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Entrepreneurial Orientation and Government Policy: The Catalysts for SME Performance in Nigeria

[1]Zubair, Abdul K. I. & [2]Olaolu, Emmanuel Oladele
[1&2]Faculty of Management and Social Sciences,
Baze University, Abuja, Nigeria

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Abstract

In spite of the significance of entrepreneurship being underscored in the works of literature, studies have revealed that many entrepreneurs lack basic entrepreneurial details such as risk aversion, creativity and innovativeness, and proactiveness in their entrepreneurial operations. Furthermore, while several academic studies on entrepreneurial orientation and SME success have been carried on, little or no study has been conducted in combination with government policy. The study examined the influence of entrepreneurial orientation dimensions and government policy on performance of small and medium enterprises in Abuja, Nigeria. The study was supported by the resource-based view. The study adopted a survey research design. A sample size of 337 was drawn from a population of 2685 SMEs operating within Federal Capital Territory (FCT) Abuja using Raosoft sample size calculator. Primary data was collected using structured questionnaires. Quantitative data were analysed using Statistical Products and Service Solutions (SPSS) as the analytical software and multiple regression analysis as the analytical technique. The study's findings showed that there were positive and significant relationship between the explanatory variables and SME Performance; which explained 65.6 percent to the model. In terms of individual contribution to the model, government policy seemed to contribute the most while innovativeness, risk-taking and proactiveness also contributed significantly to the model. Based on the findings, the study recommended that SMEDAN and Bank of Industry, should support entrepreneurs through training and intervention programmes to help them improve on their raw creativity and inventiveness when it comes to technology. Additionally, entrepreneurs in the FCT Abuja should be encouraged to take calculated risks, since risk-taking has shown to be valuable and finally, proactiveness of owner/managers of SMEs exhibit entrepreneurial leadership, in which they act rather than react to the business environment.

Keywords: *Entrepreneurial Orientation, Government Policy, Innovativeness, Proactiveness, Risk-taking and SME Performance*

Corresponding Author: Zubair, Abdul K. I.

Background to the Study

Both developed and developing countries believe entrepreneurship to be a fundamental driver of economic development (Vivarelli, 2012; Hamdan, 2019). Because of its impact on the national economies of the countries concerned, the notion of entrepreneurship has been adopted by a number of countries around the world. Many countries consider entrepreneurship to be at the core of their development. It has a significant impact on a country's socioeconomic development. Small businesses' contributions to growth and economic freedom in both developed and developing economies cannot be overelaborated in today's business world (Mukwarami and Tengeh, 2017; Sitharam and Hoque, 2016; Abdul, 2018; Herrington and Coduras, 2019; Du and Cai, 2020).

Entrepreneurial orientation (EO) is now often considered to be the most important component of management science (Gupta and Dutta, 2016; Gupta and Gupta, 2015). The number of works of study on Entrepreneurial Orientation is rapidly increasing, to the point where research into the EO construct has outpaced research into the broader corporate entrepreneurship concept by a significant margin (Covin and Lumpkin, 2011). Since a cumulative body of knowledge continues to be generated, EO is widely acknowledged as a "robust and rigorous scientific construct," according to Basso, Fayolle, and Bouchard (2009). Because of the increased awareness of Entrepreneurial Orientation, the construct has matured into a stable established concept in the entrepreneurship literature as well as the broader management literature (Gupta, Mortal, and Yang 2016; Rauch, Wiklund, Lumpkin, and Frese (2009), Wales, 2016). Since EO has major results not only at the firm-level but also at the macro-economic level through effecting economic growth, this attentive interest in EO has resonated into journals outside of the entrepreneurship sector and into policy-based research (e.g. Mthanti and Ojah, 2017).

Innovation, proactiveness, risk-taking, autonomy, and aggressiveness are some of the dimensions of the traditional firm level concept (Covin and Slevin, 1989; Lumpkin and Dess, 1996). These dimensions have been used as patterns to influence the development of dimensions in scales at lower levels of analysis, such as organizational or individual characteristics and motivations (Kropp, Zolin, and Lindsay, 2009).

Alabi, David and Aderinto, (2019), discussed how the Nigerian government has shown a strong concern in enabling the development of small and medium-sized enterprises (SMEs), which have long been recognized as critical in the country's efforts to reduce poverty and unemployment. As a result, the country has developed a number of specialized financial institutions, the primary goal of which is to manage policy instruments and microcredit, both of which are essential for the development of small businesses. The following are some examples of such financial institutions: National Economic and Reconstruction Fund (NERFUND), Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB), National Economic and Reconstruction Fund (NERFUND), and the Microfinance Institutions (MFIs).

In addition, the government established various policy-oriented agencies that are entrusted with providing technical and financial assistance to SMEs. Small and Medium Enterprise Equity Investment Scheme (SMEEIS), National Association of Small Scale Industries (NASSI), Entrepreneurship Development Policy (EDP), and Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) are just a few of them. As a result, Nigeria has developed a number of regulations and agendas to facilitate the performance and subsequent expansion of SMEs throughout its history as a sovereign country (Alabi, David and Aderinto, 2019).

Regrettably, these policies and guidelines appear to have been poorly implemented in the majority of cases. Nigeria will find it extremely difficult to compete at the global level and, as a result, achieve the enviable status of being one of the world's leading economies without solid policy design and implementation. This is most likely one of the main reasons why SMEs in the country have failed to make a significant positive impact on the country's long-term development. As a result, the goal of this academic study is to assess the impact of entrepreneurial orientation and government policies on the performance of SMEs.

Statement of the Problem

One of the areas of entrepreneurship research where a growing body of knowledge is emerging is entrepreneurial orientation. As a result, the time has come to document, review, and analyze the body of knowledge on the relationship between entrepreneurial orientation, government policy, and business performance in Nigeria. Campos, Acuna, Parra, and Valenzuela (2013); Soininem, Puumalainen, Sjögrén, and Syrjä (2012) highlight the importance of entrepreneurial Orientation in business performance. Despite the fact that the importance of entrepreneurship has been highlighted in the literature, studies have shown that the majority of entrepreneurs lack basic entrepreneurial nitty-gritties such as risk aversion, lack of creativity and innovativeness, and lack of proactiveness in their entrepreneurial activities. Also, while various academic studies have been undertaken in the field of entrepreneurial orientation and SME performance, little or no research has been conducted in conjunction with government policy. As a result, the goal of this research is to look at the various aspects of entrepreneurial orientation and government policy in order to determine their effects on SME performance.

The study will be limited to entrepreneurial orientation, government policy and SME performance. The study's constructs include innovativeness, risk-taking and proactiveness as well as government policy as explanatory variables; and SME Performance as criterion variable. Furthermore, the study's data collection location is restricted to the activities of the SMEs operating within FCT Abuja. The unit of analysis is based on organization.

Objectives of the Study

i. To investigate the effect of government policy on SME Performance in FCT Abuja
ii. To examine the effect of innovativeness on SME Performance in FCT Abuja
iii. To assess the effect of risk-taking on SME Performance in FCT Abuja
iv. To determine the effect of proactiveness on SME Performance in FCT Abuja

Literature Review and Hypotheses Development

Theoretical Framework

Resource-Based View (RBV)

Through widespread application in numerous domains of organizational study, the resource-based view (RBV) has acquired acceptance in research as a dominating framework for sustaining competitive advantage (Acedo, Barroso, and Galan, 2006; Barney, Ketchen and Wright, 2011). RBV was used in this study to investigate entrepreneurial orientation and SME involvement in small business performance. The resource-based view has significantly contributed to understanding why some firms preserve and impact their competitive advantage in order to outperform their competitors (Barney et al., 2011; Hoskisson, Hitt, Wan, and Yiu, 1999; Kraaijenbrink, Spender, and Groen, 2010).

Firms use both tangible (factories and warehouses) and intangible assets (e.g., patents, knowledge, and organisational climate) to develop and implement their strategy. Firms are heterogeneous in terms of their available resources under RBV, and resources are imperfectly mobile among firms (Barney, 1991). Firms with a bundle of valuable, rare, inimitable, and non-substitutable resources have the chance to improve their efficiency and effectiveness by utilizing their resources to create and implement value-creating strategies to surpass their competitors through an applicable organization (Barney, 1991; Barney and Clark, 2007).

With respect to RBV, firms are considered as heterogeneous in terms of their available resources, whereas resources are imperfectly mobile among firms, (Barney, 1991). A company with a package of valuable, uncommon, inimitable, and non-substitutable resources will be able to boost its efficiency and effectiveness by putting in place the right structure for putting those resources to work in devising and implementing value-creating policies (Barney, 1991; Barney and Clark, 2007; Barney et al., 2011).

In any industry, a competitor maintains a competitive edge by exploiting a specific benefit that is not yet attainable or matched by the competitors in the market of operation (Mugo, and Macharia, 2021). Competitive advantage, as famously established by Porter (1985), has remained a vital driver in many businesses where innovation plays a key role. According to Anning-Dorson (2018), competitive advantage can be gained by creating superior products, which is known as differentiation advantage, or by lowering production costs, which is known as cost advantage.

Empirical Review

The empirical review chronicles the findings of the most recent closely related research that are relevant to the current topic, as well as highlighting commonalities, gaps, and inconsistencies within them. Government policy Innovativeness, risk-taking, and proactiveness are the four predictor variables in this study, whereas SME Performance is the outcome variable. As a result, four hypotheses have been developed for testing and validation in this study.

Government Policy and SME Performance

According to Obaji, Olugu, and Balogun (2014), governments frequently establish entrepreneurial policies to foster entrepreneurship and assist the survival of small and medium enterprises. Despite government policies that are laudable, Obaji, Olugu, and Balogun (2014) contend that the implementation of policies related to entrepreneurship and technological incubation in Nigeria leaves a lot to be desired. Several aspects of government policy have an impact on the activity of entrepreneurship. The blend of policy decisions will be determined by a variety of factors, including predominance of prevailing levels of entrepreneurial activity, and existing micro small and medium enterprises (MSMEs). Government strategies to stimulate the creation of MSMEs firms are normal since they can directly alleviate poverty by raising income levels and generating jobs.

The government's role in facilitating and supporting SMEs remains vital around the world. The government has an important influence in determining whether the atmosphere is favourable or unfavourable for business growth (Obaji and Olugu 2014). When the government pays little attention to SMEs, the sector suffers, resulting in many enterprises failing to survive. A government that does not assist SMEs not only harms the industry, but also has a detrimental impact on the country's economic progress. SMEs' success or failure is determined by the business climate, which is influenced by government actions (Aharanwa 2021).

In terms of government policies, several studies have been conducted. Cases in point are Onwuka, Ugwu, and Kalu (2014) who examined the impact of policy measures on entrepreneurial development in Nigeria, in keeping with this assertion. According to the findings of the survey, Nigerian entrepreneurs have had difficulty doing business due to technology issues and a lack of financial facilities. Similarly, Tende (2014) looked at a variety of government policies and programmes aimed at fostering entrepreneurship in Nigeria. In addition, the study demonstrated how government policies directly and indirectly promote entrepreneurship development (Tende 2014).

Government support policies on SMEs, according to Wakili (2016), are strategies or programs used by the government and its regulatory agencies to influence and determine decision-making processes that foster economic growth by ensuring that the environment is adequately protected for business operations. The government should have well-established procedures to ensure that the instruments it develops are used to implement and monitor its policies.

Likewise, Sathe (2006) emphasized how government regulations and bureaucratic procedures can both impede and facilitate business. Governments have a tremendous impact on where entrepreneurs choose to begin their new businesses and the possibility that those businesses will flourish through laws, regulations, funding, and other policies (Bhat and Khan 2014). That is to say, government policies can either help or hinder business growth (Oyelakin and Kandi 2017). Furthermore, Oyelakin and Kandi (2017), concluded that government policies are key enablers for entrepreneurial growth. Numerous studies have indicated that government policy is positively related to entrepreneurship development (Mason and Brown 2011; Greene 2012).

As a result of the foregoing debates, the study proposes the following hypothesis:

H1: Government policies are significantly related to SME Performance in FCT Abuja

Innovativeness and SME Performance

Several studies have been conducted in various countries to analyze the association between innovativeness and MSMEs performance. Innovativeness and creativity have a positive impact on the profitability of new companies. It suggests that new venture entrepreneurs should place a greater emphasis on innovation and creativity, as these entrepreneurial activities promote growth and profit. According to Casillas and Moreno (2010), there is a link between innovation and business growth in terms of sales, assets, and employment. In China, Wang and Yen (2012), found a link between innovativeness and performance among Taiwanese small and medium companies (SMEs). Hult, Hurley, and Knight (2004), found that innovativeness had a positive impact on firm performance. Hughes and Morgan (2007), found a link between innovativeness and product performance, but not between innovativeness and customer performance. Entrepreneurial mindset, according to Dhliwayo and Vuuren (2007), is about creativity, innovation, and seizing possibilities that lead to organizational wealth creation and success. When faced with uncertainty, entrepreneurs with this mindset are better able to make rational decisions. A positive association between innovativeness and company performance has been found in several studies (e.g. Soininen, Puumalainen, Sjögrén, and Syrjä, 2012; Hameed and Ali, 2011).

In a related study undertaken by Olaolu and Obaji (2020), the study was conducted in a quantitative manner. The owners, managers, operators, and employees of some registered small and medium sized firms in Abuja, with a focus on those in the Abuja Municipal Area Council, are the study's target audience. A sample size of 339 was drawn from a population of 2825 while a valid questionnaire return rate was 147 which were used for the regression analysis. The findings of the study showed innovativeness to be significantly associated with SME development and performance.

Moreover, Ukpabio and Siyanbola (2017), conducted a study in Gwagwalada, Abuja, Nigeria, on the influence of innovation on SMEs performance, using data from 348 SMEs operators over a 5-year period (2010–2015), the ordinary least square (OLS) approach of regression technique was used to analyze the data obtained. The study found that innovation had a positive effect on SMEs performance in the Gwagwalada region.

Based on the discussion of this section, we formulate the following alternative hypothesis:

H2: Innovativeness is significantly associated with SME Performance in FCT Abuja

Risk-Taking Initiative and SME Performance

Risk taking is emphasized as a significant attribute of entrepreneurship and a contributor to performance in the literature on entrepreneurship. There is a long history of risk taking being recognized as an important part of entrepreneurship. Richard Cantillon in 1755, who is credited with coining the term "entrepreneur," recognized the importance of uncertainty in entrepreneurship (Hebert and Link, 1988). With regards to drawbacks of previous research

that found a negative link between risk-taking and performance, it is in the nature of entrepreneurship to engage in risk-taking activities in exchange for expected rewards (Gebreegziabher and Tadesse, 2014; Jalali, Jaafar, and Ramayah, 2014; Segal, Borgia, and Schoenfeld, 2005). Risk taking is a significant aspect in the commencements of entrepreneurial orientation; according to Linton and Kask (2017), the foundations of entrepreneurial orientation are tied to the fact that entrepreneurial businesses are more likely to take risks than other types of firms. Risk-taking orientation has also been linked to the ability to seize attractive deals and, in general, is positively associated with success (Frese, Brantjes, and Hoorn, 2002). Risk-taking is linked to a willingness to devote more resources to undertakings with a high risk of failure (Miller and Friesen, 1982). This is because risk-taking is critical for a company's success and growth, which is determined by how entrepreneurs perceive and manage risks in their environment.

Therefore, based on the above discussion, the following alternative hypothesis has been put forward:

H3: Risk-taking initiative is significantly connected with SME Performance in FCT Abuja

Proactiveness and SME Performance

Another important aspect of entrepreneurship is proactiveness. Without a question, it is a critical attitude for businesses seeking to gain a competitive advantage and innovate (Jalali et al., 2014). Numerous studies have been conducted on the association between proactiveness and firm performance. For instance, Casillas and Moreno (2010) discovered that the more proactive a company is, the better it is able to seize new business possibilities and the higher the growth rates of SMEs in Spain. Similarly, Wang and Yen (2012) discover a link between proactiveness and Taiwanese SMEs' sales in China. Also, proactive enterprises, according to Wiklund and Shepherd (2005), better regulate the market by capturing the distribution channel and developing brand recognition.

Using survey data from 164 Dutch SMEs, Kraus, Rigtering, Hughes, and Hosman (2012) show that proactive firm behaviour positively relates to SME performance throughout the economic crisis. In addition, Kaya and Agca (2009) discovered that proactiveness had a positive and significant impact on firm performance. In addition, Coulthard (2007) did a Meta-analysis of four exploratory research projects in Australia that covered a variety of businesses. There was a positive correlation between business performance and the attributes of innovation and proactiveness, according to the findings.

It has been said that proactive businesses are far ahead of their competitors in terms of identifying profitable opportunities and taking initiatives that increase their competitive edge, allowing them to charge greater rates than their competitors (Zahra and Covin, 1995).

Furthermore, Matchaba-Hove and Vambe (2014) discovered that proactivity had a significant positive influence on the success of small firms in South Africa. Likewise, Boohene, Marfo-Yiadom, and Yeboah (2012) discovered that proactiveness and profitability had a significant positive association in Ghana.

According to the above analyses, the following hypothesis has been introduced:

H4: Proactiveness is significantly connected with SME Performance in FCT Abuja

Research Methodology

The study design was a cross-sectional study conducted among all the SMEs operating within FCT Abuja and registered with Corporate Affairs Commission and SMEDAN. There are about 2685 SMEs that are registered with both CAC and SMEDAN according to SMEDAN (2017).

The recommended sample size for this study was obtained from the online sample size calculator Raosoft sample size calculator (www.raosoft.com). By applying this calculator, a recommended sample size for the study was 337 at 95 percent confidence level.

Questionnaire and Data Collection

For data collection, a questionnaire was adapted to answer the research question. The questionnaire had two sections. The first section contained demographic details of respondents. Second section consisted of the variables under study (government policy, innovativeness, risk-taking and proactiveness; as well as SME Performance). Because Likert scale proved to be the most suited for the study, the majority of the questionnaire was based on it. According to Sekaran and Bougie (2010), Likert scaling is one of the most commonly used numerical scales in organizational research to measure attributes and behaviours. Data were collected using the self-administered questionnaire which was sent to randomly selected participants.

Reliability and Validity

In quantitative research, reliability refers to whether a result can be replicated, the consistency of results through time, and an accurate depiction of the overall population under study. The research instrument is regarded reliable if the results of a study can be replicated using a similar methodology (Sekaran and Bougie, 2010). Cronbach's Alpha is a regularly used approach for determining reliability. In this study, the Cronbach's Alpha was greater than 0.70, which is a good indicator of reliability.

In quantitative research, validity relates to whether the methods of measurement are accurate and measuring what they are supposed to measure (Sekaran and Bougie 2010). According to Schindler and Cooper (2006), a pre-test is the final step in improving survey findings. A pre-test was conducted on respondents who were not part of this study, and the researcher employed a few faculty members to examine the suitability of questions. There were no major areas of concern identified or encountered, and the data received was reconciled with the data collected.

Data Analysis

Data were gathered and then entered into SPSS 22.0 software package for analysis. The demographic variables are summarized using descriptive summary measures, which are expressed as mean (standard deviation) for continuous variables and percent for categorical

variables, respectively. The link between the explanatory variables and SME performance was investigated using multiple regression analysis. All statistical tests were conducted using two-sided tests with a significance threshold of 0.05. P-values were given to three decimal places, with values less than 0.001 denoted by the symbol 0.001. Statistical significance was defined as a P value of less than 0.05.

Data Analysis and Discussion

Response Rate

A total of three hundred and thirty-seven (337) questionnaires were administered and one hundred and forty-nine (149) were returned duly completed, representing 44.2% response rate as shown in Table 1.

Table 1: Questionnaire Return Rate

Response Rate	Frequency	Percentage
Response	149	44.2
Non-Response	188	55.8
Total	**337**	**100.0**

According to Sekaran (2003), a response rate of 30% or more was considered satisfactory. It is regarded good for the course of this research to have a response rate of 44.2 percent from the 337 randomly sampled respondents.

Demographic Statistics

The majority (57.7%) of the owner/managers were male while 42.3% were female. Majority (38.2%) of the respondents were between 47 to 57 years, 28.2% were between 36 to 46 years, 16.8% were between 25 to 35 years and Above 57 years respectively. Most (34.2%) of the respondents are High School Certificate holders, 29.5% held HND/BSc degree; 22.8% held Diploma certificate and finally, 13.4% are postgraduate degree holders.

Reliability Statistics

The study's reliability is stated as a coefficient ranging from 0 to 1.00; the larger the coefficient, the more reliable the test. Cronbach's Alpha coefficient was used to assess the internal consistency and stability of the variables (SME Performance, government policy, innovativeness, risk-taking, and proactiveness. Rousson, Gasser and Seifer, (2012) rule of thumb for labeling Cronbach Alpha coefficient is shown in Table 2. The findings reveal that all of the constructs, including SME performance, government policy, innovativeness, risk-taking, and proactiveness, have acceptable level of reliability as shown in Table 3.

Table 2: Rule of thumb for labelling Cronbach Alpha coefficient

Alpha coefficient	Level of reliability
$\alpha \geq 0.9$	Excellent (High-Stakes testing)
$0.7 \leq \alpha < 0.9$	Good (Low-Stakes testing)
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: Rousson, Gasser and Seifer, (2012)

For this study, a construct composite reliability co-efficient (Cronbach alpha) of 0.6 or above was adjudged appropriate for all constructs (Rousson, Gasser and Seifer, 2012; Sekaran 2003; Hulin, Netemeyer, and Cudeck, 2001).

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
.698	5

Diagnostic Test

Multicollinearity test for parameter stability was done in this part to test the regression assumption related to how correlated the questions of the independent variables were.

Multicollinearity Test

When two or more predictor variables are correlated, a problem may occur. It occurs when there are substantial correlations between two explanatory variables such that one variable can be used to predict the other (Garson, 2012). Variance inflation factors (VIF) were utilized for each variable to check for multicollinearity in the study. By assessing the degree to which the variance has been inflated, the VIF detects multi collinearity. According to Myers, (1990), a VIF larger than 10 indicates harmful multicollinearity. In all of the analyses, the variance inflation factor (VIF) was examined, which according to Garson, (2012) is not a cause for concern unless it is more than 10. As shown in Table 6, Tolerance values are .806, .809, .703, .959 for government policy, innovativeness, risk-taking and proactiveness respectively, while VIF values are 1.241, 1.236, 1.422, and 1.043 for government policy, innovativeness, risk-taking and proactiveness respectively. The fundamental assumption is that the error terms for various observations are unrelated (lack of autocorrelation).

Regression Analysis

The association between SME performance and the four predictor variables was investigated using multiple regression analysis.

Goodness of fit of the Model

Table 4 shows the model fit, or how well the model equation fits the data. The adjusted R^2 was used to determine the study's model predictive power, and it was found to be 0.656, meaning that predictor variables explain 65.6 percent of the variances in SME Performance across the selected SME firms, leaving 34.4 percent unexplained.

Table 4: Goodness of Fit of the Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.815[a]	.665	.656	1.784	1.705

a. Predictors: (Constant), Proacti_Veness, Inno_Vativeness, Govt_Polic y, Risk_Taking

b. Dependent Variable: SME_Perf

One-Way ANOVA Result

The regression association was very significant in predicting how government policy, innovativeness, risk-taking and proactiveness affect SME performance of the selected entrepreneurs operating within FCT Abuja, with a probability value of 0.000. At a 5% level of significance, the F calculated was 71.437 as shown in Table 5. The whole model was significant since F calculated was greater than the F critical value = 2.4347).

Table 5: One-Way ANOVAResult

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	909.270	4	227.317	71.437	.000[b]
	Residual	458.220	144	3.182		
	Total	1367.490	148			

a. Dependent Variable: SME_Perf

b. Predictors: (Constant), Proacti_Veness, Inno_Vativeness, Govt_Policy, Risk_Taking

Coefficients of Regression Equation

SME performance will be -.164 when all components (government policy, innovativeness, risk-taking, and proactiveness) are held constant at zero, according to the regression equation. This demonstrates that if all of the explanatory variables are kept constant, the SME performance will decrease.

Similarly, taking all other independent variables to zero, a unit increase in government policy leads to a 0.469 increase in SME performance; a unit increase in innovativeness leads to a 0.218 increase in SME performance; a unit increase in risk taking leads to a 0.189 increase in SME performance; and a unit increase in proactiveness leads to a 0.151 increase in SME performance.

In terms of magnitude, the findings revealed that government policy had the greatest impact on the selected SME performance, followed by innovativeness, risk taking, respectively, and proactiveness, having the least impact on SME performance in Abuja FCT. The P-values for all of the variables were less than 0.05, indicating that they were all significant.

Table 6: Coefficients of regression equation

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.164	1.515		-.108	.914		
	Govt_Policy	.469	.050	.502	9.347	.000	.806	1.241
	Inno_Vativeness	.218	.041	.282	5.252	.000	.809	1.236
	Risk_Taking	.189	.046	.238	4.129	.000	.703	1.422
	Proacti_Veness	.151	.045	.166	3.373	.001	.959	1.043

a. Dependent Variable: SME_Perf

Model Specification

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + €$

Y is the dependent variable (SME performance)

$\beta0$ = Constant

$\beta1$ = Coefficient of Govt_Policy; $\beta2$ = Coefficient of Innovati_veness; $\beta3$ = Coefficient of Risk_Taking; $\beta4$ = Coefficient of Proacti_Veness

X1 = Govt_Policy; X2 = Innovativeness; X3 = Risk_Taking; X4 = Proactiveness

€ = Error term

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + €$

SME_Perf = -.164 + .469Govt_Policy + .218Innovati_veness + .189Risk_Taking + .151Proacti_Veness

Discussion on Findings

Above all, multiple regression analysis indicated that, government policy is statistically related to SME Performance in FCT Abuja. As expected, this result validated hypothesis 1: Government policy is statistically related to SME Performance in FCT Abuja. The results of government policy were consistent with most of results on prior studies reviewed under literature. Cases in point are Tende (2014), who examined a number of government policies and programmes towards the development of entrepreneurship in Nigeria. The outcome of the study showed how government policies influence entrepreneurship development directly and indirectly. Furthermore, Sathe (2006), highlighted how government regulations and their bureaucratic procedures can hamper as well as assist entrepreneurship activity. The outcome of the study by Bhat and Khan (2014), showed how governments through their laws, regulations, investments, and other policies make a significant influence on where entrepreneurs choose to launch their new enterprises and the likelihood that those enterprises will succeed. Moreover, Oyelakin and Kandi (2017), study showed that government policies can enhance business growth or otherwise.

Furthermore, innovativeness positively predicted SME performance. If SME owners/managers are more innovative, the success of SME activities will be higher. As predicted, this result supported hypothesis 2. There is statistical significance between innovativeness and SME Performance in FCT Abuja. The results of innovativeness were consistent with most of results on previous studies reviewed in chapter two. See as example, studies like Ngo and O' Cassi, 2013) which contend that for any business to achieve success,

and competitive advantage must take part in innovation process; Clausen, Korneliussen, and Madsen, (2013), which stated that in order to remain significant in the modern business in the present day entails an organizations to engage in innovation.

Similarly, risk-taking positively impacts SME Performance and therefore the third hypothesis of this study which stated that Risk-taking is significantly related to SME Performance in FCT Abuja could also be supported. These findings are consistent with the many studies reviewed in previous sections in which it was reported that risk-taking is significantly related to SME performance in FCT Abuja. Cases in point are studies by Dewan, Shi, and Gurbaxani (2007) which found that there is a relationship between firms' risk-taking tendency and marginal product of IT. Furthermore, the study is line with the findings of Frese, Brantjes, and Hoorn, (2002) which reported that risk-taking orientation has been considered as having a direct relation with the possibility of seizing valuable deals and, in general, is positively related to success.

In the same way, based on the findings, proactiveness is a significant predictor of SME performance in FCT Abuja. Proactiveness, in particular, has a significant positive effect on SME Performance (β=0.151, $p < 0.05$, $t = 3.373$) and thus supported the fourth hypothesis which stated that proactiveness is significantly connected with SME Performance. These findings are in line with the study conducted by Matchaba-Hove and Vambe (2014), which discovered that proactiveness had a significant positive influence on the success of small firms in South Africa. Likewise, Boohene, Marfo-Yiadom, and Yeboah (2012), discovered that proactiveness and profitability had a significant positive association in Ghana. The findings are in line with those of other studies that show that proactiveness has an impact on small business performance (Boohene, Marfo-Yiadom and Yeboah, 2012; Arshad, Rasli, Arshad and Zain, 2013; Baba and Elumalai, 2011). The findings add to previous research by demonstrating that proactiveness has a positive impact on firm performance.

Being proactive could help SMEs improve their performance. Proactiveness is an excellent approach for improving the performance of owners/managers of SMEs. The findings show that entrepreneurship is a method of thinking, reasoning, and doing that which is driven by a desire to locate profitable business possibilities (Wambugu, Gichira, Wanjau, and Mung'atu, 2015). The findings demonstrate owner/managers of SMEs entrepreneurial leadership, in which they act rather than react to the business environment. The findings are consistent with Resource Based View, which states that firms gain long-term competitive advantage by assembling strategic resource bundles that competitors find difficult to duplicate or launch without significant effort.

Conclusion and Recommendations

Based on the data, it is clear that government policy had the most positive impact on SME performance. SME performance is also boosted by innovativeness, risk-taking, and proactiveness. Furthermore, the regression model revealed that the independent variables correctly predicted SME performance 65.6 percent of the time. The implication is that government policies are important enablers of entrepreneurship. Around the world, the

government's role in enabling and supporting SMEs is critical. The government has a significant impact on whether the environment is favourable or not for company expansion. Certainly, the role of government in terms of policies has the potential to make or break the performance of SMEs. In the same way, an entrepreneur should provide originality by offering fresh ideas. Meanwhile, taking risks is one of the characteristics of an entrepreneur. Finally, a company is entrepreneurial if it is creative, takes risks, and is proactive in its planning and decision-making.

Because the study has shown that government policy and innovativeness makes a substantial positive contribution to the model through their substantial contributions, government agencies involved in entrepreneurship development, such as SMEDAN and the Bank of Industry, among others, should support entrepreneurs through training programmes as soon as possible to help them improve on their raw creativity and inventiveness when it comes to technology. Additionally, entrepreneurs in the FCT Abuja should be encouraged to take calculated risks, since risk-taking has shown to be valuable.

Research Limitations and Directions for Future Research

Because the study model could only explain 65.6 percent of the entire variance in SME performance, extra latent variables that could explain the variance in SME performance must be present. In other words, other factors could account for the remaining 34.4 percent of the variance in SME performance. As a result, future research should look into other possible constructs such as competitive aggressiveness and autonomy that could boost SME performance in the Federal Capital Territory of Abuja.

Secondly, because this current study uses a cross-sectional methodology, causal inferences from the population are not possible. As a result, a longitudinal design should be investigated in the future in order to measure the theoretical constructs at various intervals in time in order to confirm the current study's findings.

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