendation

In line with the findings and conclusion, this study recommends that SMEs owners and managers should adopt an entrepreneurial approach, including entrepreneurial orientation, entrepreneurial competency, entrepreneurial mindset, and social network strategies, such as:

- i. Organize workshops and training sessions specifically focused on developing entrepreneurial competencies such as opportunity recognition, resource leveraging, and strategic decision-making. Invite industry experts or successful entrepreneurs to share their experiences and insights.
- ii. Promote a culture of continuous learning and skill development among employees to foster an entrepreneurial mindset. Provide access to online courses, books, and resources related to entrepreneurship, innovation, and leadership.
- iii. Facilitate mentorship programs where experienced entrepreneurs or industry leaders can provide guidance and support to SMEs owners and managers. These mentors can offer valuable advice on navigating challenges, expanding networks, and seizing opportunities.
- iv. Organize networking events or join industry-specific networking platforms to facilitate connections and collaborations. Encourage employees to attend conferences, trade shows, and business gatherings to expand their social networks and learn from peers.
- v. Foster cross-functional collaboration within the organization to encourage knowledge-sharing and interdisciplinary problem-solving. Create opportunities for employees from different departments to collaborate on projects, share ideas, and contribute to innovation initiatives.

Suggestions for Further Study

To deepen our understanding of the factors influencing the success of SMEs and to further explore the mechanisms through which entrepreneurial behaviour contributes to improved SMEs performance, future research should consider the following areas:

- i. Future studies could delve deeper into the specific mechanisms by which entrepreneurial behaviour influences SME performance. This could involve qualitative research methods such as in-depth interviews or case studies to uncover nuanced insights into the entrepreneurial processes and strategies employed by SMEs.
- ii. Conducting comparative analyses of SMEs across different industries would provide valuable insights into how entrepreneurial behaviour manifests and impacts performance within various business contexts. By examining differences and similarities in entrepreneurial practices across industries, researchers can identify sector-specific challenges and opportunities for SMEs.
- iii. Similarly, comparative analyses of SMEs operating in different geographical regions would offer valuable insights into the role of local context and market dynamics in shaping entrepreneurial behaviour and performance outcomes. By comparing SMEs in urban versus rural areas or different economic zones, researchers can identify region-specific factors influencing SME success.
- iv. To enhance the validity and comprehensiveness of findings, future research could employ a mixed-methods approach that integrates quantitative survey data with qualitative insights from interviews and focus

groups. This would allow for a more holistic understanding of the complex interplay between entrepreneurial behaviour, contextual factors, and SME performance.

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Appendix 1: Questionnaire

Dear Respondent,

I kindly plead with you to assist in filling out this questionnaire. This questionnaire is based on the topic **"The Impact of Entrepreneurial Behaviour on the Performance of Small and Medium Enterprises in South-West, Nigeria."** Therefore, the data (information) collected through this questionnaire will be confidential and used exclusively for this study.

Thank you for your anticipated cooperation.

SECTION A: RESPONDENT DEMOGRAPHIC INFORMATION

INSTRUCTION: Please tick (✓) as appropriate in the boxes provided

1. Gender: Male () Female ()
2. Age: Below 25year () 25 - 35years () 36 - 45years () 46 and above ()
3. Educational Qualifications: [] WASC/SSCE [] ND/NCE [] HND/B.Sc./BA [] M.Sc./MA [] Ph.D. [] Other Qualifications
4. Marital Status: Single () Married () Separated/Divorcee () Widow/widower ()
5. Length of Service: [] 0- 10yrs. [] 11–20yrs [] 21–30yrs [] 31yrs above
6. Current Management Level: [] Top [] Middle [] Others
7. Current Status: [] CEO/Owners [] Accounts/Finance [] Corporate Planning/Legal [] Operations/Production [] Marketing [] HRM []

INSTRUCTION: Please respond to the following by ticking the appropriate box:

Strongly Agree (SA) Agree (A) Undecided (U) Disagree (D) Strongly Disagree (SD).

SECTION B: ENTREPRENEURIAL BEHAVIOUR						
SN	Questions	SA	A	U	D	SD
	Entrepreneurial Orientation					
1	When confronted with decision-making involving uncertainty, the firm typically adopts a cautious, "wait and see" posture to minimise the probability of making costly errors (Risk taking Propensity).					
2	In dealing with our competitors, the organisation is the first to introduce new technologies and retraining of personnel (Competitive Aggressiveness).					
3	In general, the management team of the organisation has a strong tendency to be ahead of other organisations in introducing new products, services or ideas (Proactiveness).					
4	The organisation encourages and stimulates technological, service delivery and administrative innovation (Innovativeness).					
5	The organisation favours new ideals from the employees beyond rules and regulations (Autonomy).					
	Entrepreneurial Competency					
6	The firm knows how costs can be minimized and controlled in our products/services (Operational Competency).					
7	The company instantly adjusts to environmental and business change by adjusting our business plans and policies (Strategic Competency).					
8	The organisation knows which needs and requirements exist in our business surroundings (Opportunity Competency).					
9	The firm does consider not only profit and loss but also humans and the environment in our decision-making process. (Ethical Competency).					

10	The firm organises trainings and conferences for our employees to be able to do better on every responsibility as assigned by the management (Learning Competency).					
Entrepreneurial Mindset						
11	The organisation passionately seeks new opportunities within the operating sector (Business Alertness).					
12	The firm is known for pursuing only the best opportunities in our operating sector (Opportunity Recognition).					
13	The employees are trained to pursue business opportunities with enormous discipline in our organisation (Entrepreneur Belief and Value).					
14	Our business always focuses on executing plans, goals and objectives of the business (Business Planning).					
15	The employees are team players and engage the energies of everyone in their domain to improve performance and competitive advantage (Entrepreneurial leadership).					
Social Network						
16	Searching for information, sharing experiences making new friends and getting feedback is central to our organisation (Knowledge Transfer).					
17	Forming professional relationships with the Business environment positively contributes to the business (Business Networking).					
18	There is much interaction among employees through the various gatherings that brings new ideas and customers into our business (Knowledge Sharing).					
19	The company allocates further learning or training opportunities to the employees' base on their possession of working skills and licenses (Skills Acquisition and Development).					
20	The knowledge acquisition behaviour of the company employees positively affects job efficiency (Operational improvement).					
SECTION C: SMEs' PERFORMANCE						
Questions						
Innovation						
21	In the last few years, the organisation brought/introduced new products/services to the market that was thought to be unique in the industry in which the business operates (Radical Innovation).					
22	Our organisation strengthens human capital accumulation to improve overall innovation capability (Process Innovation).					
23	Technological innovation improves operational production ability in our organisation. (Technological Innovation).					
24	The organisation maintains speed in commercialising innovations in new products or new processes from our R&D projects (Products/Services Innovation).					
25	Our products have scientific and reasonable innovation design, which helps increase sales volume and market share in our operating sectors (Incremental Innovation).					
Competitive Advantage						
26	The organisation develops products/production processes that are superior in quality to those of competitors and that respond to the needs of customers (Product-based advantage).					
27	The organisation continually maintains good relations with customers and controls all processes throughout the value chain such that maximum efficiency and effectiveness can be achieved and maintained (Customer Base).					
28	The organisation does achieve market penetration for our products/services over our competitors through cost-based advantage, resulting from lower manufacturing costs and lower-price products (Market Share).					
29	The organisation does achieve market penetration for our products/services over our competitors through product-based advantage, resulting from product differentiation, packaging, design, style, product quality and accessibility (Sales Growth).					
30	The organisation does achieve market penetration for our products/services over our competitors through service-based advantage, resulting from our product/service reliability, flexibility,					

	product innovation, delivery speed, technical support and value for the customer (Service-based advantage).					
	Perceived Productivity					
31	Effectiveness of the use of raw materials to meet market and consumer needs (Market Alertness).					
32	Optimising the use of funds based on product innovation and technology utilisation (Fund Optimization).					
33	The firm investment in machinery, technology and total quality management increased our output (Output Growth).					
34	The organisation's level of output increased faster than that of input (Production Efficiency).					
35	Strengthening the capacity of human resources and mastery of technology (Human Resources Development).					
	Customer Retention					
36	The company's relationship with our customers improves their retention with our products, and we plan to continue their relationship with this business in future (Market Share).					
37	Customer loyalty translates to retention in our products/services patronage (Customer Loyalty).					
38	The continued increase in sales indicates that our customers complement our market success by saying positive things about our business to others (Sales Growth).					
39	The company considers our products/services the first choice in the market (Market Penetration).					
40	The decision of our customers to continue using our product/services has improved our sales growth in the last five years (Brand Loyalty).					