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Predictors of firm performance among selected SMEs in Lagos, Nigeria

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Abstract

The purpose of this article is to examine the relationship between Entrepreneurial Orientation (EO) and firm performance. Data was gathered through a quantitative method from a sample of 142 questionnaires. SPSS was used to analyze the data and to further test the relationship regression analysis (ANOVA) was used. EO was found to have a significant relationship with firm performance. Furthermore, the result showed that proactive innovativeness was generally good among the SMEs; employers gave employees autonomy, high appetite for risks among respondents, average competitive aggressiveness. This research also found regression analysis test showed proactiveness and innovativeness as the only significant predictor of firm performance.

Keywords: Firm performance, entrepreneurial orientation, SMEs, innovativeness, Pro-activeness, & risk taking

1. Introduction

The term performance is a common word in strategy management. All companies including small and medium enterprises want to measure their performance. In management, there are common words like performance evaluation, performance assessment, performance management, performance measurement (Aminu & Shariff, 2015) ^[6]. To all entrepreneurs, performance is very important. Firm performance can be defined and measured in terms of profitability, growth, market value, the total return on the shareholder, economic value added, customer satisfaction, based on the stakeholders' expectations (Mihaela, 2017) ^[39]. This topic is one of the widely researched areas. From various reviews of literature, there are over twenty predictors of firm performance. They include innovation (Ndesaulwa & Kikula, 2016; Olughor, 2015) ^[47] employment and training (Wood, 2006) ^[67], quality management (Wood, 2006) ^[67], outsourcing and finance (Wood, 2006) ^[67] entrepreneurial orientation (Wambugu, Gichira, & Wanjau, 2016) ^[63] market orientation (Aliyu, 2014) ^[4] firms resources (Hafeez, Shariff & Lazim, 2012) ^[19] SME branding (Hafeez, Shariff & Lazim, 2012) ^[19], human resources practices (Wright, Gardner, Monihan & Allen, 2005) ^[68], business environment (Ahmad, Ramayah & Wilson, 2010) ^[2], gender differences (Watson, 2011), ownership structure (Mgeni & Nayak, 2016; Al-Matari, Swidi & Fadzil, 2013) ^[41], social capital (Nasip, Hassan & Muda, 2013), operation (Nasip, Hassan & Muda, 2013), learning orientation and intellectual capital (Waqas, Ullah, & Nouman, 2017; kanchana, & Mohan, 2017) ^[65, 26].

SMEs performance entails the provision of values to its stakeholders which includes the owners, customers, government, and the society (Aminu & Shariff, 2015) ^[6]. Performance assessment involves the measurement of the usage of a firm's resources (Santos & Brito, 2012) ^[52]. Firm performance can be measured quantitatively and qualitatively (Gerba & Viswanadham, 2016). Many studies on firm performance use various organizational resources to access a firm's performance. Out of all these factors, we investigate the effects of entrepreneurial orientation on the performance of small and medium-sized enterprises. Business performance of a firm can be conceptualized as an organization's capability to come up with satisfactory results and achievements. The three types of organization performance are financial performance, business performance and organizational performance (Mgeni & Nayak, 2016) ^[41].

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Researchers are laying much emphasis on SMEs because of their importance to the economic growth of every country (Tehseen & Ramayah, 2015) ^[59]. SMEs are more important to the developing countries, as they contribute to improvement in income distribution, a stimulant to economic development and productivity ((Tehseen & Ramayah, 2015) ^[59]. The term entrepreneurship is popular today, but there is no consensus on its definition (Kraus *et al.*, 2012) ^[27]. Mbhele (2012) defined entrepreneurship 'as an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes and raw materials through organizing efforts that previously had not existed.'

2. Review of Literature

This study is conducted to examine the impact of individual dimensions of EO construct over the performance of SMEs in Lagos Nigeria. One of the fastest and largest growing city in Africa is Lagos. It is the economic Capital of Nigeria (Wang & Maduako, 2018) ^[64]. Nigerian Population Commission (NPC), carried out a Census in 2006 showed that Lagos state has a population of 9million, though this figure was disputed by Lagos state government, who stated that more than 20 million people inhabit Lagos state (Wang & Maduako, 2018) ^[64].

2.1 Objectives of the Study

Considering, the importance of each dimension of EO, this study will focus on the following objectives.

- 1) What is the impact of innovativeness over the performance of SMEs in Lagos, Nigeria
- 2) What is the impact of proactiveness over the performance of SMEs in Lagos, Nigeria
- 3) What is the impact of risk-taking on the performance of SMEs in Lagos, Nigeria
- 4) What is the impact of competitive aggression over the performance of SMEs in Lagos, Nigeria
- 5) What is the impact of autonomy on the performance of SMEs in Lagos, Nigeria
- 6) What is the overall impact of EO on the performance of SMEs in Lagos, Nigeria

2.2 Entrepreneurial Orientation

The five dimensions of EO considered in this study are innovativeness, proactiveness and risk-taking, competitive aggression and Autonomy. Miller, 1983 ^[43] was the first scholar to discuss entrepreneurial orientation. Miller, 1983 ^[43] described EO as business behavior that is distinguished by proactiveness, innovativeness, and risk-taking. EO entails the discovery, evaluation, and exploitation of opportunities to introduce new products or services to the market (Hernández-Perlines, & Rung-Hoch, 2017) ^[20]. EO as a concept has been extensively discussed and researched in the last three decade. There has been hundreds of studies. (Covin and Lumpkin, 2011; Wales *et al.*, 2011a) ^[14, 62]. As at 2016, there has been over 600 scholarly journals referenced EO (Linton, 2016) ^[31]. A firm with an EO is referred to as a firm "that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovation, beating competitors to the punch "(Miller, 1983, P. 771) ^[40]. Entrepreneurial Orientation helps in distinguishing between conservative and entrepreneurial firms. The three components of EO are innovativeness,

proactiveness, and risk-taking (Anderson, Covin, & Slevin, 2009) ^[1]. A lot of EO researchers have shown that entrepreneurial firms generally perform better than more conservatively managed firms (Rauch *et al.*, 2009) ^[49]. EO can be uni-dimensional or multidimensional, while uni-dimensional is consideration of all the five dimensions together, multidimensional measurement of EO can be done individually. (Lumpkin & Dess, 1996) ^[34]. SMEs that adopt entrepreneurial orientation do better than the others (Semaru, Ambos, & Kraus, 2016) ^[54]. Entrepreneurial oriented companies are proactive, better in risk-taking and creative (Boso, Story, & Cadogan, 2013) ^[8]. High performing SMEs have the traits of EO (Hznafi, 2012). EO plays a vital role in business growth (Guzman *et al.*, 2017). The high level of growth achieved by firms is attributed to the entrepreneur behavior of managers (Maldonado-Guzman *et al.*, 2017) ^[35]. EO is one of the most established constructs in Entrepreneurship (Covin and Miller, 2014). EO is a firm's decision-making practices, managerial philosophies, and strategic behaviours that are entrepreneurial in nature (Anderson *et al.* 2009) ^[1]. The higher the EO, the more likely a firm, the possible performance results increases (Wales, 2016) ^[61]. A firm's EO may be influenced by its organizational staff, location, responsibilities and business goals among other factors (Wales, 2016) ^[61]. Entrepreneurship positively affect every economy in terms of job creation, changing interventions to innovations and improving the standard of living (Linton, 2016) ^[31].

A firm that will be described as entrepreneurial should consistently be innovative, proactive and taking risks (Mohammad, Armanu, & Achmad, 2013) ^[42]. The strategic flexibility of a firm influences EO. The quicker a firm can respond to changing conditions regarding adjusting objectives, the better the impact of EO. Strategic flexibility is the ability of a firm to spot changes and uncertainties, quickly committing resources to new projects in response to changes and acting timely to half or reverse existing resource commitments (Mohammad, Armanu, & Achmad, 2013) ^[42]. "EO is the entrepreneurial attitude and the spirit of looking for new business opportunities" (Montoya, Martins, & Ceballos, 2017) ^[43]. "EO refers to the processes, practices, and decision-making activities that lead to new entry, as characterized by one, or more of the following dimensions: a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities" (Montoya, Martins, & Ceballos, 2017) ^[43]. Taulbert (2013) ^[58] described EO as the heart and soul of sustainable, long-term success in any industry. "EO can be defined as the dimensions of entrepreneurial behavior along which an opportunity is pursued as measured through its level of innovativeness, proactiveness, competitive aggressiveness, autonomy, and risk-taking". An enterprise can show relatively high levels of one or more dimensions and at the same time relatively low levels of other dimensions (Hernandez- Perlines & Rung – Hoch, 2017) ^[20].

2.3 Components of Entrepreneurial Orientation

2.3.1 Innovation

According to Vyas (2009), definition of innovation has five components namely: use of industrial process; new market opportunities; formation of new product or enhancements on existing products; new input enhancement; and new shapes of industrial firms. According to DeepaBabu & Manalel,

2016 innovations are three types; technological, product, and administrative innovativeness. Schumpeter (1942), was one of the people to first mention the importance of innovation to entrepreneurial orientation. Innovation is essential in this competitive environment (Rubera, & Kirca, 2012). Innovativeness involves the tendency to engage in and support new ideas, novelty, experimentation and creative processes (Mohammad, Armanu, & Achmad, 2013)^[42]. In crisis period, innovation is likely to be a vital means of creating better performance (Kraus, S., Rigtering, Hughes, & Hosman, 2012)^[27]. Innovation is one of the factors commonly considered to have impacts on business growth. There is a positive correlation between innovation and business growth (Markides, 1998; Moreno & Casilas, 2008, Casilas & Moreno, 2010)

H1: Innovativeness has a significant impact on the performance of SMEs in Lagos, Nigeria

2.3.2 Proactiveness

Proactiveness is related to taking the first step ahead of others (DeepaBabu & Manalel, 2016). Lumpkin & Dess (1996) observed that if a firm takes the first step ahead of others, it may make an abnormal profit. Proactive firms think and act on future actions to seek new opportunities ahead of competition (Nazdrol & Breen, 2011). Proactiveness is a firm's ability to think ahead of competition. Proactiveness involves coming up with new products, services, and brands (Magaji, Baba & Entebang, 2006). Pro-activeness has a high impact on EO and performance (Kreiser, & Davis, 2010).

H2: Proactiveness has a significant effect on the performance of SMEs in Lagos, Nigeria

2.3.3 Risk Taking

All forms of business involve the element of risk (DeepaBabu & Manalel, 2016). Risk taking is the extent to which business will take critical decisions by becoming one of the market leaders. This entails being proactive rather than reactive. (Brettel, Chomik, & Flatten, 2015)^[9]. Risk-taking indicates committing resources to projects where the outcomes are unknown (Mohammad, Armanu, & Achmad, 2013)^[42]. Introduction of new goods and services always involves certain levels of risk (Kraus, S., Rigtering, Hughes, & Hosman, 2012)^[27]. Entrepreneurship naturally is associated with risk-taking (DeepaBabu & Manalel, 2016). Morris, Kurato, and Covin (2008) asserted that risk-taking involves the submission of a company to follow ideas that have a high degree of resultant loss, or high likelihood of performance problems. Risk-taking refers to the inclination of a firm to take courageous decisions like launching into new markets and devoting a significant amount of assets to a business enterprise with unsure results. (Brettel, Chomik, & Flatten, 2015)^[9]. The significance of risk-taking cannot be overlooked.

H3: Risk-taking has a significant effect on the performance of SMEs in Lagos, Nigeria

2.3.4 Competitive Aggression

It is the effort a firm put in to outdo its main rivals, shown by a forceful outlook and a strong response to a rivals actions to achieve a better position (Lumpkin & Dess, 2001, Covin and Slevin, 1991)^[33]. Competitive aggressiveness may also be responsive or reactive action (DeepaBabu & Manalel, 2016). It is a company's calculated reaction to

rival companies to guard competitive market situation. Competitive aggressiveness is a firm's readiness to use unusual means to outplay their competitors using the traditional methods of operation. Competitive aggressiveness further means the response of a firm to dangers, and also its reactions to gain competitive benefit. Aggressive competence is an innate response in every firm (Maldonado-Guzman, Martínez-Serna, & Pinzón-Castro, 2017).

H4: Competitive aggression has a significant effect on the performance of SMEs in Lagos, Nigeria

2.3.5 Autonomy

There has been a little study on the dimension of autonomy in EO (Maldonado-Guzman, Martínez-Serna, & Pinzón-Castro, 2017)^[35]. Several studies have treated autonomy as a positive and significant relationship with business growth (Moreno & Casilas, 2008; Rauch *et al.*, 2009^[49]; Casilas & Moreno, 2010). Autonomy means the opportunity given to an individual or a team within an organization to start and supplement a new line of business, a new concept, or vision without any restriction (Cogliser and Schneider, 2009; Rauch, Wiklund, Frese and Lumpkin, 2009)^[49]. Autonomy is vital to the concept of EO, as it affords a company to leverage on its strengths, allowing individual's talent to support the goals and objectives of a firm concerning business development, and improved business practices (Lumpkin, Cogliser, & Schneider, 2009).

H5: Autonomy has a significant effect on the performance of SMEs in Lagos, Nigeria

2.4 Performance of SMEs

Conflicting views exist about the relationship between EO and business performance. Empirical evidence supporting the view that EO has a positive influence on business performance has started to grow (Chye, 2012, Fatoki, 2012, Lotz and Vander Merwe, 2010, Junehed and Davidsson, 1998) However, Covin and Slevin (1991) and Sexton and Bowman-upton (1991), contend that a lack of systematic empirical evidence exists proving that EO leads to improved firm performance. Similarly, Hughes and Morgan (2007: 651) contend that EO sometimes, but not always contributes to improved business performance. Also, the imbalance between top management and lower level workers may adversely affect EO leading to improved performance in a firm (Matchaba- Hove & Farrington, 2015)^[38]. Similarly, the strain on the allocation of scarce resources may not allow EO to lead to better performance. Indications of firm performance can be measured using financial and nonfinancial factors. The financial factors include market share, sales growth, and profitability while non-financial factors include an appraisal of performance against set objectives (Nasip, Hassan, & Muda, 2015)^[45].

H6: EO has a significant effect on the on the performance of SMEs in Lagos, Nigeria

3. Research Methodology

The sample of was made from a population of SMEs in Lagos, Nigeria. Data for the variable was selected via questionnaire. Total of 150 questionnaires were distributed to respondents, and 142 people responded. The respondents were in different sectors such as Agriculture, Engineering, Consulting, and Education, Arts, Manufacturing with and health with different distinct number of products. 5 points

Likert – Type scale was used.

4. Results

One hundred and fifty (150) questionnaires were distributed however complete data was collected from 142 Small and Medium Scale Entrepreneurs via self-administered questionnaires in Lagos, Nigeria. The questionnaire was formulated using a Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1). The questionnaire was formulated to provide information on the predictors of firm performance.

Table 1: Characteristics of Entrepreneurs – A

Characteristic	Frequency	Percentage
Number of Distinct Products		
1-5	131	92.3%
6-10	8	5.6%
≥11	3	2.1%
Total	142	100%
Number of Employees		
2-10	103	72.5%
11-20	21	14.8%
21-30	4	2.8%
31-40	8	5.6%
41-50	2	1.4%
≥51	4	2.8%
Total	142	100%

The table above shows the characteristics of the entrepreneurs who participated in the survey. The majority (92.3%) of the entrepreneurs had 1 - 5 distinct products while 5.6% had 6-10 distinct products and only 2.1% had 11 or more distinct products. Most of the entrepreneurs (72.5%) had 2-10 staff in their employment, 14.8% had 11-20 employees, 2.8% had 21-30 employees, 5.6% had 31-40 employees, 1.4% had 41-50 employees while 2.8% had over 50 employees in their organization. It was quite surprising that as SMEs, quite a number of the entrepreneurs (12.6%) had more than 20 staff in their employment; however, it was explained that a lot of the staff were employed on contractual basis based on the nature of their businesses.

Table 2: Characteristics of Entrepreneurs –B

Characteristic	Frequency	Percentage
Legal Status		
Enterprise	42	29.6%
Limited	100	70.4%

Table 4: Business Performance

S. No	Factors	Mean	Std Deviation
1	The turnover of my small business has been experiencing growth and increase in profits in the past three years	4.15	1.072
2	The turnover of my small business has been experiencing growth and increase in profits in the past three years	3.89	1.115
3	My small business is achieving its planned growth rate	3.82	1.049
4	My small business can be termed as successful	3.86	0.935
5	My small business is profitable	3.85	0.962
6	My small business is financially secure	3.87	0.901
7	My small business is achieving the financial goals that have been set for it	3.92	0.957

The respondents were asked to rank their firm's performance based on various business performance indicators using the above Likert scale. Results from analysis of their responses

Total	142	100%
Years in Business		
1-10	54	38%
11-20	73	51.4%
21-30	12	8.5%
≥31	3	2.1%
Total	142	100%

Majority of the entrepreneurs (70.4%) were limited liability companies while the remaining 29.6% were business names (Enterprise). Over half (51.4%) of the entrepreneurs had been in business for 11-20 years, 38% had been in business for 1-10 years, 8.5% had been in business for 21-30 years while only 2.1% had been in business for more than 30 years.

Table 3: Characteristics of Entrepreneurs –C

Characteristic	Frequency	Percentage
Industry		
Agriculture	4	2.8%
Engineering	21	14.8%
Consulting	19	13.4%
Education	3	2.1%
Arts (Fashion, catering, Graphics, etc.)	10	7%
Manufacturing	21	14.8%
Health	7	4.9%
IT	10	7%
Real Estate	13	9.2%
Trade	34	23.9%
Total	142	100%

The results of the survey showed a diverse number of industries in which the entrepreneurs operated under. The most significant percentage was the Trade industry as 34% where into general trading, 13.4% were Consulting companies (this include advertising agencies, travel agencies, financial consultants, insurance consultants, etc.), another 14.8% were into Manufacturing, 14.8% were also in the Engineering industry which features construction, energy, electricity, marine, etc; 9.2% were into Real estate, 7% in the Arts industry, 7% in the ICT (Information Computer Technology) industry, 4.9% in the Health sector (pharmacies, hospitals, and health organisations), 2.8% in Agriculture and the least percentage (2.1%) in Education. This result shows the enormous diversity in entrepreneurship among SMEs in Nigeria.

showed positive means ranging from 3.82 to 4.15 with a standard deviation between 0.901 and 1.115.

Table 5: Proactive Innovativeness

S. N	Factors	Mean	Std Deviation
1	My small business places a serious emphasis on continuous improvement in products/services delivery/process	3.94	0.921
2	My small business continuously seeks out new products/services/processes	4.13	0.885
3	My small business places a serious emphasis on new innovative products/services/processes	3.93	0.856
4	My business is continually pursuing new opportunities	3.81	0.922
5	In the last two years my small business has increased the number of services/products offered.	3.62	1.002
6	My small business regularly introduces new services/products/processes	4.15	1.098
7	My small business has introduced many new lines of products and/or services in the past few years.	3.96	1.088
8	My small business encourages continuous experimentation and creativity to come up with new products and/or processes.	3.87	1.156

Respondents were asked to rank their level of agreement to how innovative their business was based on the various indicators of proactive innovativeness using the above Likert scale. Results from analysis of their responses

showed positive means ranging from 3.62 to 4.13 with a standard deviation between 0.856 and 1.156.

Table 6: Autonomy

S/N	Factors	Mean	Std Deviation
1	Employees my small business are encouraged to manage their work	3.97	0.833
2	Employees in my small business have enough flexibility to resolve problems	4.04	0.807
3	Employees in my small business have autonomy independence) in doing their job.	3.89	0.884
4	Employees in my small business do their job without continual supervision	3.83	0.842
5	Employees in my small business are allowed to be creative and try different methods to complete their job	3.83	0.907
6	Employees in my small business are allowed to make decisions without going through elaborate justification and approval procedures	3.77	0.928
7	Employees in my small business can work independently when acting on an opportunity	3.62	0.897
8	Employees in my small business often independently bring an opportunity	3.56	1.055

Respondents were asked to rank their agreement to the level at which employees enjoy autonomy in their business based the various indicators of autonomy using the above Likert

scale. Results from analysis of their responses showed positive means ranging from 3.56 to 4.04 with a standard deviation between 0.807 and 1.055.

Table 7: Risk-Taking

S/N	Factors	Mean	Std Deviation
1	Employees in my small business are often encouraged to take calculated risks concerning new ideas	4.38	0.920
2	My small business has a serious preference for high-risk projects (with chances of very high return)	4.09	0.996
3	My small business is willing to assign a relatively large size of assets to pursue a high-risk high-return project	3.82	1.222

Respondents were told to rank their level of agreement to how their business takes risks based on the various indicators of risk-taking using the above Likert scale.

Results from analysis of their responses showed positive means ranging from 3.82 to 4.38 with a standard deviation between 0.920 and 1.222.

Table 8: Competitive Aggressiveness

S/N	Factors	Mean	Std Deviation
1	In dealing with competitors, my small business typically adopts a very competitive "outdo-the-competitor" approach	3.85	0.937
2	My small business is aggressive and intensely competitive	3.72	0.948
3	My small business effectively assumes an aggressive posture to combat industry trends that may threaten its survival or competitive position	3.88	0.846
4	My small business assumes an offensive combative posture to overcome threats posed by competitors	3.60	0.968
5	My small business devises strategies aimed at defending its market position	3.82	0.948
6	My small business strives to obtain the "first-mover" advantage	3.63	0.994
7	When confronted with uncertain decisions, my small business typically adopts a bold posture to maximize the probability of exploiting opportunities	3.70	0.930

The respondents were told to rank their level of agreement to how competitive their business was based on the various indicators of competitive aggressiveness using the above

Likert scale. Results from analysis of their responses showed positive means ranging from 3.60 to 3.88 with a standard deviation between 0.846 and 0.994.

Excellent	93	65.5%
Total	142	100%

Table 9: Overall Business Performance

Variable	Frequency	Percentage
Poor	5	3.5%
Average	48	33.8%
Excellent	89	62.7%
Total	142	100%

The overall level of agreement of the entrepreneurs to the various indicators of their firm's performance was scored and analyzed. The results show that majority (62.7%) of the SMEs agreed to excellent business performance followed 33.8% who agreed to average business performance and only 3.5% agreed to poor business performance.

Table 10: Proactive Innovativeness

Variable	Frequency	Percentage
Poor	0	0%
Average	41	28.9%
Excellent	101	71.1%
Total	142	100%

The overall level of agreement of the entrepreneurs to the various indicators of proactive innovativeness was scored and analyzed. The results show that majority (71.1%) of the SMEs exhibited excellent proactive innovativeness followed 28.9% who agreed to average proactive innovativeness. None of the SMEs agreed to exhibit poor proactive innovativeness.

Table 11: Autonomy

Variable	Frequency	Percentage
Poor	0	0%
Average	49	34.5%

The connection between entrepreneurial orientation and business performance was analyzed to determine the presence or absence of an association. The table above shows that SMEs that showed excellent proactive innovativeness had the highest percentage of firms with excellent business performance. The analysis showed that there is a statistically significant association between

Table 14: Association between Business Performance and Entrepreneurial Orientation A

Variable	Poor n (%)	Average n (%)	Excellent n (%)	P-Value
Proactive Innovativeness				
Poor	0(0%)	0(0%)	0(0%)	0.000
Average	1 (2.4%)	24 (58.5%)	16 (39%)	
Excellent	4 (4%)	24 (23.8%)	73 (72.3%)	
Autonomy				
Poor	0 (0%)	0(0%)	0(0%)	0.279
Average	1 (2%)	13 (26.5%)	35 (71.4%)	
Excellent	4 (4.3%)	35 (37.6%)	54 (58.1%)	

The overall level of agreement of the entrepreneurs to the various indicators of autonomy was scored and analyzed. The results show that majority (65.5%) of the SMEs agreed to exhibit excellent autonomy practices followed 34.5% who agreed to average autonomy and none agreed to poor autonomy.

Table 12: Risk-Taking

Variable	Frequency	Percentage
Low	5	3.5%
Average	40	28.2%
High	97	68.3%
Total	142	100%

The overall level of agreement of the entrepreneurs to the various indicators of risk-taking was scored and analyzed. The results show that majority (68.3%) of the SMEs agreed to exhibit a high appetite for risks followed 28.2% who agreed to average risk-taking practices and 3.5% agreed to a low appetite for taking risks.

Table 13: Competitive Aggressiveness

Variable	Frequency	Percentage
Low	0	0%
Average	75	52.8%
High	67	47.2%
Total	142	100%

The overall level of agreement of the entrepreneurs to the various indicators of competitive aggressiveness was scored and analyzed. The results show that over half (52.8%) of the SMEs agreed to exhibit average competitive aggressiveness followed 47.2% who agreed to be highly competitive. None of the SMEs agreed to low competitive aggressiveness.

Table 15: Association between Business Performance and Entrepreneurial Orientation B

Variable	Poor n (%)	Average n (%)	Excellent n (%)	P-Value
Risk Taking				
Low	0(0%)	3 (60%)	2 (40%)	0.287
Average	0 (0%)	11 (27.5%)	29 (72.5%)	
High	5 (5.2%)	34 (35.1%)	58 (59.8%)	
Competitive Aggressiveness				
Low	0 (0%)	0(0%)	0(0%)	0.689

Average	3 (4%)	23 (30.7%)	49 (65.3%)	
High	2 (3%)	25 (37.3%)	40 (59.7%)	

The connection between entrepreneurial orientation and business performance was analyzed to determine the presence or absence of an association. The table above shows that SMEs that showed average risk-taking appetite had the highest percentage of firms with excellent business performance, however, there is a statistically significant association between the two variables. The same instance also reflects the association between competitive aggressiveness and business performance. SMEs which showed average competitive aggressiveness had the highest percentage of firms with excellent business performance. No significant statistical relationship between competitive aggressiveness and business performance as P value is higher than 0.05.

Regression Analysis

To further test the relationship between Business Performance (Dependent Variable) and the Predictors-Proactive Innovativeness, Autonomy, Risk Taking and Competitive Aggressiveness; regression analysis was carried out. The results are presented below.

Table 16: Regression Analysis: ANOVA

Model	Sum of Squares	df	M ²	F	Sig
Regression	321.801	4	80.450	3.78	0.006
Residual	2925.298	137	21.353		
Total	3247.099	141			

Table 17: Regression Analysis: COEFFICIENTS

Model	B	Standard Error	T	Sig	Confidence Interval (95%)	
					Lower	Upper
Constant	24.429	5.060	4.828	0.000	14.424	34.435
PI	0.306	0.090	3.395	0.001	0.128	0.485
AU	-0.187	0.112	-1.672	0.097	-0.409	0.034
RT	-0.220	0.173	-1.273	0.205	-0.563	0.122
CA	0.065	0.121	0.536	0.593	-0.175	0.305

Based on the above regression analysis results, the ANOVA table shows that the model is fit as the level of significance is less than 0.05.

The coefficient table shows the mathematical relationship between business performance and each of the predictors. Based on the models, only Proactive Innovativeness (PI) has a statistically significant linear relationship with business performance as the P-Value is less than 0.05; the confidence interval range (0.128-0.485) also reflects this. Besides, the relationship between business performance and proactive innovativeness is shown to be positive.

Based on the simple linear regression model:

$Y = \beta_0 + \beta X$; where,

Y = Dependent Variable (Business Performance)

β_0 = Constant (that is the least figure to be added to predict Business Performance)

β = Coefficient

X = Independent Variable (Proactive Innovativeness);

A linear equation can be formed to predict Business Performance (BP) based on Proactive Innovativeness (PI) as follows:

$BP = 24.429 + 0.306PI$

5. Discussion

The study was carried out to define the predictors of firm performance among SMEs in Lagos. The characteristics of the entrepreneurs showed that most of the entrepreneurs concentrated on being successful with a few numbers of distinct products (1-5). Although the majority of the businesses had 2-10 staff in their employment, a good percentage had over ten employees with some even having more than 50 persons in their employment. This shows that SMEs have a significant impact on the nation's economic growth especially in the area of job creation. Most of the businesses were limited liability companies which also reflects on the level of structure in place in these businesses.

5.1 Business Performance

The result of the study showed generally positive means for business performance among the SMEs as only a few firms reported low business performance. It can be explained by this result that SMEs in Lagos have a positive approach towards the success of their businesses and they are positive that their business thrives no matter how little growth is recorded.

5.2. Proactive Innovativeness

Proactive innovativeness was generally good among the SMEs. In fact, none of the entrepreneurs showed poor proactive innovativeness. It can be said that Lagos SMEs are mostly constantly working on introducing new products and services to ensure continuous business growth and performance. Association test between proactive innovativeness and business performance showed that SMEs who pay attention to innovativeness were more likely to perform excellently. This aligns with findings from previous studies (Matchaba-Hove, Farrington & Sharp, 2015; Lotz & Van der Merwe, 2010 and Fairoz *et al.*, 2010)^[38].

5.3. Autonomy

The results showed that SMEs in Lagos have positive dispensation towards allowing their employees enjoy autonomy. No SME recorded poor level of autonomy.

5.4 Risk Taking

The results revealed that majority of SMEs in Lagos had a high appetite for risks; only very few SMEs exhibited low-risk appetite. Association test between risk-taking and business performance showed that SMEs with average risk-taking appetite had the highest percentage of performing businesses. Although this association is not statistically significant, it correlates with the result of the study by Matchaba-Hove, Farrington & Sharp (2015)^[38] where it was

revealed that South African Small businesses with less risk-taking strategies were more likely to be successful.

5.5. Competitive Aggressiveness

Competitive aggressiveness was majorly on the average among the SMEs. This infers that SMEs in Lagos although show some level of competitive aggressiveness, they mostly "play it safe." This could be as a result of the different trade/entrepreneurial bodies and associations that try to ensure that SMEs offering similar products or services do not take actions can be detrimental to one another.

5.6 Predictors of Firm Performance

Results of association test and regression analysis carried out on the variables showed Proactive Innovativeness as the only statistically significant predictor of firm performance among SMEs in Lagos. This implies that the more a small business pays attention to innovativeness and proactively ensure that the company is constantly meeting up with new industry trends, the more likely the business will be successful (Matchaba-Hove, Farrington & Sharp, 2015) [38]. Li, *et al.* (2006) buttressed this point by explaining that proactiveness and innovativeness are among the major factors needed for an SME to succeed due to the limitation of resources usually experienced at the start-up phase of businesses.

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