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Entrepreneurial Capacity and the Survival of Small and Medium Scale Enterprises in Nigeria

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Abstract: Survival of Small and medium scale enterprises (SMEs) are integral to economic growth and development. Not only do they contribute in the GDP growth and employment creation but are the engine of most market driven economies. The identification and recalibration of the catalyst of this very important economic issue and subject is topical in contemporary discourse on the issues of national growth and development. Consequent on its importance, lot of scholarly works have been advanced with several postulations and suggestions from and within different context. This study however adopted a some-worth divergent view since it approach the subject of survival of SMEs from the Entrepreneurial capacity perspective. The position and line of thought within the context of the subject matter is that if there is an activation and engagement of entrepreneurial capacity measured by innovativeness, risk taking and pro-activeness, there will be a high chance of the survival of SMEs in Nigeria. Survival of SMEs was measured by adaptability, flexibility and improved customer service. The predictor and criterion variables was examined within the context of technology, thus, technology was the moderating variable. To put the work in context and to give it a direction, ten null hypotheses were structured from the reviewed literature. The hypotheses were tested using structural equation modelling through the AMOS package. From the test, results and findings were made upon which we made some recommendations.

Keywords: Entrepreneurial capacity, innovativeness, risk taking, pro-activeness, Survival of Small and Medium Scale Enterprises, adaptability, flexibilities, improved customer service, technology, structural equation modelling.

Introduction

Small and medium scale enterprises (SMEs) are the engine block of economic growth and development in most market driven economies. They require entrepreneurial skills to operate effectively. Entrepreneurship is a process of bringing together creative and innovative ideas, combining them with management and organization skills in order to combine people, money and resources to meet an identified need and thereby create wealth. In order to be successful, an entrepreneur must possess not only the needed skills and strategies but also must operate within the required capacity in order to survive in business (Lopes et al., 2021). They are mostly labour intensive and thus create job opportunities. They are also perceived as the key to the growth of developing economics, poverty alleviation and employment generation in general and Nigeria in particular, but the unimpressive performance in employment generation in recent years has generated a lot of research interests on their challenges and prospects (Campo-Ternera et al., 2022).

Given the role SMEs play in the economic development with regards to income generation and GDP growth, much emphasis has been laid on the growth of small and medium scale industries

as a means of reducing the incidence of poverty and unemployment in the country (Chhabra et al., 2023). Since the adoption of the economic reform program in 1986, there has been a decisive shift in policies and programs that will enhance the growth of this sector. SMEs has potential for self-reliant industrialization, using local raw materials, providing boost to employment, guarantee even distribution of industrial development and facilitate the growth of non-oil exports (Umrani et al., 2022).

With this myriad of socio-economic benefits that stream from SMES, the survival of SMEs in the Sub-Sahara Africa in general and Nigeria in particular is negligible or phenomenonically retrogressive. This has arouse concern among scholars and thus provoked lots of discourse and plethora of theories and models presumed to underscore this ugly trend. Some of the identified problems include but not limited to the following: lack of conception of enterprenuerial capacity at which to base their entrepreneurial business operation; lack of effective entrepreneurship strategies and practical knowledge of intended business (Seepana et al., 2021); defective feasibility study; lack of psychological readiness, lack of legal aspect of the business, defective cost estimate of doing the business and facility requirement of the business (Towers et al., 2020).

Consequent on those observed attendant problem presumed to plaque the growth and survival of SMEs, postulations and suggestion have been advanced by scholars. The plethora of the different extant literatures examined so far shows that the direction of interest of the scholars and thus, their prescription as it relates to the subject matter were basically individualistic, some worth static, restrictive and traditional. While we contest the contentment of these suggested prescription, measures and models for the survival of SMEs, we are incline to establish here that the experiential knowledge shows that those prescription does not appeal to contemporary managerial strategies as they are mere static means to an end not suitable to rapid changing management practice of a contemporary operation. It is against this backdrop that this study is structured to examine how entrepreneurial capacity can be used to enhance survival of SMEs. A review of the different postulations and prescriptions so far done shows that one of the least discussed is from the perspective of enterprenuerial capacity. The closer attempt was the works of Seepana et al.,(2021) and Towers et al., (2020) were the issues examined were entrepreneurial strategies and defective feasibility study; lack of psychological readiness, lack of legal aspect of the business, defective cost estimate of doing the business. It is based on that line of thought that this work is structured to examine entrepreneurial capacity and survival of SMES. The point of divergent of this scholarship from several other works is that it adopts a more holistic approach and suggestively underpin survival of SMEs on entrepreneurial capacity

Literature Review

Theoretical Framework

Edward Thorndike's Theory of Learning and Kirzner's Theory of Entrepreneurship Alertness.

The theories of learning propounded by Edward L. Thorndike. Thorndike (1874-1949) is well known for his laws of learning. One of his major laws of learning includes the law of effect. This law states that an act which results in an animal's experiencing satisfaction in given situation will generally become associated with that situation so that when it recurs, the act will also likely bring that to bear. The idea is that pleasure and pain are consequences of our actions and are important determination of behaviours. We all do those things that give us pleasure and naturally avoid those things that gave us pains.

The law of effect was later modified to read the law of exercise. This simply means that satisfying consequences serve to re-in force stimulus response bond. It was further modified to read the law of readiness. This law states that a learner satisfaction is undermined by the extent of his "preparatory set" that is, readiness for action. Entrepreneurship Development is geared towards skill acquisition. The skills can only be acquired through teaching, learning and practice According to Isiaka & Dagosta (2001), this is analogous to the theory of vocational Education

which states that training should help the trainee to capitalize his interest and abilities to the highest possible degree. In other words, incorrect experiences will diminish and the correct one get fixed with constant practice.

Entrepreneurship Development is rooted in acquisition of skills and as such, learning cannot be effective by mere watching someone else perform the action. In business Education (Entrepreneurship Development inclusive), we learn to do things by actually doing them. Thorndike emphasized the importance of doing and repetition in learning process.

This theory also emphasized the elements of motivation. Motivation is a learning process which is constantly applied in business education (Entrepreneurship education inclusive). This is way by which an individual is energized so as to learn better. When a good decision-making process in the realistic choice of career is given by a mentor to help an individual student understand the process of using private initiative to transform a business concept into a new venture, students would be motivated to embark on entrepreneurship development. Reinforcement is one other key principles of learning. Reinforcement is a way to encourage what has been learnt in order to make it part of the individual and this is achieved through constant practices.

Kirzner's Theory of Entrepreneurship Alertness

The theory of entrepreneurship alertness propounded by Kirzner Israel in 1984 centered on entrepreneurial alertness to available but unnoticed opportunities. Kirzner theory believed that an individual is enriched with the trait to acknowledge opportunity waiting to be exploited that others failed to recognize. He further stressed that alertness guides individuals to make discoveries that are precious in the satisfaction of human wants. Entrepreneurs through their alertness can discover and exploit situations that can be sold at high prices than that which can be bought at low prices. The theory is relevant to the research because an individual with entrepreneurial skills is expected to have been equipped with mental alertness needed for identifying opportunities that can be transfer to wealth creation thereby creating employment opportunities for him and other citizens. Let us examine the dimension of Entrepreneurial capacity at this point.

Entrepreneurial capacity

An enterprenueur is one who takes financial risk by setting up business or businesses with the intent of making profit. He creates value, goods and services to people in exchange for financial gains. Entrepreneurial capacity on the other hand has to do with the ability of an individual or organization to identify, evaluate and capitalize on opportunities to create commercial of social values in exchange for economic or financial gains. It involves recognizing and transforming new knowledge into economic potentials and continuously adapting to ensure successful, replicable and sustainable implementation. It defines the skill sets and experience and knowledge needed to spot, recognize and exploit opportunities. The availability of the characteristic of the entrepreneur defines entrepreneurial capacity. It can be measured, seen or know through several characteristics.

Dimension of Entrepreneurial capacity

Within the context of this study the dimensions of entrepreneurial capacity are innovativeness, risk taking and pro-activeness. Let us review them in turn

Innovativeness

Innovativeness of employees is measured by the propensity by which they innovate in their work (Miller and Friesen, 2017); their willingness to try new ways which are different from the existing: the enthusiasm to adopt new ideas or new methods to their work operation and the eagerness to implement the innovation strategy in their work (Khandwalla, 1987). Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services, or technological processes and which may take the organization to a new paradigm of success

(Swiezezek and Ha, 2013). It also implies seeking creative, extraordinary or strange solutions to problems and needs. Schumpeter (1934) considered employees to be essentially a creative activity and entrepreneur as an innovator who carries out new combinations in the field of' men, money, material, machine and management. According to him, an entrepreneur is an economic man who tries to maximize his profits by making innovations in any one of the following fields: (1) new products; (2) new production methods: (3) new markets; or (4) new forms of organization. The degree of an entrepreneur's innovativeness will decide how far and how deep the innovation will go in work in order to meet both the strategic goal formulated for the work and the requirements from the environment (Hult, 2014). Innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state-of-the-art (Covin el al., 2016). An innovative strategic posture can be linked to firm performance as it increases the chances that a firm will realize first mover advantage, stay ahead of their competitors, gain a competitive advantage and capitalize on emerging market opportunities that lead to improved financial results (Kreiseret al., 2012: Hult et al., 2014; and Kreiser and Davis, 2010).

In the corporate entrepreneurship (CE) literature, innovativeness is a predisposition to engage in creativity and experimentation through the introduction of new products (Rauch et al., 2009). However, innovativeness is broader than new products or services; it may also include process-related innovations to bring new or improved production or marketing methods, or to apply new kinds of resources. To be part of entrepreneurial behaviour, innovations may include any opportunity deviating from the status quo that would also advance the organization. In the organizational behaviour (OB) literature, the construct of innovative work behaviour captures various behaviours during the process of opportunity identification and exploitation. Innovation is therefore defined as the production, adoption and implementation of novel and useful ideas, including products or processes from outside an organization (Kanter, 2018). Innovative work behaviour is then defined as individual's behaviour aiming to achieve the initiation and intentional introduction of new and useful ideas, processes, products or procedures (Farr & Ford, 2015). Kanter (2018) postulates individual innovation as a process that begins with problem recognition and the generation of novel or adopted ideas. More recent measures of innovative work behaviour have then captured the different stages of the innovation process, including idea generation, championing and implementation (Scott & Bruce, 1994 de Jong & den Hartog, 2010).

Damachi, (2017), define organizational innovation as the use of new managerial and working concepts and practices. By applying this definition, it is possible to measure not only whether companies have changed their organization (structure and processes) within a defined time period, but also to provide an analysis of the adoption ratios of concrete organizational concepts in different companies and company types (sector, firm size, etc.) and the extent of use within one company.

Some attempts have been made to cluster and classify different types of organizational concepts under certain categories (e.g., Coriat, 2011, Wengel , 2010, Whittington, 2019). Based on these approaches, organizational innovation can be differentiated into structural organizational innovations and procedural organizational innovations.

Organizational innovation can be further differentiated along an intra-organizational and inter-organizational dimension. While intra-organizational innovations occur within an organization or company, inter-organizational innovations include new organizational structures or procedures beyond a company's boundaries. These comprise new organizational structures in an organization's environment, such as R&D cooperation with customers, just-in-time processes with suppliers or customers or supply chain management practices with suppliers. Intraorganizational/innovations may concern particular departments or functions or nay affect the overall structure and strategy of the company as a whole. Examples for intra-organizational innovations include the implementation of teamwork, quality circles, continuous improvement processes or the certification of a company under ISO 9000. Other categorization will be:

Product innovation (change in the product structure or design), Process innovation (change in the procedure or process of doing a particular thing) and market innovation (different approach of marketing or a new sell techniques)

Calculated risk taking

This defines an individual's willingness and capacity to accept uncertainty and potential losses in pursuit of potential gain or reward. For this characteristic to manifest, the entrepreneur must have both mental and emotional for risk, as well as an understanding of one's financial capacity to handle potential setbacks. It is a basic characteristic of entrepreneurship. For one to be able to take calculated risk, the entrepreneur must reframe potential failure as a learning opportunity rather than setback and thus must be resilient to overcome all fears of failure. For one to be able to take calculated risk, in essence exude entrepreneurial trait, the entrepreneur must have risk tolerant skill and have the capacity to take the risk. Thus, the entrepreneur must have a very high comfort level with uncertainty and high degree of willingness to accept potential losses and a very high ability to absorb potential financial losses. Some basic factors that can influence risk taking are: age of the entrepreneur, maturity period of the investment, the volume of the invested fund, the financial base of the entrepreneur, personality trait and attitude.

Survival of Small and Medium Scale Firms

Organizational survival means that a firm's business continues to operate in the industry in face of competition and other internal and external environmental turbulences (Onuoha, 2007). According to Lafferty, (2010), organizational survival and growth are implicit organizational goals requiring the investment of energy and resources. The organization that does not have survival as a primary objective or goal should have a re-think. According to Hinkins, (2004) the goals of organizational survival underpins all other goals. Paying attention to these goals contribute to the satisfaction and execution of other organizational goals. Gross (2018) argued that the concept of survival is an unwritten law of every organization. This suggests that every organization should see survival as an absolute prerequisite to remain in business - Haman, (2009). Organizations attempt to maintain the existing state of affairs, hut essentially the larger part of their efforts is titled towards survival (Mindy, 2015).

Measures of Survival of Small and Medium Scale Firms

Measures of survival of small and medium scale firms are adaptability, flexibility and improved customer service.

Adaptability

Organizational adaptability according to Urieto, (2009) refers to the ability of an organization to alter its strategy, operations, management systems, governance structure and decision-support capabilities to withstand perturbations and disruptions. According to Newman, (2014), it is the ability of a system to adapt to change and respond to disturbances .Organizational adaptability has been an important topic in organizational learning, organizational change and development. In recent years, the importance of organizational adaptation has been further emphasized due to the increasing globalization processes and technological advances. In fact, it has been argued that organizational adaptation is the key to success for modem organizations Harris (2010), and that organizations must adapt or die (Wick, 2015).

Organizations often operate in a changing environment. To survive, organizations have to understand and adapt to such changes (Wick, 2015). Organizational adaptation can be regarded as the effort by the organization to fit into the environment. Organizations, however, can take different forms in their adapting to the environment. Organizational adaptation can range from small changes reflected in individual members' actions to radical overall restructuring on the part of the organization. Most of the time, however, organizations tend to have structural inertia (Hannan & Freeman, 2017), that is, they tend not to change dramatically, even when the environment changes as cited in Milliken, (2004). Organizations can take a more exploitative form in which they try to refine their current features to adjust to the environment.

Organizational adaptation is often reflected through the change of organization's knowledge bases, which are also embedded in individual members' memories and can be updated through learning (Hutchins, 2011). Organizations use learning as a fundamental action in their response to environmental changes. To adapt successfully, an organization must learn well. Researchers have repeatedly linked organizational effective adaptation to organizational learning (Lyles, 2014).

Companies that effectively respond and adapt to change are better able to manage disruption and consistently meet their customers' expectations. Enabling responsiveness relies on the process of identifying, capturing and transforming.

Adaptability also enhances an organizations ability to mobilize resources in order to seize opportunities. A company's ability to capture opportunities can be improved in a number of ways. One example is ensuring flexible enterprise technology. Flexible enterprise technology allows for integration, scalability and for new functionality to be introduced easily. Without this, organizations will constantly be tied-down by their enterprise systems, inflexible systems often need to be replaced, whereas flexible systems can be extended relatively simply.

The term organizational adaptability also describes the ability and readiness of an organization to anticipate and respond to external threats and opportunities as well as influence the Macro and micro environment in its favour, cope with high impact events and recover quickly, cope with longer lasting periods of difficulties and achieve change in an effective and efficient way (Cohen & Levinthal, 2011). Organizations promote adaptability by valuing agility, and focus on the future, and a systems perspective. They constantly and systematically renew themselves by questioning what markets to serve and what the customers in their markets require, how to make their processes more efficient, and how to engage their employees in change and innovation rather than reacting to change, they deploy processes that help them adapt and grow (Mowday, 2009).

Lind and Seigerroth (2007) asserts that organizations need help becoming more adaptive, sensing the need for change and embracing it in order to be the frontrunners today and tomorrow. A state of mind as much as a state of being, adaptability is the theory that will help organizations create enduring success in the knowledge age and beyond. Unfortunately, the strategies, structures, processes, and other attributes of many organizations both old and new prevents them from adapting to the forces of change, making it difficult for them to create a better future for themselves and their customers (McShane, 2009).

Flexibility

Flexibility implies the process by which an organization is ready and capable to adapt to new, different and or changing requirements. The dynamical aspects of changes in organizational responsiveness may be explained using the agility and flexibility concepts (Mowday, 2009).

The literature on organizational change considers flexibility to be one of the dynamic capabilities through which firms confront change (Moday. 2009). Organizational flexibility is the main capability that enables companies to face environmental fluctuations as it makes the organization more Responsive to change. Internal flexibility is the capacity of organizations to Adapt to the environment, while external flexibility refers to their capacity to Influence the environment and thus to reducing their vulnerability (Hamel & Valikangas, 2013).

The term organizational flexibility refers to the overall flexibility of an Organization as a system (structure) defined by a set of resources (Technology, personnel, financial and knowledge), processes (operations, tasks and routines) and managerial functions (strategizing, organizing, planning, leading and directing) - (Kotelnikov, 2011). Organizations should not only adapt to a changing environment but should simultaneously have the ability to change that environment. Being flexible also means changing the organizational environment through actions like innovation, communication and advertisement.

Improved Customers Service

The role of improvement in customer service especially in ensuring business survival cannot be overemphasized (Oshodin, 2013). According to Rahman (2017) quality and consumer satisfaction have been a crucial role for success and survival in today's competitive market. The core task of an organization is to retain their customers which can be done by delivering excellent service quality. Okafor (2002) cited in Nnedu (2010) Delivering excellent service is all about providing quality services to external and internal clients, as well as building genuine and open long-term relationship in order to drive up service standards and increase profit. (Shine 2011).

Research reveals that delivering high service quality produces measurable benefits in profit, cost savings, and market share. Therefore, an understanding of the nature of excellent service and how it is achieved in organizations has become a priority for research Zeithaml (2012). For that, companies need to develop an environment inside the organization that is more prone towards meeting excellent service standards according to customer requirements. Success could be achieved only if the internal environment is strong enough to meet the challenges of external requirements

Moderating Factor: Technology

This defines the application of scientific knowledge to practical goals, often involving the development of tools, method and system. The performance of SMEs in Nigeria shows lack of development and technological innovation, and the factors used to raise their competitiveness are insufficient to solve the presented problems, showing slow progress in competitiveness and productivity (Harrison, 2014). According to Davies, (2015) SMEs are the main support of any country's economy, they contribute to sustainable economic development as well as generate wealth (Onuoha, 2012). According to Amah, (2012) the importance of technological innovation and its relevance in competitiveness of organizations and economies cannot be overemphasized,

The earliest and simplest form of technology is the development of knowledge that leads to the application of basic tools. Technologies have their unique importance to human development all through the ages. It has a serious moderating effect between entrepreneurial capacity and survival of SMEs. While technology can boost entrepreneurial growth, the growth of entrepreneurs has equally ignited the survival rate of SMES, thus it is hypothetically assumed there is a granger causality between them regulated by technology.

Deducing from the reviewed literature on the measures and dimension of the criterion and predictor variables which constitute the subject matter of this research, the following hypotheses were formulated to guide the work in the statistical test:

Research Hypotheses

The following null hypotheses are formulated by the researcher as guide to the study

Ho_1: There is no significant relationship between innovativeness and adaptability of small and medium scale firms in Nigeria.

Ho_2: There is no significant relationship between innovativeness and flexibility of small and medium scale firms in Nigeria.

Ho_3: There is no significant relationship between innovativeness and improved customers service of small and medium scale firms in Nigeria.

Ho_4: There is no significant relationship between risk taking and adaptability of small and medium scale firms in Nigeria.

Ho_5: There is no significant relationship between risk taking and flexibility of small and medium scale firms in Nigeria.

Ho_6: There is no significant relationship between risk taking and improved customers service of small and medium scale firms in Nigeria.

Ho_7: There is no significant relationship between proactiveness and adaptability of small and medium scale firms in Nigeria.

Ho_8: There is no significant relationship between proactiveness and flexibility of small and medium scale firms in Nigeria.

Ho_9: There is no significant relationship between proactiveness and improved customers service of small and medium scale firms in Nigeria.

Ho_{10}: Technology does not significantly moderate the relationship between entrepreneurial capacity and survival of small and medium scale firms in Rivers State.

Methodology

This study adopted a descriptive and cross sectional survey. For the population a total of seventy three thousand, eighty one (73,081) SMEs were targeted for this study. Five Thousand (5000) cutting across five industry: fashion, livestock, painting, water packing and bakery was selected for the study. This sample size is much higher than the recommendation based on Kredjie and Morgan table. The selected SMEs are registered and spread across the states of the nation (https://www.nigerianstat.gov,ng; https://www.geopoll.com). The different SMEs who are the same time the respondents were selected at random from the pool of SMEs from different state but registered with the accredited body at the national level based on convenience. A total of 5000 copies of questionnaires were administered for the study

The study is at the organizational level, so all inquiry and investigations are to the owner of the firm. The choice of the firms were strictly based on convenience and accessibilty. Choices of respondents were through judgmental sampling technique based on accessibility and convenience. Survival of SMEs is the independent variable, and it is measured using adaptability, flexibility, and improved customer service while entrepreneurial capcity which is our dependent variable is measured by innovativeness, risk taking, and proactiveness. The moderating variable is technology. The data analysis techniques for hypothesis testing is Structural Equation Modeling due to the nature of the study and the structure of the hypotheses. Decision criteria for validation and test of significance is at 95% confidence level. Descriptive Statistics were measured using the mean and standard deviation, used to capture the characteristics of the variables under study via Statistical Package for Social Sciences (SPSS) software version 25. Inferential Statistics were tested using the Structural Equation Modelling (SEM). Structural Equation Modelling (SEM) comprises of both a measurement model and a structural model. The measurement model is based on the common factor model (Thurstone as cited in Dimitris, George, Malvina, & Demosthenes 2017). SEM has been chosen as the main statistical method to test the hypothetical model because of the following justifications:

(1) Likert-scale ordinal data with large sample sizes tend to have a distribution that is close to normality (Hoyle, 2012). Altman and Bland (1995) demonstrated that if samples consist of several observations, the researcher may overlook the nature of data and use a tool such as SEM.

(2) The study involves simultaneous analyses of multiple interactions (Sarkar, Echambadi, & Harrison, 2001). Gefen, Straub and Boudreau (2000) submit that SEM enables researchers to answer a set of interrelated research questions in a single, systematic, and comprehensive analysis by modelling the relationships among multiple independent and dependent constructs simultaneously.

The AMOS (Analysis of Moment Structure) was used in this study. AMOS is one of the popular specialized SEM software programs (Byrne, 2001; 2010; 2012).

The ***AMOS software*** was deployed because it has easy-to-use graphical interface and a clear representation of models, and other advantages, such as extensive bootstrapping capabilities (Tabachnick & Fidell, 2007; Bagozzi, & Yi, 2012).

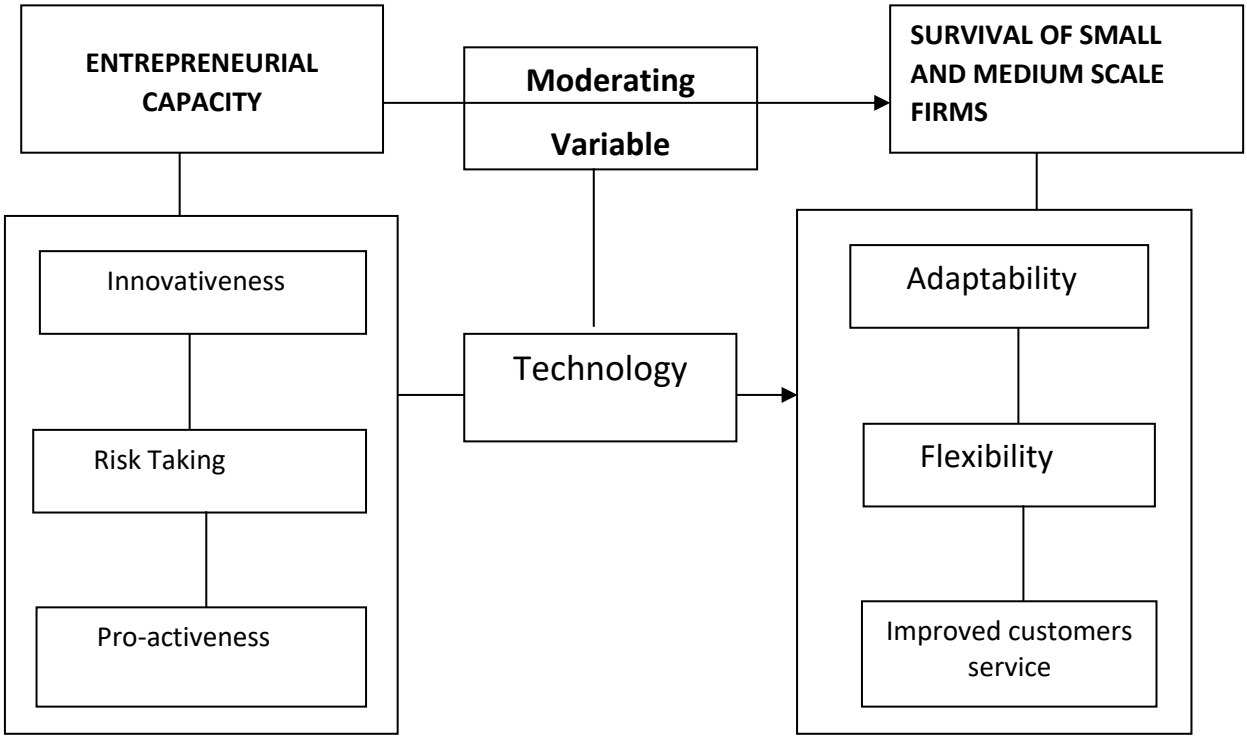
Table 1: Sample Size

Industries	Registered Numbers in Nig	State Capital Based	Randomly Selected Sampled
Water packaging	23000	20000	1200
Livestock	10700	9500	900
Paint Manufacturing	9500	8130	850
Bakery	11200	10100	1000
Fashion	13500	12300	1050
Total	**67900**	**60,030**	**5000**

Source: Field data, 2023

Therefore, the sample size for this study is five thousand (5000).

Fig. 1: Conceptual Framework



Source: *Zana and Covin (1995);*

Data Presentation

Table 2: Number and percentage of questionnaires administered and used

	No of Copies	Percentage (%)
Distributed	**5000**	**100**
Retrieved and Utilized	4860	97.2
Not Retrieved or Not Used	140	2.8
Total Utilized	**4860**	**100**

Source: Research Data, 2024

From table 2 above, it can be seen that of the five thousand copies of questionnaire (5000) administered, Four Thousand Eight Hundred and Sixty (4860) copies were filled and returned constituting 97.2% while One Hundred and Forty copies (140) constituting 2.8% were neither adequately filled nor returned. The filled and retrieved ones were utilized for decision and analysis of the issues in this research.

Table 3: Analysis of Respondents According to Industry

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Water packaging	1150	23.66	23.66	23.66
Livestock	885	18.21	18.21	41.87
Paint Manufacturing	845	17.39	17.39	59.26
Bakery	965	19.86	19.86	79.12
Fashion	1015	20.88	20.88	100
Total	4860	100.0	100.0	

The results of the analysis reveal that most of the respondents who participated in the study are water packing (44.4%) followed by livestock (25.0%) bakery (18.3) and then finally fashion (11.8%).

Table 4: Construct Reliability and Validity

Variable	Items	Loadings	AVE	CR	CA
Risk Taking	RT1	0.81	0.64	0.91	0.845
	RT2	0.82			
	RT3	0.75			
	RT9	0.82			
	RT10	0.84			
	RT11	0.74			
Innovativeness	IN1	0.64	0.68	0.93	0.715
	IN 2	0.86			
	IN 3	0.84			
	IN 4	0.74			
	IN 5	0.91			
	IN 6	0.92			
Pro-activeness	P1	0.84	0.53	0.85	0.643
	P2	0.68			
	P3	0.88			
	P4	0.65			
	P5	0.55			

Table 5 : Discriminant Validity using Fornell-larcker criterion

Construct		1	2	3	4
1	Pro-activeness	**0.83**			
2	Risk Taking	0.58	**0.80**		
3	Innovativeness	0.25	0.25	**0.75**	

Source: Field Survey, (2024).

Table 5 is the result of discriminant validity. For there to be discriminant validity, the square root of AVE of each construct must be higher than other correlations. The AVE of innovation is 0.83. All other correlations below 0.83 are lesser than 0.83. Similarly risk taking, the AVE is 0.80. All other correlations column and row wise are below 0.80. Likewise for pro-activeness with AVE coefficient of 0.75. All other correlations column and row wise are below 0.75. Finally for technological, having AVE coefficient of 0.73. All other correlations column and row wise are below 0.73. Judging by the Fornell-larcker discriminant validity criterion, the data shows that discriminant validity has been achieved, as the square root of AVE of each construct is higher than other correlations (Garson, 2016).

Analyses of Research Questions

The univariate section is concerned with the presentation of the data for the variables of the study. The data presented herein is continuous and so is assessed using the mean and standard deviation in the assessment of its central tendencies and dispersion. Given the positive statements adopted in the measurement of each variable and the scaling method which ranks from, Strongly Agreed (SA) as 5 points**,** Agreed (A) as 4 points, Undecided (UN) as 3 points**,** Disagreed (D) as 2 points**,** Strongly Disagreed (SD) as1 point, a mean score of $x > 2.5$ with a relative standard deviation of $s < 2.0$ is adopted as substantial evidence of support or agreement to the indicator.

This section examines the association between the dimensions of the predictor variable (Entrepreneurial Capacity), the measures of the criterion variable (survival of small and medium scale firms) and moderating variable (technology) constitutes the objective of the study. A total of ten null (hypothesis one to hypothesis ten) bivariate associations are tested in this section using Structural Equation Modelling. The Structural Equation Modelling was deployed to test hypotheses, using a reflective and recursive model approach to predict the dependent variable.

Table 6: Measurement Model Analysis of Risking Taking

Model	Chi-Square (df), Significance	NFI	TLI	CFI	RMSEA	Variable	Standardized Factor Loading Estimates	Error VAR
Risking Taking	(2df) = 4.56, p > 0.000	0.94	0.97	0.98	0.69	RT 1	0.77	0.40
						RT 2	0.70	0.30
						RT 3	0.72	0.22
						RT 4	0.67	0.23
						RT 5	0.81	0.37

Source: Research data, 2024

All indicators of risk taking loaded significantly as they were all above 0.5(50%). This shows that all the indicators can be employed for subsequent analysis.

Table 7: Measurement Model Analysis of Innovativeness

Model	Chi-Square (df), Significance	NFI	TLI	CFI	RMSEA	Variable	Standardized Factor Loading Estimates	Error VAR
Innovativeness	(35df) =242, p > 0.000	1.0	0.54	1.0	0.16	IN 1	0.64	0.36
						IN 2	0.86	0.43
						IN 3	0.84	0.54
						IN 4	0.74	0.46
						IN 5	0.91	0.28

Source: Research data, 2024

All indicators of innovativeness loaded significantly as they were all above 0.5(50%). This shows that all the indicators can be employed for subsequent analysis.

Table 8: Measurement Model Analysis of Pro-activeness

Model	Chi-Square (df), Significance	NFI	TLI	CFI	RMSEA	Variable	Standardized Factor Loading Estimates	Error VAR
Pro-activeness	(33df) =241,	0.82	0.75	0.84	0.16	P1	0.80	0.36

	p>0.000							
						P2	0.84	0.22
						P3	0.74	0.34
						P4	0.82	0.24
						P 5	0.75	0.14

Source: Research data, 2024

All indicators of pro-activeness loaded significantly as they were all above 0.5(50%). This shows that all the indicators can be employed for subsequent analysis.

Assessing Model Fit

Assessing model fit is a composite reliability used to evaluate internal consistency, individual indicator reliability and average variance extracted (AVE) to evaluate convergent validity.

Figure 2: **Measurement Model**

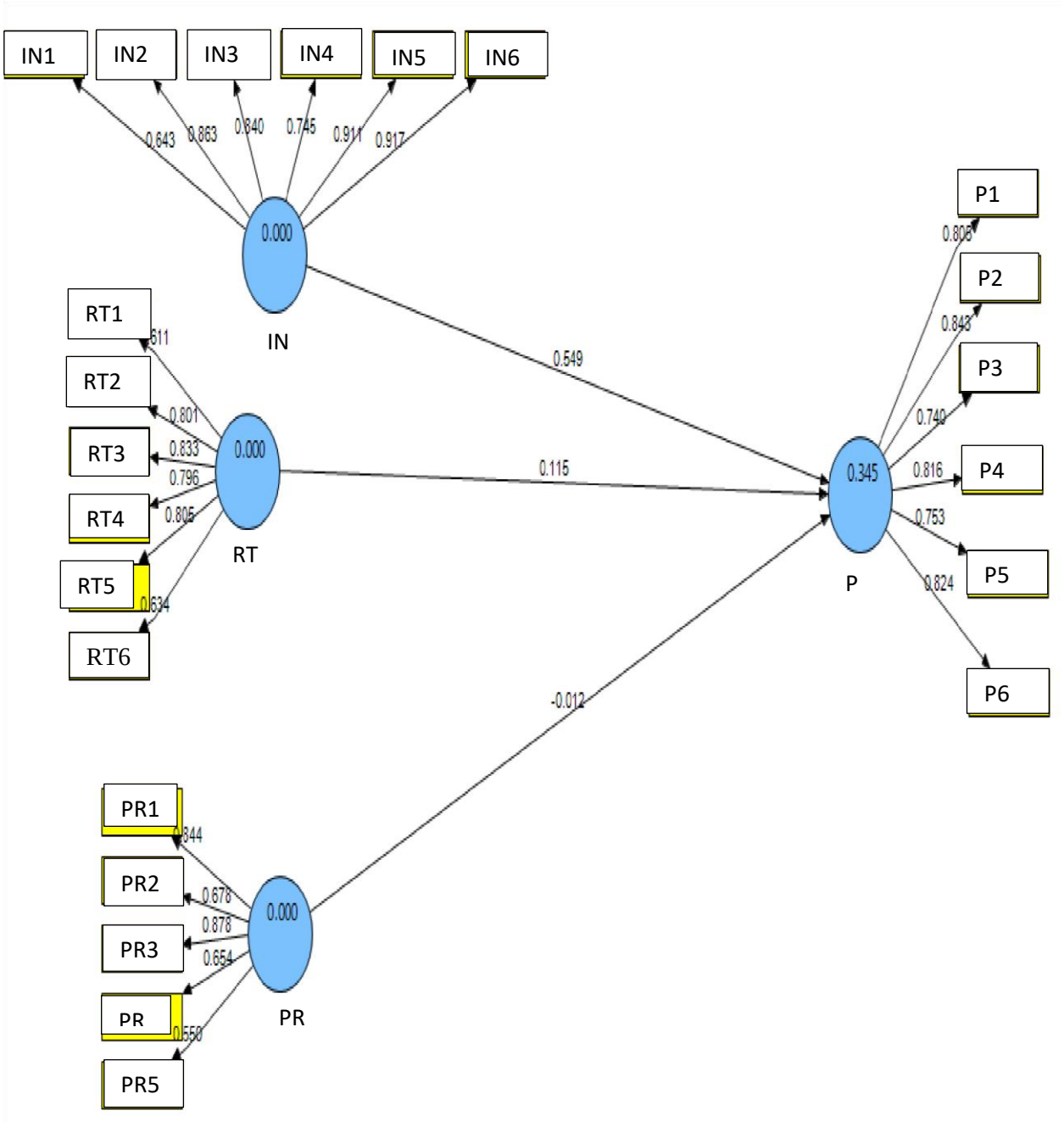


Figure 2 above shows how the model fit the study with individual indicators showing the reliability and the validity of the variables. Table 4.4 below further explains the figure.

Bootstrapping Analysis

A bootstrapping analysis was carried out to determine the direct effect of the independent variables on the dependent variable of the study. Based on the result, figure 3 is presented, which shows the structural model of the direct impact of innovativeness, risking, pro-activeness and technology on performance of SMEs in Nigeria.

Figure 3: Structural Model

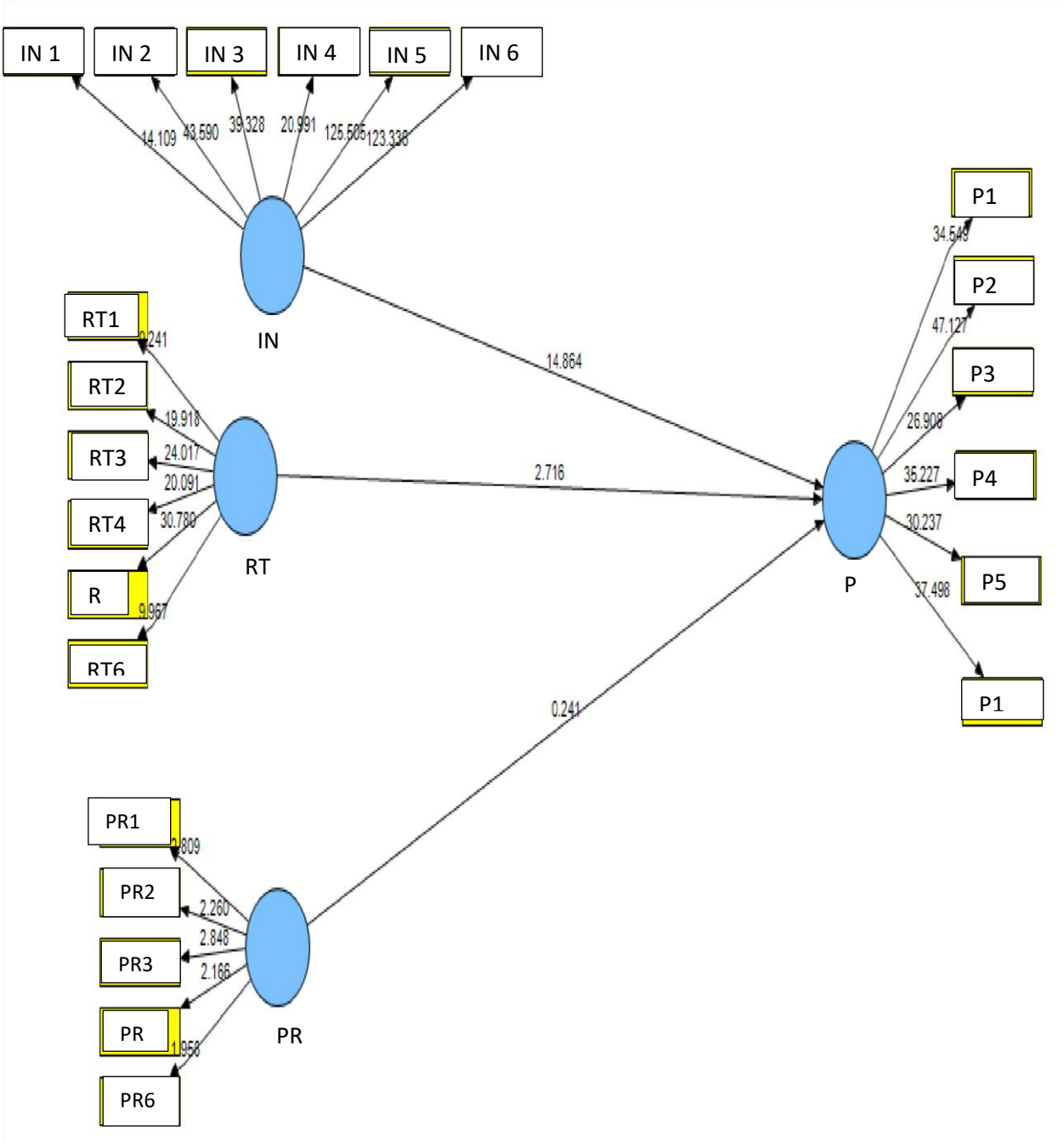


Figure 3 above was used to estimate the path model to view the sampling distribution in order to determine the standard error and the standard deviation of the estimated coefficients distribution in the population

Hypotheses Testing

Table 9: Result of standardized and unstandardized regression estimate of the model.

S/N	Mediation Stage	Relationship	Std. Beta	Actual Beta	S.E.	C.R.	P	Remark
1.	X →Y	Innovativeness	0.69	0.87	0.13	2.51	0.000	Not

	(Hypothesis 1)							Supported
2.	X →Y (Hypothesis 2)	Risking Taking	0.76	0.83	0.22	3.40	0.000	Not Supported
3.	X →Y (Hypothesis 3)	Pro-activeness	0.58	0.82	0.18	4.32	0.000	Not Supported
4.	X →Y (Hypothesis 1)	Innovativeness	0.74	0.87	0.13	2.51	0.000	Not Supported
5.	X →Y (Hypothesis 2)	Risking Taking	0.78	0.83	0.22	3.40	0.000	Not Supported
6.	X →Y (Hypothesis 3)	Pro-activeness	0.60	0.82	0.18	4.32	0.000	Not Supported
7.	X →Y (Hypothesis 1)	Innovativeness	0.71	0.87	0.13	2.51	0.000	Not Supported
8.	X →Y (Hypothesis 2)	Risking Taking	0.79	0.83	0.22	3.40	0.000	Not Supported
9.	X →Y (Hypothesis 3)	Pro-activeness	0.61	0.82	0.18	4.32	0.000	Not Supported
10.	X →Z =>Y (Hypothesis 1)	Technology	0.74	0.87	0.13	2.51	0.000	Not Supported

Source: Research Data, 2024

Hypothesis One

H_{01}: There is no significant relationship between innovativeness and adaptability of small and medium scale firms in Nigeria.

Table 9 illustrates the analysis for the association between innovativeness and adaptability of small and medium scale firms in Nigeria, where β=0.87, r=0.69 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between innovativeness and adaptability of small and medium scale firms in Nigeria.

Hypothesis Two

Ho_2: There is no significant relationship between innovativeness and flexibility of small and medium scale firms in Nigeria.

Table 9 illustrates the analysis for the association between innovativeness and flexibility of small and medium scale firms in Nigeria, where β=0.83, r=0.76 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between innovativeness and flexibility of small and medium scale firms in Nigeria.

Hypothesis Three

Ho_3: *There is no significant relationship between innovativeness and improved customers service of small and medium scale firms in Nigeria.*

Table 9illustrates the analysis for the association between innovativeness and improved customers service of small and medium scale firms in Nigeria, where β=0.82, r=0.58 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between innovativeness and improved customers service of small and medium scale firms in Nigeria.

Hypothesis Four

H_{04}: There is no significant relationship between risk-taking and adaptability of small and medium scale firms in Nigeria.

Table 9 illustrates the analysis for the association between risk-taking and adaptability of small and medium scale firms in Nigeria, where β=0.87, r=0.74 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between risk-taking and adaptability of small and medium scale firms in Nigeria.

Hypothesis Five

Ho_5: There is no significant relationship between risk-taking and flexibility of small and medium scale firms in Nigeria.

Table 9 illustrates the analysis for the association between risk-taking and flexibility of small and medium scale firms in Nigeria, where β=0.83, r=0.78 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between risk-taking and flexibility of small and medium scale firms in Nigeria.

Hypothesis Six

Ho_6: *There is no significant relationship between risk-taking and improved customers service of small and medium scale firms in Nigeria.*

Table 9 illustrates the analysis for the association between risk-taking and improved customers service of small and medium scale firms in Nigeria, where β=0.82, r=0.60 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between risk-taking and improved customers service of small and medium scale firms in Nigeria.

Hypothesis Seven

H_{07}: ***There is no significant relationship between pro-activeness and adaptability of small and medium scale firms in Nigeria***.

Table 9 illustrates the analysis for the association between pro-activeness and adaptability of small and medium scale firms in Nigeria, where β=0.87, r=0.71 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7

and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between pro-activeness and adaptability of small and medium scale firms in Nigeria.

Hypothesis Eight

H_{o8}: *There is no significant relationship between pro-activeness and flexibility of small and medium scale firms in Nigeria.*

Table 9 illustrates the analysis for the association between pro-activeness and flexibility of small and medium scale firms in Nigeria, where β=0.83, r=0.79 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between proactiveness and flexibility of small and medium scale firms in Nigeria.

Hypothesis Nine

H_{o9}: *There is no significant relationship between proactiveness and improved customers service of small and medium scale firms in Rivers State.*

Table 4.10 illustrates the analysis for the association between proactiveness and improved customers service of small and medium scale firms in Nigeria, where β=0.82, r=0.61 and p = 0.000. The findings show a very positive and significant association between both variables (where β>0.3, r>0.7 and p < 0.05). Thus, based on the criteria for null hypothetical statement acceptance (β<0.3, r<0.7 and p > 0.05); or rejection (β>0.3, r>0.7 and p < 0.05), we reject the null hypothesis and restate that there is a positive significant relationship between proactiveness and improved customers service of small and medium scale firms in Nigeria

Hypothesis Ten

Technology shows a significant moderating effect between entrepreneurial capacity and survival of small and medium scale firms given the coefficient of 0.74 at a probability value of 0.000 which is less than the 0.05 threshold and therefore leading to the rejection of the null hypothesis of no moderating effect.

Conclusion

The results of the study illustrate that entrepreneurial capacity and survival of small and medium scale firms in Nigeria shows the integral role entrepreneurial effort, actions and engagement play in the growth of the economy. The higher the willingness to take calculated risk, the level of innovativeness, competitive aggressiveness and competence that small and medium business owners are willing to activate and carry out, the higher the survival of SMEs. Those aforementioned dimensions account for higher business performance. So these entrepreneurial characteristics hereto identified as the dimensions exude influence the Survival of SMEs. Increasingly strong entrepreneurial characteristics will cause the higher competence of the owner, which will ultimately lead to higher business performance in terms of profitability, market share, customer satisfaction and growth. It also concludes that entrepreneurial orientation improves outcomes for the survival of startups, at such placing entrepreneurial orientation as a backdrop within this study provides a place to affirm the emphasis on dimensions such as risk-taking, reactiveness, and innovativeness, and their usefulness for enhancing the outcomes of SMEs and growth by increased productivity and market share. Therefore, the use and implementation of entrepreneurial orientation is important and increases the chances of SME growth. Entrepreneurial orientation contributes significantly towards SME growth as they thrive and grow based on their ability to provide quality, distinct and convenient services to their customers.. Accordingly, we conclude that entrepreneurs with an appropriate orientation that is directed at boosting capacity to differentiate will undoubtedly remain successful in their operations.

Recommendations

The findings in this study suggest that all the three dimensions of entrepreneur capacity are beneficial for the SMEs in creating advantage and improving business performance. Therefore, for future research the following recommendations are outlined:

1. Small and medium scale firms in Nigeria need to ensure that their firms are highly proactive. They need to continually identify new business opportunities and adapt their strategies to the environment based on their specific resources.
2. Risk taking capabilities of entrepreneur in Nigeria should be well managed and integrated with the objective of increasing performance.
3. Innovation and innovative characteristics should be considered as a culture among the entrepreneurs and training and conferences on small and medium scale should be adopted to increase entrepreneur competencies and competitive strategies.
4. Entrepreneurial orientation is important in ensuring improved startups business performances. Startups should be free to allow more responsibility and tasks as it creates room for pro general innovative capacity building.

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