
THE IMPACT OF ENTREPRENEURSHIP DEVELOPMENT ON THE PERFORMANCE OF SELECTED SMES IN ABIA STATE

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Abstract

This study examined the impact of the impact of entrepreneurship development on the Performance of Selected SMEs in Abia State. The objectives are to examine the impact of innovation on effectiveness of Selected SMEs in Abia State and determine the relationship between entrepreneurship development on performance of Selected SMEs in Abia State. The research adopted a descriptive survey design. Primary and secondary data was used for the study. The total population of the study was one hundred (100) staff of selected SMEs in Abia State. The sample size of 80 was determined from Taro Yamane formula. The researcher adopted simple random sampling technique. Regression model was adopted to test the hypotheses of the study. The findings of the study showed that Innovation has a significant impact on effectiveness of Selected SMEs in Abia State with $p\text{-value} = .005 < .05$ significant level. There is a positive relationship between entrepreneurship development on Organizational Performance of Selected SMEs in Abia State. The study recommended that Good entrepreneurs should have interest and vision, the skills to start a business and the willingness to invest in many areas of the skill whether financial and emotional investment to reduce risk and enhance rewards.

Keywords: *Entrepreneurship Development, Innovation, Effectiveness, Organizational Performance*

BACKGROUND OF THE STUDY

In a reality characterized by intensified global competition, dynamic change and increasing uncertainty, the need for organizations to become more innovative in order to survive and grow and even compete in global market is increasing rapidly. In this context, entrepreneurship is more relevant than ever, as a viable means for existing organizations to continuously explore and exploit previously unexploited opportunities, thereby moving the organization to a new state of being (Arabi, 2005). The pursuit of entrepreneurship requires established companies to strike a fragile balance between engaging in activities that make use of existing knowledge, while at the same time challenging themselves to embark upon new adventures, new production packages, seeking new knowledge and opportunities to rejuvenate themselves (Day, 2004).

Mandam (2012) Radical or breakthrough innovations often lie at the core of entrepreneurial activity; entrepreneurial development activity therefore differs dramatically from all else known to the firm. However, engaging in radical innovation as a periodical divergence from firm strategy in order to pursue entrepreneurship development may involve such a degree of unfamiliarity and risk that firms experience great difficulties in doing so, and consequently explore, manage and exploit the innovation poorly. Focusing on this problematic aspect, a perspective has recently emerged within the field of entrepreneurship, calling for the integration of competitive advantage-seeking and

entrepreneurial opportunity-seeking behaviour. Entrepreneurship should be interpreted as an on-going strategic consideration of entrepreneurial opportunities rather than as an isolated activity diverging from strategy, and this way as the 'locus of contact' between the fields of entrepreneurship and competitive advantage.

Lee, and Hsieh (2010) entrepreneurship and organizational performance based on the understanding that both fields are concerned with firm growth and wealth creation and hence are often mutually supportive. Organizational performance and entrepreneurship development are becoming increasingly intertwined, in a reality where firms need to be able to manage continuous change and maintain flexibility in order to survive. Arguably, resources are only one part of the story. Firms employ resources to attain organizational goals, i.e. they deploy a strategy. Besides resources, the strategy of entrepreneurial firms has an important influence on their subsequent growth.

Entrepreneurship development implies identifying non-addressed needs, proposing original solutions and creating new organizations. When addressing the overlaps between entrepreneurship and organizational performance it is furthermore relevant to focus on the notion of innovation of SMEs, as there is a very strong relationship between innovation and entrepreneurship (Mustapha 2013). Depending on the perspective applied, innovation can be perceived as either the firm performance achieved through entrepreneurial behaviour, or as the grounds on which entrepreneurial behaviour grows. In this sense, this study therefore, examines impact of entrepreneurship development on organizational performance.

Statement of the Problem

One of the major hurdles in doing so lies in the fact that where competitive advantage has traditionally been concerned with existing firms producing new commodity, entrepreneurship has mainly focused on start-up ventures and small firms. As such, the challenges and opportunities in focus in entrepreneur and competitive advantage respectively have been at different units of analysis and consequently influenced by different dynamics and innovation. Competitive advantage of firms have been concerned with optimizing the use of existing resources, making judicious allocation decisions and controlling correct utilization, while entrepreneurship implies identifying non-addressed needs, proposing original solutions and creating new organizations. In spite of these innovations on start-up ventures and existing SMEs still produces less quality goods and service, competitive advantage of firms thriving to initiate new goods and services to out-win rivals in the competitive market is not achieved, some SMEs still produces similar goods and services which affects organizational performance. Nwibo, and Okorie, (2013) Globalization, increased competition, the development of information and communication technology, the quality of goods and services, customer satisfaction, etc. has faced the administration of ineffective government and the public sector around the world face serious challenges in the field. There are no governments support to boost SMEs in the state and to bring up new ideas and innovation. Actually intense competition in the global market has forced the SMEs to wind up, these SMEs were not able to lay hands on new resources and products trending in the competitive market, as such new customers into the market declined drastically, business owners lack entrepreneurship skills and ideas towards competing among rivalry, they fail to take risk and adopt new innovation, poor implementation of strategies has bedevilled these SMEs due to lack of capital to implement this strategies. Many researchers have written exhaustively on the various research related to this topic but none have been able to write on entrepreneurship development on SMEs

in Abia State. This study therefore seeks to fill a gap in our understanding of entrepreneurship development on the performance of SMEs in Abia State, and this study aims to how entrepreneurship, creativity and innovation increases organizational performance.

Objectives of the Study

The broad objective of this study is to examine the impact of entrepreneurship development on the Performance of Selected SMEs in Abia State. Other objectives are to:

- i. Examine the impact of innovation on effectiveness of Selected SMEs in Abia State.
- ii. Determine the relationship between entrepreneurship development on performance of Selected SMEs in Abia State.

Research Questions

- i. What is the impact of innovations on effectiveness of Selected SMEs in Abia State?
- ii. What is the relationship between entrepreneurship development on performance of Selected SMEs in Abia State?

Research Hypotheses

Ho₁: Innovation has no significant impact on effectiveness of Selected SMEs in Abia State.

REVIEW OF RELATED LITERATURE

Oluwagbenga (2011) carried out a study to assessing the problems and prospects of small and medium enterprises (SMEs) in Nigeria. The objectives of the study are to: identify and assess the key factors responsible for the relatively low performance and failure of the SMEs survival; investigate the reasons why programmes designed by government to boost manufacturing SMEs performance do not effectively achieve its role; make appropriate recommendation towards alleviating the problems facing SMEs; identify ways and means, which will establish and sustain the vibrancy for Nigerian SMEs. Primary sources of data collection where questionnaire was distributed to respondent which was used to test the hypothesis of the study using chi-square. The study revealed that policies implemented for SMEs have a positive relationship on the survival of SMEs in Nigeria and there is prospect in SMEs in Nigeria. It is recommended that: the government should establish SME clusters in relevant sectors in areas that have comparative advantage for such sectors such as Auto Parts Cluster in Newi, Leather Products Cluster in Kano, Apple Processing Cluster in Plateau, Export Clusters for Cocoa in Ondo, Cashew Crushing Plant in Oghe, etc.; the government through the Central Bank of Nigeria should establish the much-awaited National Credit Guarantee Scheme for SMEs, which should guarantee at least 80 percent of loans needed by small and medium enterprises in Nigeria; the government should tackle accelerated development and upgrade of rural/urban road and rail network, water and air transport system and other infrastructural facilities head on and review tariff in favour of local manufacturers especially the SMEs.

Kayhan and Mueller (2011) carried out a study to examine the extent to which Swiss companies engage in corporate entrepreneurship. A case study was undertaken to better understand how corporate entrepreneurship is practiced in the watch-making industry. Using a stratified sampling method, 18 corporate-level managers of Swiss watch manufacturers were interviewed over a 5-month period to determine their perception of their firm's entrepreneurial orientation in terms of proactiveness, risk taking, innovativeness, competitive aggressiveness, and autonomy. Findings were mixed. As anticipated, given the conservative nature of Swiss culture and tradition, the executives

reflected corporate values that inhibit proactiveness, risk-taking, and competitive aggressiveness. On the positive side, these executives espoused values that support a corporate culture of innovativeness and autonomy reflecting a resurgence of innovativeness in an otherwise mature industry. It was recommended that there is need for the management of the organization to take into cognizance the importance of proactiveness, risk taking and innovation as it will enable an organization to achieve its aim and outplay all other competition in the business settings.

Kong, (2012) carried out a study is to identify organizational architecture and individual traits which can be designed and trained subsequently to foster corporate entrepreneurial behaviour which ultimately will lead to better individual job performance. Specifically, this study examines the relationship of pro entrepreneurial behaviour factors both in organizational level (management support, work discretion, rewards, time availability and organisation boundaries) and individual levels (need of achievement, self-efficacy and locus of control) on corporate entrepreneurial behaviour and which was then, regressed to job performance. A sample of 250 employees amongst main manufacturing organizations in Penang participates in this study. The samples originated from various demographic backgrounds and are mostly white collar professionals such as engineers and executives. The findings were tested using various statistical techniques such as factor analysis, reliability analysis, descriptive statistics, correlation analysis and regression analysis. In general, all factors except "time availability" and "locus of control" were found to have positive effects on corporate entrepreneurial behaviour. In addition, corporate entrepreneurial behaviour is found to be positively correlated to job performance. In short, the results translates that forming an pro entrepreneurial ecosystem in the organization and suitable training will foster innovativeness and proactiveness which further translates to better competitive advantage and sustainability in the long term.

Akram (2014) investigated the effects of entrepreneurship and sustainable competitive advantage by considering the merits of marketing and innovation capability in Isfahan Province appliances companies". This research is descriptive - survey in the field branch. Data were collected by using a questionnaire with the help of statistical software such as SPSS statistical test of normality test of data distribution (Kolmogorov - Smirnov test), regression, and ANOVA was analysed. The study sample included all managers of Isfahan Province appliances companies which the number of them is estimated 91. Due to access to the total population of all census methods have been used. The findings indicate that the entrepreneurship of competitive advantage has a significant relationship in Isfahan Province appliances companies.

Ajayi and Jegede (2014) carried out a study on the problems of small and medium enterprises in Nigeria with a view to re-examining the major factors militating against the performance of the small and medium enterprises subsector to the Nigeria. The specific objectives were as to examine the challenge facing small scale business in the study organization, to determine the impact of small scale business on the growth of the Nigeria economic. A total of 400 SMEs were randomly selected from a cross section of a population of 1600 SMEs spread among all the local governments of Oyo State, Nigeria and covering all forms partnership sole proprietorship, public and private limited and unlimited companies took part in the study. The study adopted descriptive, simple percentage and mean. The findings of the empirical result indicate that SMEs have performed below expectation due to a combination of problems which ranges from financial constraint, attitude and habits of SMEs themselves through frequent policy changes and somersault government instability

and environmental related factor. It was recommended that government practical and radical approach should be adopted in addressing and identify problems affecting SMEs in Nigeria.

Agwu and Emeti (2014) carried out a study on the issues on the challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port Harcourt City, Nigeria. The specific objectives was to determine the factors affecting small and medium scale enterprise in Port Harcourt. The study adopted descriptive research design using 120 randomly selected registered operators of SMEs in Port-Harcourt City. Data collected were analysed using descriptive statistics while formulated hypotheses were tested using z-test. Results from the data analysis indicated that poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxation were major challenges confronting SMEs in Port-Harcourt City, thus it was recommended that there should be provision of soft loans to SMEs operators, government guaranteeing of long-term loans to SMEs operators, establishment of SMEs funding agency, public/private sector partnership in infrastructural provision, capacity building for SMEs operators and provision of tax incentives for SMEs operators.

Theoretical Review

Innovation Theory (IT) by Joseph A. Schumpeter

The Innovation Theory was proposed by Joseph Schumpeter in 1934, who believed that an entrepreneur could earn economic profits by introducing successful innovations. In other words, innovation theory of profit postulates that the primary function of an entrepreneur is to introduce innovations while the profit in the form of reward is given for his performance. Schumpeter, innovation refers to any new policy that an entrepreneur undertakes to reduce the overall cost of production or increase the demand for his products.

Thus, all activities that lead to a reduction in the overall cost of production such as the introduction of a new method or technique of production, the introduction of new machinery, innovative methods of organising the industry among others can be regarded as an innovation. Also, there are other activities which increase the demand for a product. For example, the introduction of a new commodity or new quality goods, the emergence or opening of a new market, finding new sources of raw materials, a new variety or a design of the product among others. In short, the innovation theory of profit posits that the entrepreneur gains profit if his innovation is successful either in reducing the overall cost of production or increasing the demand for his product. Often, the profits earned are for a shorter duration as the competitors imitate the innovation, thereby ceasing the innovation to be new or novice. Earlier, the entrepreneur was enjoying a monopoly position in the market as innovation was confined to himself and was earning more substantial profits. However, after some time, without the introduction of innovation, the profits started disappearing. Thus, the extent at which individual entrepreneur could introduce innovation into their business depends on their skills acquisition, the more an entrepreneur gained skills, the more the innovation available for them to use for their business the more their competitiveness and overall customers performance among others.

Dependency Theory by (Pfefer and Salanciks, 1978)

The theory was propounded by Nnadozie in (2010) dependency theory state that any attempt to address underdevelopment in Nigeria must be zeroed in on the problem of leadership inertia and bad governance. That Nigeria is overwhelmed by poverty and underdevelopment today can easily be attributed to poor, visionless, inept and selfish

leadership' (Nnadozie, 2006). From the experiences of other continents, including America and Asia which passed through similar historical experiences as Africa such as colonialism and foreign domination, it is evident that their ability to jerk off the yoke of external domination and exploitation and leap into first and middle class industrialized societies never occurred until their leaders rejected foreign domination by taking concrete steps through their visionary, resilient, selfless and charismatic leadership. Indeed, the central factor sustaining underdevelopment in Nigeria is squarely a failure of leadership that is, the unwillingness or inability of its leaders to rise to the occasion in their responsibility and the challenge of personal example which are the hallmarks of the true leadership. Nigeria has been less than fortunate in their leadership; and a fundamental element of this misfortune is the seminal as absence of intellectual rigour in the political thought of many of the founding fathers of the country; a proclivity "to pious materialistic wooliness and self-oriented pedestrianism" (Achebe, 1998). The ways by which the Nigerian leaders have sustained the underdevelopment of the country are as follows: one is the manner Nigerian leaders have been mismanaging the enormous and God-given resources of the country. They waste the wealth of the nation by purchasing foreign and exotic goods and services for themselves, friends and cronies. Secondly, a large junk of that wealth was simply stolen through inflated contracts, frauds and other dubious methods. Apart from direct stealing of public fund, there is also the adoption of corrupted concept of development and development projects and programmes by governments in Nigeria, hence investments and public fund are for pecuniary reasons directed by our leaders at white elephant projects and programmes that do not yield dividends or create employment for the people as private interests override public interests. Colossal sums of public money has been lost in is manner.

Nigerian leaders who loot their state treasuries often take the monies to foreign banks mostly in Europe and America, thereby depriving the country even the benefits of reaping from investing the stolen money in the country; as a large chunk of state resources should have been channeled into productive sectors of the economy to strengthen social services, especially in the areas of health, education, infrastructural facilities and energy is lost through various forms of corrupt practices. The money all end up in the pockets of few privileged state/government officials and the people are worst off for it (Nnadozie, 2010). Entrepreneurship has died as corruption in the system has left nothing to desire in hard work and labour as youths are now concerned with money-making irrespective of how it comes and who gets hurt in the process. This is why diligence and honesty has been dethroned while dishonesty and greed has been enthroned. This also explains why merit has died in Nigeria making way for mediocrity.

METHODOLOGY

The study adopted a survey design. Survey research design was adopted to obtain accurate data based on the opinion of the respondents in the study area with the use of a well-structured questionnaire. The information needed for this study was obtained from Primary data. The population of this study consisted of three SMEs which include: Crunchies bakery, Saclux Paints and Achanwamba Farm thus bringing the total of 100 staff members under study. The total population of the study was one hundred (100) staff of selected SMEs in Abia State. The sample size was 80 derived from Taro Yamane formula. The researcher adopted simple random sampling technique which was more effective in achieving the purpose of the study. The research instruments used in this research was

formal structured in five point Likert scale between "5: strongly agree "and "1: strongly Disagree". To test the hypotheses of the study, regression analysis was adopted.

DATA PRESENTATION AND ANALYSIS

A total eighty (80) questionnaire were distributed to the respondents in the study area. Out of this number a total of sixty two (62) were returned while eighteen (18) were rejected as a result of irregularities in the response pattern. Sixty two (62) was used for the study with a percentage of 77.5

Table 1: Examine the impact of innovation on effectiveness of Selected SMEs in Abia State

RESPONSES	SA	A	UN	D	SD	Total	Mean	SD
Product innovations enhances organizational performance	48	12	2	-	-	294	4.7	.715
Technological innovations improves organizational survival	43	13	-	4	2	277	4.5	.872
Idea innovations increases organizational performance	50	12	-	-	-	298	4.8	.698
Skills innovations boost employee performance	44	10	3	5	-	279	4.5	.884
Creativity innovations increases organizational growth	40	7	4	5	6	256	4.1	.938

Source: Field Survey, 2024

The result from table 1 above showed the impact of innovation on effectiveness of Selected SMEs in Abia State. Majority of the respondents with the highest mean scores of 4.8, 4.7, 4.5, 4.5, 4.5 and 4.1 strongly agreed that Idea innovations increases organizational performance, Product innovations enhances organizational performance, Skills innovations boost employee performance and Technological innovations improves organizational survival. When new ideas, skills and technology are introduced into an existing products or organizations, it enable the firm to gain advantage in the global market, however, since firms operate in a dynamic environment where changes occur every day, managers should dim fit to apply the trending nature of the environment by updating obsolete operation machines and also introduce new ideas and ability to improve their products toward organizational survival

Table 2: Determine the relationship between entrepreneurship development on performance of Selected SMEs in Abia State.

RESPONSES	SA	A	UN	D	SD	Total	Mean	SD
Diverse and demanding enhances organizational performance	48	12	2	-	-	294	4.7	.715
Perseverance improves organizational survival	43	13	-	4	2	277	4.5	.872
Vision increases organizational performance	50	12	-	-	-	298	4.8	.698
Confidence boost employee performance	44	10	3	5	-	279	4.5	.884
Optimism increases organizational growth	40	7	4	5	6	256	4.1	.938

Source: Field Survey, 2024

The result from table 2 above showed the relationship between entrepreneurship development on performance of Selected SMEs in Abia State. Majority of the respondents

with the highest mean scores of 4.8, 4.7, 4.5, 4.5, 4.5 and 4.1 strongly agreed that Vision increases organizational performance, Diverse and demanding enhances organizational performance, Perseverance improves organizational survival, Confidence boost employee performance and Optimism increases organizational growth. Good entrepreneurs should have interest and vision, the skills to start a business and the willingness to invest in Many Areas of Skill whether financial and Emotional Investment to reduce Risk and enhance Rewards.

Test of Hypothesis 1

H_{01} : Innovation has no significant impact on effectiveness of Selected SMEs in Abia State.

Table 3: Regression model on Innovation on effectiveness of Selected SMEs in Abia State

Variable	Parameters	Coefficient	Std error	t – value	p-value
Constant	β_0	0.248	0.077	4.108***	.000
Innovation (X_1)	β_1	0.278	0.052	3.066***	.005
R-Square		0.562			
Adjusted R – Square		0.488			
F – statistics		7.818***			

***, **, and * denotes significance of coefficient at 1%, 5%, and 10% level respectively

Source: Field Survey, 2024

The result of coefficient of multiple determination (R^2) was 0.562 which implies that 56.2% of the variations in dependents were explained by changes in the independent variables while 44.6% were unexplained by the stochastic variable indicating a goodness of fit of the regression model adopted in this study which is statistically significant at 1% probability level.

The coefficient of Lack of capital was statistically significant and positively related to entrepreneurship development at 5 percent level (3.066***). This implies that a unit increase in Innovation leads to a corresponding increase on effectiveness. This states that Innovation has a significant impact on effectiveness of Selected SMEs in Abia State. Innovation is key to every successful firm towards enhancing the growth and survival of SMEs by bringing in new ideas and products.

SUMMARY OF FINDINGS

From the findings of the study, the researcher revealed that:

- i. Innovation has a significant impact on effectiveness of Selected SMEs in Abia State with p-value = .005 < .05 significant level
- ii. There is a positive relationship between entrepreneurship development on Organizational Performance of Selected SMEs in Abia State

CONCLUSION

The study examined the entrepreneurship development on organizational performance, however, the study found out that Innovation has a significant impact on effectiveness of Selected SMEs in Abia State, this implies that understanding the importance of creativity and innovation by companies today is very significant for any firm that wants to grow. Applying research in the field of Innovation will improve firm competitive advantage. The study concluded that there is a positive relationship between entrepreneurship development on the performance of Selected SMEs in Abia State.

RECOMMENDATIONS

- i. Entrepreneurs should do their best to follow the trending nature of the environment by updating obsolete operating machines and also introduce new ideas and skills to improve their products and services toward organizational survival
- ii. Good entrepreneurs should have interest and vision, the skills to start a business and the willingness to invest in many areas of the skill whether financial and emotional investment to reduce risk and enhance rewards.

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