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Relevance of Entrepreneurial Orientation and its Effect on the Performance of Smes in Asaba, Delta State

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ABSTRACT

The study investigated the relevance of entrepreneurial orientation on the performance of Small and Medium scale Enterprises (SMEs) in Delta State. Other specific objectives are to determine the relationship between proactiveness and SMEs performance; to assess the connection between competitive aggressiveness and SMEs performance; to ascertain the connection between risk-taking and SMEs performance. A cross sectional research design was adopted for the study. A structured questionnaire was developed to elicit data from respondents for the study. This study specifically focused on relationship between proactiveness, competitive aggressiveness, innovativeness and the relationship between risk-taking and SMEs performance. All the staff of selected SMEs were sampled. The analytical technique used for hypotheses testing was the chi-square, using Stata version 13. Findings revealed that, all variables used in this study had a significant and positive relationship with performance of SMEs. Thus, the study concludes that entrepreneurial orientation has a significant relationship with performance of Small and Medium scale Enterprises (SMEs). This study therefore recommends amongst others that more intensive entrepreneurial training and practice be done by students in tertiary institutions as there seems to be no job waiting for graduates among the teeming youths we have in Nigeria today.

Keywords: Entrepreneurial Orientation, Proactiveness, Competitive Aggressiveness, Innovativeness

INTRODUCTION

The economic importance of small and medium-sized enterprises (SMEs) and entrepreneurship has increased significantly in recent decades, and its contribution to the well-being of an economy cannot be overemphasized. Many studies, both in developed and the developing countries have shown the major developmental role that SMEs play in an economy (Karpak and Topcu, 2010; Abor and Quartey, 2010; Paul et al., 2007). SMEs do well in providing employment to teeming job seekers, serve as avenues for innovation and provide revenue to governments (the state) and the citizenry; hence it has been identified as acatalyst for economic growth (Abor and Beikpe, 2005; Mensah, 2004).

Moreover, many scholars have recognized and demonstrated the crucial role played by SMEs as an engine for economic growth, job creation, competitiveness in global markets and the general health and welfare of economies both nationally and internationally. For instance, about 85 per cent of new jobs in the U.S. are created by small businesses (Audretsch, 2002; Lappalainen and Niskanen, 2009; Lappalainen and Niskanen 2012). As the entrepreneurial activity and SMEs are seen to be increasingly indispensable to economic progress, it is important to study how small firms and entrepreneurs can enhance their performance and ensure their survival in the turbulent economic and business environment.

Coping with such harsh conditions may require firms to demonstrate special capabilities, internal resources or behaviors such as innovativeness, flexibility or adaptability. In that sense the strategic management and entrepreneurial orientation may offer useful concepts to utilize possible remedies or enhancements for firm's performance during economic crises. Hakala (2011) pointed out that several distinct strategic orientations of businesses, such as market, customer, learning, technology, and entrepreneurial orientations have gained considerable attention as several studies have provided evidence that one of these orientations alone (Kohli and Jaworski, 1990; Calantone et al., 2002; Wiklund and Shepherd, 2005) and the interaction between the orientations or different combinations of the orientations may provide a source of high performance or competitive advantage for firms (Hult et al., 2004).

Entrepreneurial orientation (EO) is a key ingredient for firms' success. Perhaps that is why Entrepreneurial orientation (EO) has received substantial conceptual and empirical attention, representing one of the few areas in entrepreneurship research where a cumulative body of knowledge is developing. Entrepreneurial orientation is usually defined as a multidimensional construct, applied at the organizational level, which characterizes firm's entrepreneurial behaviour and includes one or several of these dimensions viz-a-viz risk-taking, innovativeness and pro-activeness, access to capital, strategic orientation, creativity, risk orientation, psychological traits, competitive aggressiveness, and autonomy to correlate etc. Also included are environmental characteristics such as dynamism and hostility that are likely to impact on the relationship between entrepreneurial orientation and firms' performance. Being entrepreneurial -oriented simply means being alert to the challenges that the business environment poses, and to continually evolve strategies to surmount those challenges. Entrepreneurial orientation can be thus regarded as a type of strategic orientation since it captures how a firm intends to compete (Jebna andBaharudin 2015).

In a similar vein, a firm that is entrepreneurially oriented ventures into new or existing markets, with innovations that are either based on new or existing products and services, but such that is appreciative of the uncertainty and incurs risk in doing so. From a management perspective, it would be important to know under which circumstances firms can expect risk-taking, proactiveness, innovativeness, competitive aggressiveness, and autonomy to correlate. Where EO has been found to increase success, this would mean that increases on any one component would help firms to become more successful. Due to globalization, small and medium sized enterprises (SMEs) face increasing pressure from competition from across the world. When compounded with the changing sophistication of customers worldwide, it becomes apparent that SMEs face increasing difficulty in maintaining and improving business performance, unless they can actively manage these pressures.

SMEs are encouraged to implement an entrepreneurial mindset to recognize the threats and opportunities in the environment of the firm in order to make sure that the firm will continue to exist in the future (Krueger 2000). In periods of economic and environmental turbulence, it becomes even more apparent that firms face particularly high levels of market instability and complex business uncertainty that obliges firms to act upon such change thus calling for response (Grewal and Tansuhaj2001; Lin and Carley 2001). (Chattopadhyay et al. 2001). Environmental turbulence can have a significant impact on the viability of a firm such that it is critical for managers to understand and effectively manage these events, as well as for scholars to determine what elements might explain the business performance difference between those firms rising and falling in complex environmental conditions (Grewal and Tansuhaj2001). This is particularly true for small and medium enterprises operating in rapidly changing and competitive environments (e.g., Zahra and Covin1995; Chandler et al. 2000; Antoncic and Hisrich2001) and 'hostile' environments (Covin and Slevin1989) too.

Delta State is predominantly a Small and Medium Enterprise State where over 50 % of Nigerian GDP is produced by the Delta state SMEs sector. According to an industrial census conducted in 2003/2004 there were 121,426 industries having less than 10 employees with total employments at 285,623 and 9961 industries with more than 10 employees having 747,823 employments in total. Among them, the number of industries with less than five employees accounted for 84.3% of the total, contributing 7.5% to the total production value, 7.0% to Gross Value Added (GVA), and 28.4% to the total employment of the manufacturing sector

STATEMENT OF THE PROBLEM

As global competition intensifies and domestic economic conditions worsen, SMEs need to improve their performances (and chances of survival) with strong entrepreneurial orientation. Entrepreneurial Orientation (EO) has been acknowledged as a determinant for firms' growth and profitability. Given the competitive nature of today's business environment, firms need to device means of survival. In business environments especially, where rapid changes, hostility, uncertainty, and aggressive competition are present, a firm's entrepreneurial posture plays an important role as a performance enhancing factor. Everything about entrepreneurial orientation is either aimed at attracting new customers or maintaining existing ones, ahead of competitors. Globalization and the opening up of markets to global competition constitute a huge challenge to local SMEs. By virtue of their sizes and persistently high operational costs (which largely encapsulates other problems), many of these firms find it very challenging competing against big local firms and the influx of cheap imported products from China and other countries. Globalization intensifies competition and underscores the need for firms to be entrepreneurially oriented. Financial interventions may amount to little, if the benefiting firms are unable to effectively compete or are ill-equipped to do so. As global competition intensifies and domestic economic conditions worsen, SMEs need to hone their performances (and chances of survival) with strong entrepreneurial orientation.

The major reason behind choosing manufacturing sector SMEs is that the performance of SMEs in manufacturing sector is declining. The exports of Sports products manufacturing, leather product manufacturing, and surgical instruments manufacturing is continuously declining. These three industries were amongst the top performing manufacturing SMEs in the country in the last decade. In light of the fact that a number of SMEs in developing countries who once engaged in exporting, no longer do so, this study intends to examine if there is any significant

relationship between entrepreneurial orientation and SMEs performance. Remember, the SMEs of certain industries are contributing a significant amount in GDP, exports earning, and employment generation. This study is also predicated on this need. However, an important question that remains unanswered is what effect would entrepreneurial orientation have on firms' performance during periods of economic crisis, and the severe environmental turbulence that accompany such crises. This research thus intends to investigate the relevance of Entrepreneurial orientation to the performance of small and medium sized enterprises, focusing on Delta State during the current global economic crisis.

OBJECTIVES OF THE STUDY

The general objective of this study is to examine the relevance of entrepreneurial orientation on the performance of Small and Medium scale Enterprises (SMEs) in Delta State. Other specific objectives are:

1. To determine the relationship between proactiveness and SMEs performance
2. To assess the connection between competitive aggressiveness and SMEs performance
3. To ascertain the connection between risk-taking and SMEs performance.

Research Questions

The following research questions would guide this study

1. To what extent is proactiveness significantly related to SMEs performance?
2. What relationship exists between competitive aggressiveness and SMEs performance?
3. What effect would risk-taking have on SMEs performance?

Research Hypotheses

1. There is a positive and significant relationship between proactiveness and SMEs performance
2. There is a positive and significant relationship between competitive aggressiveness and SMEs performance
3. There is a positive and significant relationship between risk-taking and SMEs performance.

SIGNIFICANCE OF THE RESEARCH

This research is expected to inform, and guide SMEs in making strategic decisions that are capable of enhancing their competitiveness and overall performance. It is also expected to inform a new perspective in public policy interventions to strengthen SMEs' performance and effectiveness as drivers of economic growth. The findings of this study would therefore serve as some useful pointers and provides more insights and guidance for managers of small business firms. This study will also assist in solving small business problems regardless of the challenges these firms face given the external influences and internal characteristics. Thus, while there is a relatively substantial body of literature on EO, additional knowledge will be added to academic research since gaps for future research will also be identified.

LITERATURE REVIEW

The Concept of Entrepreneurial Orientation

Entrepreneurial orientation has emerged as an important concept in the internationalization and entrepreneurship literature over the past two decades (Huang et al., 2010; Ibeh and Young, 2001). The entrepreneurial spirit involves the ability to develop new idea into concept and the capability to use the same resource differently to produce heterogeneous outputs (Bucktowar et al, 2015). Originally proposed by Miller (1983), EO involves an organization's willingness to innovate and rejuvenate its market offerings (innovativeness); to take risks by trying out new and uncertain products and services (risk taking); and to be more proactive than its competitors in seeking out new marketplace opportunities (proactiveness). Miller (1983), therefore, considers an entrepreneurial firm to be one that participates in product market innovation, undertakes risky ventures and develops proactive innovations ahead of competitors (Baker and Sinkula, 2009; Liu et al., 2011; Runyan, et al. 2008).

Given the competitive nature of today's business environment, firms need to device means of survival. Being entrepreneurial-oriented simply means being alert to the challenges that the business environment poses, and to continually evolve strategies to surmount those challenges. It is paramount to firms' prosperity in competitive environment (Zainol and Daud, 2011). Everything about entrepreneurial orientation is either aimed at attracting new customers or maintaining existing ones, ahead of competitors. It embodies all the strategies that define a firm's approach to the pursuit of its goals in a competitive environment.

Prior studies found that firms that adopt a strong EO perform much better than those that do not (Covin and Slevin, 1986; Hult et al., 2003; Ireland, et al., 2003; Rauch et al., 2009; Wiklund and Shepherd, 2003). launch and support of business activities (Basile, 2012). While EO is reflected at the individual and firm levels (Miller, 1983; Verhees and Meulenberg, 2004), this study primarily looks at EO at the firm level.

Innovativeness, risk taking, and proactiveness are seen as the core elements of EO that activates the entrepreneurial process from opportunity recognition/opportunity creation through to the development from the genesis of an idea to the startup of a business, from the idea for a product to its introduction or setting up an international venture (Harms, 2013).Entrepreneurial orientation specified that entrepreneurial firms incline to take more risks than other types of firms, especially when confront with conditions of uncertainty.

Proactiveness and SMEs Performance

Proactiveness is an opportunity seeking, forward looking perspective involving the anticipation and acting on future needs which may or may not related to the present line of operation and the aggressiveness in responding to trends and demand that already exist in the marketplace (Lumpkin & Dess, 2001). Proactiveness refers to an SME anticipating and acting on future wants and needs in the marketplace, in order to create a first-mover advantage ahead of the competition (Kropp et al., 2005; Lumpkin and Dess, 2001). It is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services before the competition, and ahead of future demand (Okpara, 2009).

Proactiveness involves attempts to discover future opportunities, even when these opportunities may be somewhat unrelated to existing operations (Venkatraman, 1989; Rauch,

Wiklund & Frese, 2004). Proactiveness is achievement oriented, emphasizing initiatives taking, anticipating, creating change, and predicting evolution towards a critical situation and early preparation prior to the occurrence of an impending uncertainty of risk (Boohene, Marfo – Yiadom & Yeboah, 2012). Proactiveness as a dimension of entrepreneurial orientation is an opportunity-seeking and forward-looking perspective that involves acting in anticipation of future demand and trends, and thereafter capitalizing on these opportunities to gain benefit (Kropp, Lindsay &Shoham, 2008). A strong proactive behavior gives SMEs the ability to anticipate needs in the market place and the capability to anticipate competitor's needs (Covin&Slevin, 1989; Miller & Friesen, 1983; Eggers, Kraus, Hughes, Laraway & Snycerski, 2013).

Firms characterized by proactiveness initiate actions that competitors must react to, leading the way in products and services (Eggers, Kraus, Hughes, Laraway & Syncerski, 2013). Empirically, proactiveness leads to better performance in terms of sales and employee growth, profitability, product and customer performance (Krauss, Frese, Freidrich& Unger, 2005; Baba & Elumalai, 2011). Ahimbisibwe and Abaho (2013) examined the effect of entrepreneurial orientation and export performance of SMEs in Uganda. He found that proactiveness had a significant and positive influence on export performance. Similarly, Boohene, Marfo-Yiadom and Yeboah (2012) examined the influence of proactiveness and firm performance of auto artisans in Ghana. He discovered that there was a strong and positive relationship between proactiveness and firm performance.

Innovativeness and SMEs Performance

Innovativeness is an important component of an EO because it reflects an important means by which firms pursue new opportunities (Lumpkin and Dess, 1996).Innovativeness reflects a fundamental willingness todepart from existing technologies or practices and venture beyond the current state of the art (Baker and Sinkula, 2009). The innovativeness reflects the propensity of the firm to engage in new ideas and creative processes that may result in new products, services or technological processes (Wiklund, 1999). Innovativeness refers to firm's tendency to engage in new ideas, experimentation, creative processes that may conduce new products, new technology and services (Alarape, 2014). Innovativeness could also refer to a SME's propensity to creatively initiate and support new ideas, experimentation and creative processes that may result in new products, services or technological processes, or the exploitation of new markets (Kropp and Zolin, 2005;Li, 2012; Li et al., 2008; Mengue and Auh 2006; Millerand Friesen, 1982).

According to Lumpkin and Dess (1996) innovativeness may take several forms ranging from a willingness to try anew product line or experiment with a new advertising medium, to a focused effort to master the latest products or technological advances. Innovations are usually produced within the organization that significantly regulates the stability of competition (Serai, 2017). With strategic entrepreneurship, innovation can be in any of five areas—the firm's strategy, product offerings, served markets, internal organization (i.e., structure, processes, and capabilities), or business model (Hornsby et al, 2013). While innovation is considered as a process in which inventions are more marketable or value creating products, processes, services, or organizational changes; venturing includes the creation of a business through either a new business unit, getting a new business, or through partnering with another organization (Hayton, 2005).

A number of studies have found a positive correlation between innovation and performance measures for example, profitability, sales, growth and performance (Swierczek and Thai, 2003). Frese et al. (2002) noted that the EO is related to entrepreneurial success, while Wiklund and Shepherd (2005) and Covin and Slevin (1989) observed that the more SMEs adopt an EO, the more likely they are to achieve competitive advantage and enhanced performance. In investigating the impact of high and low EO on the export performance of SMEs in Nigeria, Okpara (2009) found that SMEs that adopted proactive (high) orientation achieved higher performance, profitability and growth, compared to those that adopted a conservative (low) orientation.

Risk-taking and SMEs Performance

Risk-taking, is the core concept of entrepreneurship. Entrepreneur is defined as someone who specializes in responsibility, legal decisions on the location, type and use of goods and affects resources and institutions (Parsian & Mobaraki, 2016).Entrepreneurial firms tend to take more risks than other types of businesses and were more proactive in searching for new business opportunities. Risk taking refers to a tendency of an SME to take bold steps such as entering unknown new markets, committing a large portion of the firm's resources to undertakings with uncertain outcomes and/or borrowing heavily (Coulthard, 2007; Keh et al., 2007;Wiklund and Shepherd, 2005; Baker and Sinkula, 2009). SMEs with strong EO are often typified by high risk taking behaviour, such as incurring heavy debt or making large resource commitments, in the interest of obtaining high returns by seizing opportunities in the marketplace (Knight, 2000).
SMEs in developing countries like Nigeria, Jamaica, and others must deal with several risks associated with exporting their products and services. These firms are required to learn the rules and requirements for exporting to designated markets, as well as implement effective and transparent payment processes that will ensure that the proceeds from overseas sales are transmitted safely and in a timely manner. Each of these activities poses potential risk for these exporters, who often do not have access to cutting-edge technologies to facilitate efficiency and effectiveness in the exporting process, as their developed world counterparts.

Notwithstanding, and in light of their resource deficiency, a number of SMEs in developing countries are hesitant, while others remain cautious to seize potential export opportunities because of the possible financial losses that could result from poor export decision making. In the study conducted by Kraiser et-al, (2013) examined the relationship between each component of EO, innovation, proactiveness and risk-taking; they found that risk-taking and performance are negatively related. Wijetunge and Pushpakumari (2013) also in their research found that risk-taking are positively related to performance, but the level of the relationship is not significant. Similarly, Lim (2008) risk-taking has the lowest positive influence on performance. Muhammad et-al (2014) also confirmed that risk-taking has positive and significant relationship with financial performance.

Competitive Aggressiveness and Performance of SMEs

The competitive aggressiveness is closely linked with the last words of Miller's citation ("beating competitors to the punch") (Fayolle et al, 2008). Aggressiveness is a serious challenge directly with competitors to enter the market or improve the situation in order to surpass competitors in the market or industry (Parsian & Mobaraki, 2016).Competitive aggressiveness refers to how firms react to competitive trends and demands that already exist in the market

place (Lumpkin and Dess, 2001). Its major feature is combative attitude or response aimed at better positioning itself or overcoming competitors' threats.

Competitive aggressiveness is considered as a strong struggle to overcome competitors (Boohene et al., 2012), or intensive effort to outperform rivals, which is characterized by strong offensive posture or aggressive responses to competitive threats (Rauch et al.,2009). It also involves strategies in response to changes in the market place that may endanger the survival of the firm (Short et al., 2010). Competitive aggressiveness can be in form of price war, introduction of superior products, aggressive response to rivals in the market, and exploitation of information (Hussain et al.,2015), or in the adoption of non-conventional methods of competition rather than traditional methods (Lumpkin and Dess,1996). Competitive aggressiveness is exhibited when firms deploy strategies to ensure they outwit their rivals in the market place. This may, sometimes, even include incurring some avoidable losses to ensure that they beat their competitors.

Many studies have been carried out to assess the relationship between competitive aggressiveness and firms' performance. Boohene et al.(2012) find a strong positive relationship between competitive aggressiveness of auto-artisans in Cape Coast, Ghana, and their firms' performance.

Theoretical Review

The research draws attention to Porter's generic theory of competitive advantage by mainly concentrating on the third of his competitive advantage strategies, the focus strategy. Theory as well as a practical survey was used in order to falsify or approve the research question. Theory revealed Porter's focus strategy to have several key advantages over a mass market strategy which make firms pursuing such a strategy more effective in their product promotion efforts. First, a focused firm does not have to devote substantial resources into being all things to all people entailing less expenditure of time and money in comparison to a mass market strategy. Second, empirical evidence was found that customers do value specialized firms due to their focused capabilities. Third, a focused firm is less likely to be overwhelmed by great amount of different customer request and is more likely to identify and adapt to market changes in a quick time manner. Besides the advantages of a focus strategy, the research question is only supported when the SME makes bigger rivals to accommodate their existence in the segment(s) by creating circumstances in which the cost for the bigger rival in fighting the SME exceeds the cost of accommodating the SME.

Focus strategy is a generic strategic thrust defined by Porter in 1980 that emphasizes segmenting an entire market and focusing on only one or a few segments. Market segmentation refers to the process of dividing a market into a distinct group of buyers that require different products, services or marketing mixes (Williams, 1990). Segmentation can either be in the form of demography such as age or occupation, it can be of geography such as states, regions or countries, it can be of behavior bases such as product knowledge, usage, or attitudes or it can be of psychographic bases such as lifestyle, values or personality. On the one hand businesses have the possibility to either concentrate on one or more of such segments which is referred to as a focus strategy or they concentrate their efforts on serving all such segments within the industry which is referred to as a mass market strategy. Porter argues with his focus strategy

that firms that concentrate on a small niche are enabled the firm to better service that smaller group rather than a big one.

Friedrich (2007) argues that, customers do value specialized firms as they see such firms as the best possible solver of their problems. She says that customers believe that the specialized firms must have the most insights into what their problem is. She gives a couple of examples: If a person suffers from a heart disease he would rather go to a hospital that is specialized in heart diseases than to a general hospital. Same refers to the sale of a company which would preferably be undertaken with a specialist for acquisition & mergers rather than with the next solicitor around the corner. Because of this concentration of knowledge on a focused area, the firm must only have information about his segments rather than the entire industry which makes the firm less likely to dissipate his efforts and the firm will be quick in identifying and adapting to upcoming market changes.

The lack of resources is very often cited as one of the major obstacles faced by Small- and medium enterprises (SMEs) in comparison to their counterparts the very big enterprises like Multinational Corporations (MNCs). Of the three generic strategies proposed by Porter (1980), only the focus differentiation strategy seemed to be the adequate strategy for SMEs to pursue giving their limited resources. This is the case when the cost of aggressive retaliatory action against the SME may far exceed the cost of accommodating the SMEs' presence in the market (Lee et. al 2002).

Also, Lieberman and Montgomery (1988) stressed the importance of first-mover advantage as the best strategy for taking advantage of market opportunities by firms, such as SMEs. Lumkpin and Dess (1966) noted that the first mover can earn huge profits and get a head start on established brands by exploiting market asymmetries. This observation aligns with Porter's (1980) view that in certain situations, businesses could utilize proactive behaviours to enhance their competitive positioning in relation to other firms. Accordingly, a proactive entrepreneurial SME is a leader because such a firm has the will and foresight to seize new opportunities (Chandler and Jansen, 1992).

Empirical Review

Nida and Hande (2017) aimed to find the factors linked to Entrepreneurial orientation and corporate entrepreneurship that effect export and sales growth performance of SMEs. Thereby a model was developed to reveal the relationship between these factors. The questionnaire had parts such as general information about firm and owner/manager, entrepreneurial orientation, corporate entrepreneurship and growth in sales revenue and exportation rate over the most recent 3 year period of the SMEs. The measurements have been gathered together in 72 item in survey and applied to 163 SMEs manufacturing generally in Ankara and Bursa, Turkey. The result showed that entrepreneurial orientation is positively and significantly related with SMEs' sales growth and exportation performances. SMEs have to be proactive in any circumstances and especially exporter SMEs need to be more risk taking than proactive and least innovative. Also organizational boundaries has greater effect on performance than other dimensions of corporate entrepreneurship.

Sye, Muzaffar and Minaa (2017) investigated the three dimensions of Entrepreneurial Orientation (EO) of manufacturing sector SMEs in Punjab, Pakistan. In this study the effects of

three EO dimensions including innovativeness, pro-activeness, and risk taking have been analyzed with regard to business performance. Questionnaire was used as the main instrument of data collection. Quantitative techniques were applied for analyzing the data. Innovativeness, pro-activeness, and risk taking have a significant impact over business performance of manufacturing sector SMEs. Results further indicated there were positive correlations among innovativeness, pro-activeness and risk taking with business performance of SMEs. This study could be useful for policy makers, owners, and managers to plan their activities for getting better performance of SMEs operating in Punjab, Pakistan.

Taylor (2013) reviewed the literature in an effort to provide an understanding of this relation. It proposes a conceptual model of the relationship between entrepreneurial orientation and the internationalization activity of exporting, and advances a number of propositions for additional research. The paper concludes by presenting areas for future research regarding the entrepreneurial orientation–internationalization (export performance) relationship.

Wambugu, Gichira, Wanjau and Mung'atu (2015) conducted a study on the relationship between proactiveness and performance of small and medium agro processing enterprises in Kenya. The objective of this paper was to establish the influence of proactiveness on the firm performance of agro processing small and medium enterprises in Kenya. Data was gathered from 111 agro processing SMEs who were registered members of Kenya Association of Manufacturers. Structural Equation Modeling partial least squares (PLS) approach using PLS algorithms and bootstrapping algorithms in Smart PLS 2.0 was used. Data analysis was conducted in two phases, measurement outer model estimation and structural, inner model estimation. The findings revealed that proactiveness was a significant predictor of firm performance of agro.

Fauzul, Takenouchi and Yukiko(2010) conducted a study on Entrepreneurial Orientation and Business Performance of Small and Medium Scale Enterprises of Hambantota District Sri Lanka. The study investigated the degree of Entrepreneurial Orientation (EO) of twenty five manufacturing Small and Medium scale Enterprises (SMEs) in Hambantota District, Sri Lanka (HDSL) and the effects of EO dimensions including proactiveness, innovativeness, and risk taking to business performance. Interviews were used as the main instrument for data collection. Qualitative and quantitative techniques were applied for data analysis. Findings showed about 52% of SMEs in HDSL represented moderate level of EO. Proactiveness, innovativeness, risk taking and overall EO were significantly correlated with market share growth. Results further indicated there were positive correlations among proactiveness and EO with business performance. This study could be useful for policy makers to plan their activities towards entrepreneurship development of SMEs in HDSL.

Runyan et al., (2008) examined entrepreneurial orientation (EO) versus small business orientation (SBO), and their impact on small business performance, as well as whether these effects are moderated by longevity of 267 small firms in USA. Firms are grouped based on the age as younger and older firms. Findings revealed that EO and SBO are unique constructs and performance is not the same in these groups: for the younger group, only EO significantly predicts performance while for the older group, only SBO significantly predicts performance.
Lawan Shamsu and Fakhrul (2015) examined the relationship of vision, innovation, proactiveness and risk taking on SMEs performance in Nigeria. The methodology followed in

order to achieve this objective was the review of related literature. The paper found that SMEs are very important sector in the development of any economy and vision innovation, proactiveness and risk-taking are the vital ingredients for successful and outperformed SMEs. Part of the findings of this paper, was that there may a positive and significant relationship between vision, innovation, proactiveness and SMEs performance in Nigeria. The study recommends that empirical research need to be conducted to examine the extent of the relationship between vision, innovation, proactiveness and risk-taking on SMEs performance in Nigeria.

Arisi-Nwugballa, Elom, and Onyeizugbe (2016) sought to evaluate the relevance of the dimensions of entrepreneurial orientation to the performance of micro, small and medium enterprises (MSMEs) in Ebonyi State, Nigeria. To achieve this, the researchers randomly distributed 400 copies of questionnaire to a sample of MSMEs in the State, and 246 copies were retrieved, representing 61.5 per cent return rate. Data generated were analyzed using Pearson Product Moment Correlation. The study found that three dimensions of entrepreneurial orientation namely; innovativeness, proactiveness and competitive aggressiveness were relevant to, at least, one measure MSMEs performance in Ebonyi State. Innovativeness and proactiveness have significant correlation with customer performance, while competitive aggressiveness has significant relationship with both product and customer performance. Risk-taking and autonomy had no significant correlation with any of the performance measures, suggesting they are not relevant to MSMEs in the State. An important implication of these findings is that strategic policy decisions of MSMEs should, given the present status of Ebonyi State, focus on enhancing their positions in respect of innovativeness, proactiveness and competitive aggressiveness; towards improving their overall performance. The study also provided evidence for the non-universality of the dimensions of entrepreneurial orientation and support for the five-dimensional model of studying entrepreneurial orientation.

Bereket (2017) examined the difference in the performance of Small Business using Entrepreneurial and market orientation. Using entrepreneurial and market orientations, this paper investigated the extent to which this strategic orientation contributes to the superior performance of manufacturing SMEs. A total of 171 SME managers participated in the survey research. Multiple and linear multiple regression were applied to test the hypotheses. The empirical result reveals that integrating entrepreneurial and market orientations into the operation of SMEs contributes to superior performance, which in turn enables them to thrive in institutionally complex and economically turbulent environments. Except for innovativeness, each dimension of entrepreneurial orientation along with market orientation has a positive influence on business performance of small businesses. The study confirms previous findings and contributes additional evidence that suggests working on entrepreneurial and market orientations of SMEs will improve performance and compensate the multi-dimensional constraints imposed by the existing market in developing economies. The finding of this study offers important insights for managers and policymakers.

Okunbanjo, Adewale, and Akinsulire (2017) examined the effects of entrepreneurs' character on SMEs performance in Lagos State. This study used survey research designed via administering questionnaires to the entrepreneurs' of SMEs in Lagos State. 260 questionnaires were administered to the respondents and 231 were retrieved. Regression method of analysis was employed to test the stated hypotheses and the findings revealed that risk taking has a

weak positive effect on profitability but competitive aggressiveness and innovativeness have a strong positive effect on sales growth of SMEs in Lagos State. The study recommended that entrepreneurs' operating in Lagos State need to be very mindful of the risk they take in order to improve their business performance in terms sales growth and profitability. Entrepreneurs need to develop new business ideas to enhance innovativeness and creativity so as to achieve increase in both financial and non-financial performance.

METHODS

The study was carried out in major towns in Delta State. The five (5) selected towns include: Asaba, Warri, Agbor, Sapele and Ugheli, these cities have witnessed tremendous growth in recent years in business investments thereby expanding her market size, hence the influx of commercial activities to these cities. The population of the study includes registered SMEs in Selected towns. The pool of SME's operators contacted was selected from different industries (e.g. manufacturing, trading, services etc.) The contact list of registered SMEs was obtained from the Ministry of Commerce and Industry office Asaba.

The study considered purposive sampling as the best technique to select respondents which included owners and managers of SMEs in Asaba, Warri, Agbor, Sapele and Ugheli. Purpose sampling entails selecting respondents in regards to their positions in the population targeted. In this case, the targeted group was owners/founders of selected SMEs, since they have the details of businesses including security issues, opportunities and challenges confronting their business. The sampling method was also considered as it satisfies the inclusion criteria of the participation process. As such, the study selected ten (10) SMEs from each selected town, with a total of fifty (50) SMEs distributed across selected towns in Delta State. The method of data collection was a survey conducted by self-administered questionnaire, with structured questions in 5 point Linkert scale system (Ranging from 5-strongly agreed to 1-strongly disagree) to solicit responses from 50 SMEs' owners. The questionnaire was validated through experts in the field of management discipline and the result of the reliability showns Apha Cronbach's value above 0.7 (Sekeran, 2003).

Model Specification

SMEs performance = f(Proactiveness, Competitive Aggressiveness, Risk-Taking)

$PERF = \alpha_0 + \beta_1 PROA + \beta_2 COPA + \beta_3 RIST + U$ ……..1

Where: PERF = SMEs performance
PROA = Proactiveness
COPA = Competitive Aggressiveness
RIST = Risk-Taking
α_0= Constant
$\beta_1 - \beta_3$ = Coefficients of Regression
U = Error Terms

RESULTS

It was found that, majority of the respondents sampled are women (68%) and fall within the 31–40 years age bracket which make up to 45% of the total respondents. Also, those with less than tertiary educational qualification has a total of 28% while most of the SMEs are found to have commenced business for about 3years now (54). The demographic analysis also revealed

that most SMEs' operators sampled have work experience of between 1-3years (108) or 51% and the line of business is majorly Services with a whopping 55% of the total SMEs sampled for the study. Information on their stage of business cycle reveals that most of the SMEs (97) or 46% are at the introduction stage, while (25) or 12% accepted that their businesses are in the decline stage Finally, on the scope of operation, it was found that most of the SMEs operate at the local level with 159 or 75% of the respondents agreeing to this fact.

Table 2: Descriptive Statistics

variable	mean	p50	max	min	sd	N
risk-taking	3.802817	4	5	1	.9898502	213
proactiveness	3.755869	4	5	1	.9598181	213
Competitive Aggressiveness	3.849765	4	5	1	.9142284	213
SMS performance	3.859155	4	5	1	.8842827	213

Source: Researcher's computation using Stata version 13

Table 2 shows the descriptive statistics of variables in terms of central tendency. The table shows the mean values of the three variables risk-taken (mean-3.8. standard deviation 0.98), proactiveness (mean-3.75. standard deviation 0.95), competitive aggressiveness (mean-3.8. standard deviation 0.91) and SME's performance (mean-3.8. standard deviation 0.88). all the constructs has median of 4, maximum of 5, minimum 1 and sample size of 213.

Table 3: Correlation

	rist	proa	copa	perf
rist	1.0000			
proa	0.4505	1.0000		
copa	0.5040	0.3934	1.0000	
perf	0.7334	0.6707	0.6039	1.0000

Source: Researcher's computation using Stata version 13

As evidenced in Table 3, the group correlation matrix shows that all the studied variables are positively correlated.

Test of Hypotheses

Table 4: OLS Multiple linear regression between variables of entrepreneurial orientation (Independent Variable) and performance of SMEs (Dependent Variable)

Source	SS	df	MS		
Model	119.444942	3	39.8149806	Number of obs	213
Residual	46.329706	209	.221673234	F(3, 209)	179.61
Total	165.774648	212	.781955886	Prob > F	0.0000
				R-squared	0.7205
				Adj R-squared	0.7165
				Root MSE	.47082

perf	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
rist	.399263	.039889	10.01	0.000	.3206266	.4778994
proa	.3491907	.0386471	9.04	0.000	.2730026	.4253788
copa	.2219714	.0419388	5.29	0.000	.1392941	.3046487
_cons	.1747787	.166092	1.05	0.294	-.1526518	.5022091

Source: Researcher's computation using Stata version 13.

$H0_1$. There is no significant positive relationship between proactiveness and SMEs performance.

The result in Table 4 reveal that there is significant positive relationship between proactivenessand performance of SMEs (Coef. 0.349, p=0.000). hence, we reject the null hypothesis and accept the alternate which state that there is significant positive relationship between proactiveness and performance of SMEs.

This is supported by (Boohene et al., 2012: Kropp et al., 2008: Eggers et al., 2013) that Proactiveness as a dimension of entrepreneurial orientation is an opportunity-seeking and forward-looking perspective that involves acting in anticipation of future demand and trends, and thereafter capitalizing on these opportunities to gain benefit and achieve optimum performance. This is further supported by Ahimbisibwe and Abaho (2013) examined the effect of entrepreneurial orientation and export performance of SMEs in Uganda. He found that proactiveness had a significant and positive influence on export performance. Similarly, Boohene et al., (2012)discovered that there was a strong and positive relationship between proactiveness and firm performance.

$H0_2$, There is no significant positive relationship between competitive aggressiveness and SMEs performance

The result in multiple regression result, further reveal that competitive aggressiveness predict performance of SMEs (Coef. 0.221, p=0.000). Hence, we reject the null hypothesis and accept the alternate which state that there is significant positive relationship betweencompetitive aggressiveness and performance of SMEs.

This is in accord with (Parsian&Mobaraki,2016: Kraiser et-al., 2013: Wijetunge and Pushpakumari, 2013) that risk-taking are positively related to performance). Muhammad et-al (2014) also confirmed that risk-taking has positive and significant relationship with financial performance.

$H0_3$. There is no significant positive relationship between risk-taking and SMEs performance.

The result in Table 4 shows that risk-taking positively performance of SMEs (Coef. 0.399, p=0.000). Therefore, we reject the null hypothesis and accept the alternate which state that there is significant positive relationship betweenrisk-taking and performance of SMEs. This is in consonant with (Parsian& Mobaraki,2016: Boohene et al.,2012: Hussain et al, 2015: Arshada, et al., 2013: Marfo., 2012) they find a strong positive relationship between competitive aggressiveness of firms' performance.

CONCLUSION

The study has established in line with prior literature postulations that there exists a relationship between Entrepreneurial Orientation (EO) and performance of SMEs. All the three dimensions of EO examined (Proactiveness, Competitive Aggressiveness and Risk-Taking) received positive choice by the studied firms as influencing SME performance. This implies that SMEs aiming to grow must pay special attention to efficiently practice of these strategies to enhance to ensure its survival in the competitive industry.

The findings of this study have implications for SMEs operators. The results revealed that the three dimensions of EO had a positive and insignificant relationship with SMEs performance, with risk taking being the most influential factor among others. This is because Risk-taking is the core concept of entrepreneurship, Risk taking has to do with SME operators taking bold steps such as entering unknown new markets, committing a large portion of the firm's resources to undertakings with uncertain outcomes and/or borrowing heavily. Entrepreneurial firms tend to take more risks than other types of businesses and were more proactive in searching for new business opportunities.

RECOMMENDATIONS

1. Government should bring together SMEs operators and train them in collaboration with development associates to ensure the adoption and proper implementation of entrepreneurial orientation strategies in Delta State.
2. Also, more intensive entrepreneurial training and practice be done so as to improve the performances of SMEs.

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