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**The Role of Entrepreneurial Orientation in Small Medium Enterprises  
Performance in Lagos, Nigeria**

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**INFORMATION ARTICLE**

Accepted  
January 2024

**ABSTRACT**

*This study examines the role of entrepreneurial orientation on the performance of Small and Medium Enterprises (SMEs) in Nigeria. The objective was to determine the effect of innovativeness, risk-taking, proactiveness, autonomy and competitive aggressiveness on the performance of SMEs in Nigeria. Using a 21-item questionnaire with a 5-point Likert scale, the authors collected data on entrepreneurial orientation and SMES Performance. Taro Yamani Formula determined the sample size of 222 SME owners, Managers and Workers. Collected data was analysed with the use of a frequency distribution table, and simple percentages and the hypotheses were tested with Chi-Square statistical formula. The study revealed that innovativeness, risk-taking, proactiveness and competitive aggressiveness enhance the performance of SMEs. The practice of autonomy does not enhance SMEs' performance. The research suggests that SME owners and managers should be creative and innovative to adapt to external changes and customer needs. They should take calculated risks, invest in new products and services, conduct competitor analysis, and encourage employee initiatives.*

Published  
May 2024

**Keywords:** Entrepreneurial Orientation, Proactiveness, Competitive Aggressiveness, Small and Medium Enterprises

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## INTRODUCTION

Entrepreneurial orientation is a critical factor in the success of Small and Medium Enterprises (SMEs) in Lagos, Nigeria. SMEs are the backbone of the economy, driving innovation, creating employment opportunities, and contributing significantly to the country's GDP. In Lagos, SMEs face numerous challenges such as limited access to finance, inadequate infrastructure, and regulatory constraints. However, fostering a culture of innovation, encouraging calculated risk-taking, and maintaining a proactive approach to opportunity identification can enhance their performance and achieve sustainable growth. In Lagos, SMEs can adapt to market changes, capitalize on emerging opportunities, and mitigate risks effectively (Abdullahi et al., 2016). By embracing entrepreneurial orientation, SMEs can differentiate themselves from competitors, develop unique value propositions, and build a sustainable competitive advantage. In a rapidly evolving business landscape characterized by technological disruptions and changing consumer preferences, SMEs that embrace entrepreneurial orientation are better positioned to innovate, expand their market presence, and enhance their overall performance.

Understanding how entrepreneurial orientation influences various aspects of SMEs' operations and strategic decision-making can provide valuable insights into enhancing their competitiveness, sustainability, and long-term success. The Small and Medium Enterprises (SMEs) sector is crucial for major developed economies, contributing to employment, economic growth, and exports. In Nigeria, SMEs contribute 48% of the national GDP, 96% of businesses, and 84% of employment (Lawal et al., 2014). They drive innovation and competition in various economic sectors. In Nigeria, most micro businesses are owned and managed by sole operators.

Entrepreneurship is recognized globally as a critical element in social and economic development, especially in developing

countries. It can create jobs, improve living standards, raise productivity through innovations, and aid regional development by locating in less developed and backward areas. Entrepreneurs are also credited for creating wealth, by searching for and initiating profitable business ideas, sustaining economic dynamism that enables an economy to adjust successfully in a rapidly changing global business environment (Adeniran, 2020). It enables individuals to use their potential and energies to create wealth, autonomy, and social status for themselves in society (Ebert, 2016). The knowledge of entrepreneurship has also been recognized to apply to the processes of transforming, regeneration, and rejuvenation of public and established large private enterprises, into viable market-oriented, and profitable organizations (Oriazowanlan, 2013). Global Entrepreneurship Monitoring (GEM) reported in 2017, stated that entrepreneurs disrupt market equilibrium by introducing new product-market combinations into a market, better fulfilling the needs of consumers as well as the environment, and driving out less productive firms as their innovations advance the production frontier (Baldanov et al., 2020).

This article aims to examine the role of entrepreneurial orientation in driving SME performance in Lagos, Nigeria, by examining key dimensions of entrepreneurial orientation, exploring its impact on different facets of SME operations, and highlighting best practices for fostering entrepreneurial orientation.

H<sub>0</sub>1: Organizational Innovativeness does not enhance SME performance in Lagos State.

H<sub>0</sub>2: Risk Taking Intensity does not enhance SME performance in Lagos State.

H<sub>0</sub>3: Organizational Proactiveness does not enhance SME performance in Lagos State.

H<sub>0</sub>4: The practice of Autonomy does not enhance SME performance in Lagos State

H<sub>0</sub>5: Competitive aggressiveness does not enhance SME performance in Lagos State

Schumpeter's theory of entrepreneurship, developed between 1934 and 1942, focuses on the actual activities of

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entrepreneurs, whether individuals or organizations. Schumpeter views entrepreneurship as innovation rather than imitation, viewing entrepreneurs as innovators, economic or social leaders who prioritize serving society over profit. Schumpeter's theory outlines five types of entrepreneurial behaviors: the introduction of new goods, the introduction of new production methods, the opening of new markets, the conquest of new raw material sources, and the creation of new industry organizations. Schumpeter differs from Alfred Marshall in two ways: Schumpeter sees entrepreneurs as dis-equilibrating an existing equilibrium and the motive of entrepreneurship as the joy of successful innovation, thereby acquiring social power. However, Schumpeter's innovation theory places too much emphasis on innovation, neglecting other entrepreneurial attributes like risk-taking, organizational skills, environmental knowledge, opportunity-seeking, and recognition. Schumpeter also portrays entrepreneurship as making a difference, breaking up with existing practices, and moving the market forward. Martín-Rojas et al (2011) argue that only market-related activity may eventually result in entrepreneurship, and not all organizational changes could be considered entrepreneurial.

Entrepreneurship is often viewed from the motive of economic gain, while Marshall sees it as the joy of successful innovation and social power. However, Schumpeter's innovation theory overemphasizes innovation and neglects other entrepreneurial attributes like risk-taking, organizational skills, environmental knowledge, opportunity-seeking, and recognition. Schumpeter also views entrepreneurship as making a difference, breaking with existing practices, and moving the market forward.

The Resource-Based View (RBV) is a widely used management framework that focuses on the competitive advantages generated by a firm from its unique set of resources. A firm is made up of tangible and

intangible resources, such as assets, capabilities, processes, managerial attributes, information, and knowledge, which enable it to devise and execute strategies to improve efficiency and effectiveness. The RBV suggests that an enterprise should utilize its competencies, including intellectual capital, to enhance performance.

Three key theories under the RBV will be considered in this study, based on their implications on entrepreneurship and firm performance. The first theory, Financial Capital/Liquidity Theory, suggests that entrepreneurs have individual-specific resources that facilitate the recognition of new opportunities and the assembly of resources for emerging firms. This theory suggests that individuals with financial capital are more able to acquire resources to effectively exploit entrepreneurial opportunities and set up a firm. The second theory, Social Capital or Social Network Theory, suggests that an individual's social network structure plays a significant role in their opportunity recognition. Access to a larger social network might help overcome this problem. The third theory, Human Capital Entrepreneurship Theory, defines human capital as the knowledge and skills that can be general or specific. From the RBV perspective, human capital is often rare, inimitable, and non-substitutable, depending on the specificity of knowledge and skills needed in a firm.

Entrepreneurial orientation (EO) is a crucial construct in understanding entrepreneurial processes and capturing the methods, practices, and decision-making styles used by managers or owners to act entrepreneurially. It reflects how a firm operates in value creation, regardless of its activities, such as new market entry. Kearney et al (2017) identified three key processes: willingness to engage in product innovation, taking risks to try out new products, and being more proactive than competitors in taking advantage of new market opportunities. Existing concepts of EO almost solely focus on explorative activities, which may be plausible

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at first glance as they provide a base for setting up new ventures (Freiling & Lütke Schelhowe, 2014). However, these explorative activities are often not sufficient for establishing ventures successfully. New ventures and initiatives may fail due to missing managerial skills that allow exploitative activities like setting up and orchestrating efficient value-added processes or coordinating marketing, finance, and accounting.

The long tradition of entrepreneurship research reminds us to consider exploitative entrepreneurial functions, such as Kirzner's arbitrage and Casson's coordination function. This raises the question of whether the EO construct needs to be extended to reflect all entrepreneurial challenges, particularly those of established firms. Building on the whole body of entrepreneurship research and entrepreneurship theory, the authors argue that exploitative activities are no less a part of entrepreneurial behavior than explorative activities, with the decisive difference that they are under-estimated in debates on entrepreneurship.

Previous studies have shown a positive correlation between entrepreneurial orientation (EO) and high performance in firms. Studies by Soares and Perin (2020) and Byukusenge qmd Munene (2017) found that EO positively impacts firm performance, particularly in small firms. Ibeh (2004) found that EO is associated with better export performance while Uchenna et al. (2019) found a positive relationship between EO and firm size and economic growth. Herath and Mahmood (2013) found a significant effect of EO on product performance. Zhai et al (2018) found that EO improves performance through innovation and antecedence. Zehir et al (2015) found a positive relationship between EO innovation and performance in large-scale industrial firms.

Studies on SMEs have shown that most SMEs do not adopt an entrepreneurial orientation, relying on intuition for strategic decisions. However, those who adhere to entrepreneurship (EO) can respond more

effectively to emerging market opportunities. Etim et al (2017) also highlighted the importance of a firm's strategic orientation during uncertainty to support competition and survival, leading to better growth and success for entrepreneur firms. This suggests that SMEs that adopt EO can respond more effectively to emerging market opportunities and compete more effectively in a hostile business environment.

## **METHOD**

The study utilized a survey research design, involving 500 employees and owners of small and business enterprises in Lagos State. The Taro Yamani statistical formula was utilized to determine the sample size of 222 respondents, selected from three categories of staff: top management, middle management, and junior staff. The study on the role of entrepreneurial orientation in small and medium enterprises (SMEs) performance in Lagos, Nigeria, employs a quantitative research design. This approach provides measurable data, allowing for the measurement of specific variables such as financial performance, innovation, risk-taking, and proactiveness. Statistical tests, such as regression analysis, correlation analysis, and hypothesis testing, provide robust evidence of the impact of entrepreneurial orientation on SME performance. The study uses structured data collection methods, such as surveys, questionnaires, and secondary data analysis, to efficiently gather large amounts of data. Comparative analysis allows for the comparison of firms with varying levels of entrepreneurial orientation, assessing the impact on business outcomes. The quantitative findings can have practical implications for policymakers, business owners, and stakeholders in the SME sector, informing strategies for promoting entrepreneurship and enhancing competitiveness.

The questionnaire on entrepreneurial orientation has been analyzed by various researchers, including Lumpkin & Dess, Miller/Covin & Slevin, Schumpeter, Zahra,

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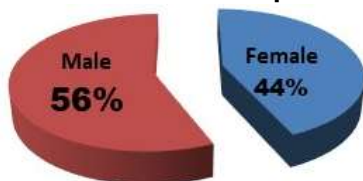
McFarlin, Ibeh, Pansuwong, and others. The sources include organizational innovativeness, risk-taking intensity, proactiveness, organizational competitive aggressiveness, the practice of autonomy in organizations, and the role of organizational competitiveness. The study also explores the role of organizational competitive aggressiveness and the practice of autonomy in organizations. The study utilized a questionnaire and interview as research instruments. The questionnaire contained personal data from respondents on a five-point Likert scale with 20 items, adapted from various scholars' conceptualizations in EO. The scale ranged from Strongly Agree to Strongly Disagree. The research instrument involved administering 250 questionnaires to respondents, with 230 completed and returned. Only 222 were found useful for analysis. The instrument's validity was assessed by an expert in Entrepreneurship and Business Administration and suggested corrections were made before distribution. The final version was pre-tested using 30 questionnaire copies, representing 20% of the sample size. The Cronbach Alpha test resulted in a reliability of 0.85, confirming the instrument's reliability.

The study used a field survey to analyze data using simple percentages and Chi-Square. The hypotheses were tested using Chi-Square which measures Entrepreneurial Orientation. The results showed that SMEs perform better than larger enterprises, with innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness being key factors. The decision was to reject the null hypothesis and accept the alternative hypothesis if the Chi-Square value was greater than the table value.

**RESULTS AND DISCUSSION**

**Demographic Information of Respondents**

**Table 1. Gender of respondents**



**Table 2. Age Distribution of Respondents**

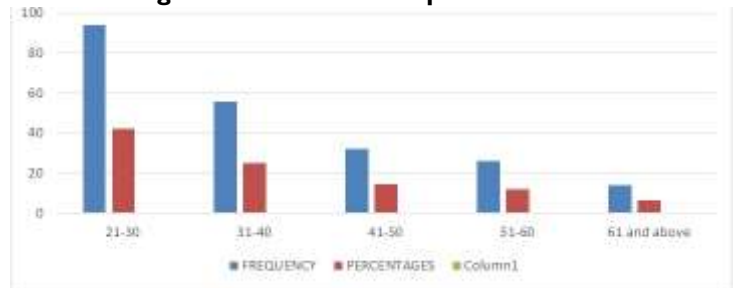


Table 2 above revealed that 42.3% of the respondents are between 21-30 years old; 31-40 years 25.2% are 41-50 years old; 14.4% are 51-60 years 12%, 61 and above 6.3%.

**Table 3. Respondents' Position in the Organization**

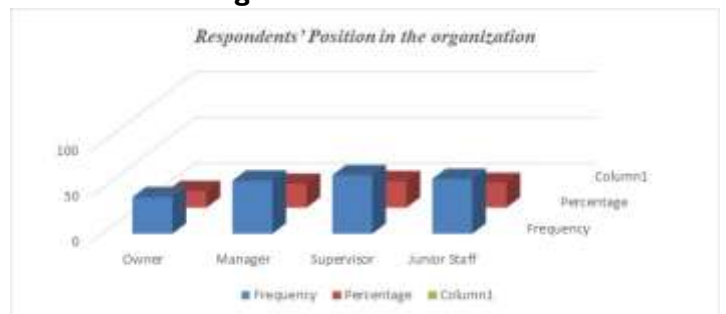


Table 3 shows that 18% of the respondents are Owners; 26% are Managers; 29% are Supervisors; and 27% are junior staff members.

**Table 4. Educational qualification of the respondent**

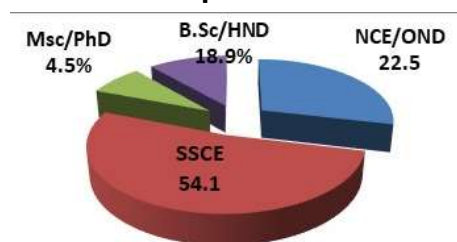


Table 4 shows that 4.5% of the respondents have M.Sc/PhD certifications; 18.9% have B.Sc/HND certifications; 22.5% have NCE/ND certifications; while 54.1% have WASC/SSCE certifications.

**Table 5. My firm emphasizes the production and marketing of new products or services**

	Frequency	Percent
Strongly Disagree	42	18.9
Disagree	55	24.8
Undecided	10	4.5
Agree	87	39.2
Valid	28	12.6
Strongly agree		
<b>Amount</b>	<b>222</b>	<b>100</b>

The data from Table 5 indicates that 18.9% of respondents strongly disagree with the statement that the firm focuses on producing and marketing new products or services.

**Table 6. My firm provides large resources for Research and Development activities**

	Frequency	Percent	Cumulative Percent
Strongly Agree	52	23.4	23.4
Agree	64	28.8	52.2
Undecide	20	9	61.2
Disagree	66	29.7	90.9
Valid	20	9	99.9
Strongly Disagree			
<b>Amount</b>	<b>222</b>	<b>100</b>	

Table 6 indicates that 52.2% of respondents believe their firm allocates significant resources to R&D activities, while 9% are undecided and 38.9% disagree.

**Table 7. My firm embraces creativity innovation and new ways of doing things**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	37	18.5	18.5	18.5
Agree	62	31	31	49.5
Undecided	26	13	13	62.5
Disagree	37	18.5	18.5	81
Valid Strongly Disagree	38	19	19	100
Disagree				
<b>Amount</b>	<b>222</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table 7 indicates that 18.5% of respondents strongly agree with the statement "My firm embraces creativity and innovation and new ways of doing things.

**Table 8. Innovative activities of our firm enhance our profitability**

	Frequency	Percent
Strongly Agree	92	41.4
Agree	72	32.4
Undecided	26	11.7
Disagree	17	7.7
Valid Strongly Disagree	15	6.8
<b>Total</b>	<b>222</b>	<b>100</b>

Table 8 reveals that 41.4% of respondents strongly agree that innovative activities enhance profitability, while 32.4% agree, 11.7% undecided, 7.7% disagree, and 6.8% strongly disagree.

**Table 9. My firm has a strong tendency to invest a significant amount of resources to seize new business opportunities**



Table 9 reveals that 41.4% of respondents strongly agree with the statement that their firm invests significantly in seizing new opportunities, while 43.2% agree, 4.5% are undecided, 9% disagree, and 1.8% strongly disagree.

**Table 10. My firm always seeks to introduce new products and services into new and Untested markets**

	Frequency	Percent	Cumulative Percent
Strongly agree	92	41.4	41.4
Agree	96	43.2	84
Undecided	10	4.5	88
Disagree	20	9	98
Strongly Disagree	4	1.8	99.9
<b>Total</b>	<b>222</b>	<b>100.0</b>	

Table 10 indicates that 41.4% of respondents strongly agree that their firm always introduces new products and services into new and untested markets, 43.2% agree, and 9% disagree.

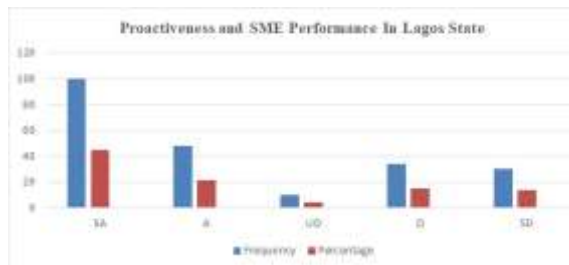
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**Table 11. The risk-taking propensity of my company enhances our Profitability**

	Frequency	Percent	Valid Percent
Strongly agree	34	15.3	15.3
Agree	48	21.6	26.9
Undecided	22	10	46.9
Disagree	78	35.1	82
Strongly Disagree	40	18	100
Total	222	100.0	

The data from Table 11 indicates that 26.9% of respondents believe that a company's risk-taking propensity enhances profitability, while 53.1% disagree and 10% remain undecided.

**Table 12. My firm monitors emerging market trends and identifies the future needs of customers**



The table indicates that 45% of respondents strongly agree that their firm monitors emerging market trends and anticipates customer needs, while 21.6% agree, 4.5% are undecided, 15.3% disagree, and 13.5% strongly disagree.

**Table 13. My firm often seeks to be a pioneer in introducing new products to the market**

	Frequency	Percent
Strongly agree	82	37
Agree	68	31
Undecided	12	5
Disagree	40	18
Strongly Disagree	20	9
Total	222	100.0

The table indicates that 68% of respondents believe their firm frequently aims to be a market pioneer, while 27% disagree and 5% remain undecided.

**Table 14. My firm excels at identifying new opportunities and capitalizing on them ahead of our competitors**

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	72	32.4	32.4	32.4
Valid Agree	79	35.6	35.6	68
Undecided	15	6.7	6.7	74.7

Disagree	35	15.8	15.8	90.5
Strongly Disagree	21	9.5	9.5	100.0
Total	222	100.0	100.0	

Table 14 shows that 32.4% of respondents strongly agree that their firm excels in identifying new opportunities and capitalizing on them, while 35.6% agree, 6.7% disagree, 15.8% strongly disagree, and 9.5 remain undecided.

**Table 15. My firm excels at identifying new opportunities and capitalizing on them ahead of our competitors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	77	34.7	34.7	34.7
Agree	61	27.5	27.5	62.2
Undecided	20	9	9	71.2
Valid Disagree	61	27.5	27.5	98.7
Strongly Disagree	3	1.3	1.3	100.0
Total	222	100.0	100.0	

The data from Table 15 indicates that 34.7% of respondents strongly agree that their firm excels in identifying new opportunities and capitalizing on them, while 27.5% agree, 9% are undecided, 27.5% disagree, and 1.3% strongly disagree.

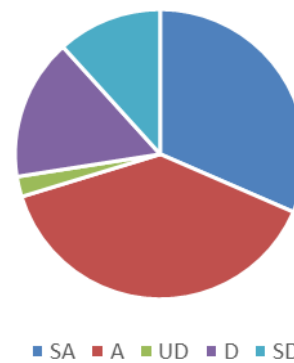
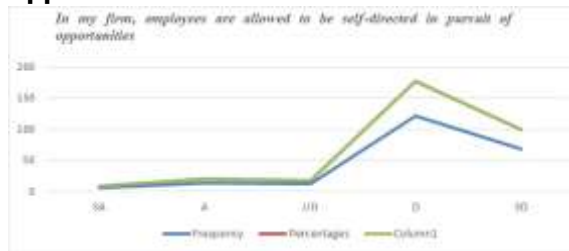


Table 16 reveals that 31.5% of respondents strongly agree that their firm's proactiveness gives them a first-mover advantage, while 38.7% agree, 2.3% are undecided, 15.8% disagree, and 11.7% strongly disagree.

**Table 17. In my firm, employees are allowed to be self-directed in pursuit of opportunities**



The table indicates that 55% of respondents strongly disagree with the statement that employees should be allowed to pursue opportunities independently, while 6.3% agree and 5.4% remain undecided.

**Table 18. My firm encourages independent-minded staff to leave their comfort position and pursue novel ideas**

	Frequency	Percent
Valid Strongly Agree	35	15.7
Valid Agree	49	22.7
Valid Undecided	15	6.8
Valid Disagree	72	32
Valid Strongly Disagree	51	23
<b>Total</b>	<b>222</b>	<b>100.0</b>

Table 18 reveals that 15.7% of respondents strongly agree that their firm encourages independent-minded staff to explore new ideas, while 22.7% agree, 32% disagree, and 23% strongly disagree.

**Table 19. The practice of autonomy in our company enhances our Productivity**

	Frequency	Percent
Valid Strongly Agree	37	16.6
Valid Agree	45	20.3
Valid Undecided	39	17.6
Valid Disagree	50	22.5
Valid Strongly Disagree	51	23
<b>Total</b>	<b>222</b>	<b>100</b>

Table 19 indicates that 16.6% of respondents strongly agree that company autonomy improves productivity, while 20.3% agree, 17.6% are undecided, 22.5% disagree, and 23% strongly disagree.

**Table 20. My firm responds promptly to our competitors' activities**

	Frequency	Percent
Valid Strongly Agree	47	21.2
Valid Agree	72	32.4
Valid Undecided	28	12.6
Valid Disagree	37	16.7
Valid Strongly Disagree	38	17.1
<b>Total</b>	<b>222</b>	<b>100</b>

Table 20 reveals that 21.2% of respondents strongly agree with their firm responding promptly to competitors' activities, while 32.4% agree, 12.6% are undecided, 16.7% disagree, and 17.1% strongly disagree

**Table 21. My firm uses strategies such as low price and promotion to compete with our rivals**

	Frequency	Percent	Cumulative Percent
Valid Strongly agree	72	32.4	32.4
Valid Agree	78	35.1	67.5
Valid Undecided	12	5.4	72.9
Valid Disagree	40	18	90.9
Valid Strongly Disagree	20	9	99.9
<b>Total</b>	<b>222</b>	<b>100</b>	

The table indicates that 32.4% of respondents strongly agree that their firm uses strategies like low prices and promotions to compete with rivals, while 35.1% agree, 5.4% are undecided, 18% disagree, and 9% strongly disagree.

**Table 22. My firm tends to outspend our competitors in manufacturing capacity, product quality, and promotion**

	Frequency	Percent	Cumulative Percent
Valid Strongly Agree	27	12.2	12.2
Valid Agree	32	14.4	26.6
Valid Undecided	26	11.7	38.3
Valid Disagree	67	30.2	68.5
Valid Strongly Disagree	70	31.5	100
<b>Total</b>	<b>222</b>	<b>100</b>	<b>100</b>

Table 22 indicates that 12.2% of respondents strongly agree that their firm outspends competitors in manufacturing capacity, product quality, and promotion, while 14.4% agree, 11.7% undecided, 30.2% disagree, and 31.5% strongly disagree.

**Table 23. My firm's competitive aggressive enhances our competitive advantage in the industry**

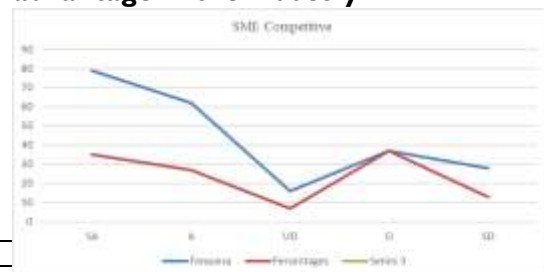


Table 23 indicates that 35.6% of respondents strongly agree that their firm's competitive aggressiveness enhances their industry advantage, while 27.9% disagree, 7.2% are



undecided, 16.7% disagree, and 12.6% strongly disagree.

Ho1: Organizational Innovativeness does not enhance SME performance in Lagos State.

The study tested the hypothesis that Organizational Innovativeness does not improve SME performance in Lagos State. The data was presented in Table 5 and chi-square distribution was used as the test statistic. The Chi-Square value was calculated to be 75.1, which was greater than the critical value of 9.488. The decision was accepted at a 95% confidence level, and the hypothesis was rejected. The Chi-Square value of 75.1 was greater than the critical value of 9.488, indicating that Organizational Innovativeness does not enhance SMEs' performance in Lagos State.

	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly Disagree	42	44.4	-2.4	5.76	0.13
Disagree	55	44.4	10.6	112.36	2.53
Undecided	10	44.4	-34.4	1183.36	25.65
Agree	87	44.4	42.6	1814.76	40.87
Strongly agree	28	44.4	-16.4	262.96	5.92
Total	222	222	0	3379.2	75.1

Ho2: Organizational Risk Taking Intensity has no significant effect on SME performance in Lagos State.

The study tested the hypothesis that Organizational Risk Intensity has no significant effect on SME performance in Lagos State. The data was presented in Table 10 and chi-square distribution was used as the test statistic. The Chi-Square distribution was used to test this hypothesis. The Chi-Square calculated was 187.82, which is greater than the critical value of the Chi-square. Therefore, the hypothesis is rejected, as the Chi-Square calculated is greater than the critical value of the Chi-square, indicating that Organizational Risk Taking Intensity has a significant effect on SME performance in Lagos State.

Responses	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly Disagree	92	44	47.6	2265.76	51.03
Disagree	96	4	51.6	2,662.5	59.97
Undecided	10	44	-34	1156	26.36
Agree	20	4	16	256	64
Strongly agree	4	44	-40	1600	36.36
Total	222	222	0	5600.26	187.82

Disagree	44	-			
Valid Strongly Disagree	4	40.4			
Total	22	22	0	0	187.82

Ho3: Organizational Proactiveness does not enhance SME performance in Lagos State.

The study tested the hypothesis that Organizational Proactiveness does not improve SME performance in Lagos State using a chi-square distribution. The Chi-Square calculated was 103.68, which is greater than the critical value of 9.488. Therefore, the hypothesis is rejected, as Organizational Proactiveness is found to enhance SME performance in Lagos State.

	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly Agree	100	44.4	55.6	3091.36	69.63
Agree	48	44.4	3.6	12.96	0.29
Undecided	10	44.4	-34.4	1,183.36	26.65
Disagree	34	44.4	-10.4	108.16	2.44
Valid Strongly Disagree	30	44.4	-14.4	207.36	4.67
Total	222	222	0	5600.26	103.68

Ho4: The practice of Autonomy does not enhance SME performance in Lagos State.

The study found that Autonomy does not improve SME performance in Lagos State, as the calculated Chi-Square value is 3.65, which is less than the critical value of Chi-square (9.488). Therefore, the hypothesis is accepted, as the Chi-Square value is less than 9.488, indicating that Autonomy does not significantly enhance SME performance in Lagos State.

	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly Agree	37	44.4	-7.4	54.76	1.23
Agree	45	44.4	0.6	0.36	0.008
Undecided	39	44.4	-5.4	29.16	0.66
Disagree	50	44.4	5.6	31.36	0.7
Strongly disagree	51	44.4	6.6	43.56	0.98
Total	222	222	0	11262	3.65

Ho5: Competitive aggressiveness does not enhance SME performance in Lagos State.

The study tested hypothesis five, stating that competitive aggressiveness does not improve SME performance in Lagos State. The results showed that competitive aggressiveness does enhance SMEs' performance in Lagos State, as the calculated Chi-Square value was greater than the critical value of the chi-square (9.49).

<sup>1</sup>\* Clement Aliu Ogbaini, <sup>2</sup>Afam Augustine Akpor, <sup>3</sup>John Edewor Oputa, <sup>4</sup>Vine Bello-Marvis, <sup>5</sup>Maureen Chinansa Ola-Williams, <sup>6</sup>Ndubuisi Okafor

Therefore, the hypothesis is rejected. The study found that SMEs that focus on new products or services, embrace creativity and innovation, and are proactive in introducing new products or services perform better than others. In Lagos State, innovative activities enhance profitability, and SMEs with a positive risk-taking propensity are more likely to succeed. Autonomy does not improve performance, but competitive aggressiveness does.

	O	E	O-E	(O-E) <sup>2</sup>
Strongly Agree	79	44.4	34.6	1197.16
Agree	62	44.4	17.6	309.76
Undecided	16	44.4	-28.4	806.56
Disagree	37	44.4	-7.4	54.76
Valid Strongly Disagree	28	44.4	-16.4	268.96
<b>Total</b>	<b>222</b>	<b>222</b>		

**Discussion**

The study confirms that four entrepreneurial orientation variables improve SMEs' performance, aligning with Soares and Perin's (2020) findings. The findings of Susanto et al (2023) also revealed that entrepreneurship orientation positively and significantly affects performance in firms and entrepreneurial orientation affects innovation. Organizational Innovativeness was found to enhance SME performance in Lagos State. The findings of this study concur with earlier studies by Olubiyi et al (2019) and Oni et al. (2019) that risk-taking propensity has a positive and statistically significant effect on enterprise performance. This implies that willingness to invest in risk-taking practices and capabilities can help to improve enterprise performance. Testing of hypothesis one revealed that organizational innovativeness significantly improves SME performance. Organizational innovation involves a firm's conscious effort to improve business performance, including creativity, investment in research and development, development of efficient production technologies, continuous quality improvement, introduction of new products and services, and expansion into new markets. This study confirms Zhang and Xing's (2023) findings that risk-taking is linked to SMEs' performance, indicating that significant

resource commitments may lead to costly failures.

Organisational proactiveness is crucial for SMEs' performance, as it enhances their awareness and responsiveness to market signals. This includes being pioneers, capitalizing on emerging opportunities, recognizing opportunities, and monitoring market trends (Kraus et al., 2012). The third hypothesis suggests a significant relationship between organizational proactiveness and SME performance. Proactive entrepreneurs monitor emerging market trends, identify future customer needs, and excel in identifying new opportunities. They are not passive recipients of external environmental pressures but co-creators of their environment. They focus on controlling environmental pressures rather than predicting future changes. Proactiveness can be considered an organizational dynamic capability (Moreno & Reyes, 2013).

The study found that Autonomy does not improve SME performance in Lagos State, indicating that encouraging independent staff to pursue new ideas and make changes in their work tasks does not enhance productivity. This contradicts previous research suggesting that autonomous individuals who work outside their usual routines and gain experience can foster creativity and initiative. The level of autonomy in a team is positively related to effective knowledge management, facilitating knowledge creation, transfer, and application. Al-Mamary and Alshallaqi (2022) also link greater autonomy to entrepreneurial intention. Hypothesis five suggests that competitive aggressiveness significantly impacts SMEs' performance, confirming previous research that prompt response to competitors' activities, low price and promotional strategies, and outspending competitors in quality and manufacturing enhance competitive advantage (Okeyo et al, 2016; Gupta & Dutta, 2016; Dess et al, 2011).

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## CONCLUSION

This study highlights the importance of organizational innovativeness, risk-taking, proactiveness, autonomy, competitive aggressiveness, and competitive aggressiveness in SME performance. However, SMEs in Nigeria practice less autonomy due to cultural differences. Competitive aggressiveness helps SMEs achieve superior performance by using aggressive promotional and selling strategies and outspending competitors in manufacturing and quality. SMEs should embrace creativity and innovation, investing in research and development to improve efficiency and reduce costs. They should take calculated risks by investing in new products and services, monitoring their environment, and identifying future customer needs. They should also conduct competitor analysis, adopt Porter's competitive business strategies, and encourage employees to bring in personal initiatives. Despite autonomy not enhancing performance in Lagos State, SMEs should include entrepreneurial orientation in their training curriculum to encourage employees to develop novel ideas and outperform competitors. Regular environmental scanning and analysis are essential for achieving first-mover advantages. The study on entrepreneurial orientation in SMEs is limited in generalizability to large corporations and government institutions. Future researchers should explore the effectiveness of firm-based EO strategies in these sectors.

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