

## Entrepreneurial Leadership and Learning Orientation: A Transformative Journey of SMEs Growth

<sup>1</sup>Ajike E. O., <sup>2</sup>Egwakhe, J. **Abstract**

A., <sup>3</sup>Ebose, A. O., &

<sup>4</sup>Nwankwere, I. A.

<sup>1,2,3&4</sup>School of Management

Sciences, Department of Business  
Administration and Marketing,  
Babcock University, Ilishan-Remo,  
Ogun State, Nigeria.

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Despite the core role small and medium-sized enterprises (SMEs) play in driving economic development and job creation across both developed and developing nations, the growth of SMEs has continued to decline especially in Nigeria. Therefore, this study examined the effect of entrepreneurial leadership and learning orientation components on SMEs growth in South-West Nigeria. Survey research design was adopted for this study. The population comprised 149,317 owners/managers of SMEs in South-West Nigeria. A sample size of 498 was determined using Cochran formula. Simple random sampling technique and a validated questionnaire was adopted for data collection. Cronbach's alpha reliability coefficients for the constructs ranged from 0.702 to 0.829. Findings from partial least squares structural equation modeling revealed that entrepreneurial leadership and learning orientation components had positive and significant effect on the growth of SMEs in South-West Nigeria ( $Adj R^2 = 0.934$ ;  $F^2 = 0.497$ ;  $SRMR = 0.050$ ,  $NFI = 0.767$ ,  $p < 0.05$ ). SMEs should synergistically integrate entrepreneurial, visionary leadership with a strong commitment to continuous learning and knowledge acquisition, fostering an adaptable, opportunity-oriented culture aligned for capitalizing on emerging trends and propelling sustained growth trajectories in dynamic competitive markets.

Corresponding Author:

Ajike E. O.

## **Background to the Study**

The overarching objective of any business is to achieve sustained growth and prosperity, encompassing expansion, advancement, innovation, increased market share, profitability, employment opportunities, and longevity (Maaodhah et al., 2021; Wahyuni & Sara, 2020). However, Small and Medium-Sized Enterprises (SMEs) often encounter challenges in attaining and maintaining growth (Puspaningrum, 2020). Fascinatingly, SME growth has deteriorated in both developed and developing countries' economies (World Bank Report, 2018). PricewaterhouseCoopers Survey (2020) showed that despite the significant role played by SMEs in several economies, there has been a consistent decline in revenue growth. This decline is a cause for concern globally (National University of Singapore Business School, 2022; World Economic Forum (WEF), 2022). Consequently, the persistent decline in SME growth rates has spurred scholars, policymakers, HR specialists, and business practitioners to explore various strategies to enhance SME competitiveness and long-term sustainability (Rahaman et al., 2021).

In the United Kingdom, Economics Observatory (2021) reported that with regards to SMEs growth, almost all businesses were negatively affected by the spread of Covid-19 as between 2020 to 2021, sales were 21 % lower while investment was 26% lower (on average) than would otherwise have been. Overall uncertainty facing businesses rose sharply by 70% at the onset of the pandemic. Additionally, as of 1 January 2022, there were 5.5 million private sector businesses in the UK, 1.5% fewer than in 2021. It was smaller than the 6.5% drop between 2020 and 2021, the biggest fall in the business population since the series began in 2000. Also, there were 327,000 business deaths/declines in 2021, around 28,000 more than in 2020. The business death rate/growth decline was 11.1%, up from 10.3% in 2020 (Hutton, 2022). In Africa, the Citizen (2024) reported that the number of small formal businesses in South Africa reached 710 000 in 2022, increasing from 680 000 in 2019 and 590 000 in 2010. Although, the Covid-19 pandemic caused a 25% decline in 2020 and has remained low.

The SMEs sector in Egypt faces several concrete constraints that have hindered its growth, including the skills and systems required to compete effectively in global markets, access to finance, access to information, business development services (BDS), and vocational training for labor (European Institute of the Mediterranean-IEMed, 2022). The International Labour Organisation (ILO) (2022) reported that in Nigeria, SMEs contribute 48 % of the national GDP, 96 % of businesses, and 84 % of employment. The contribution of Small and Medium Enterprises (SMEs) to the Nigerian economy cannot be over-emphasized and therefore regarded as the bedrock of the economy. Also, Economics Observatory (2021) reported that SMEs are the core of countries' economic growth. However, the contextual review has shown that SME growth is declining in Nigeria (Abdullahi et al., 2022; Egwakhe et al., 2022). Substantiating this position SMEDAN (2021) reported that the number of SMEs across the country dropped by about two million between 2017 and 2021, as the 2021 SME Survey showed that there are 39 million SMEs in Nigeria, indicating a significant drop from 41 million MSMEs reported in the 2017 survey report, thus, inferring a lack of growth. More so, the 73,081 SMEs in Nigeria as of 2017 have shown a persistent decline at an alarming rate (SMEDAN, 2021).

Considering these discussions, the existing literature on entrepreneurial leadership components and their impact on SME growth present divergent results, with limited research conducted in developing countries. While previous studies have underscored the role of SMEs owners and entrepreneurial leadership in enhancing SMEs performance and emphasized the necessity of integrating entrepreneurial leadership into SMEs activities (Oh & Kim, 2021; Puspaningrum, 2020; Sabiu & Abduh, 2021; Darnihamedani & Terjesen, 2020; Maaodhah et al., 2021; Wahyuni & Sara, 2020), the direct relationship between entrepreneurial leadership and SME growth remains relatively unexplored (Idawati & Sumartini, 2020; Margaretha & Supartika, 2016; Rahaman et al., 2021), particularly in developing economies. Although previous research has examined the link between entrepreneurial leadership and business performance, organizational productivity, and SMEs survival (Mulago & Oloko, 2019; Olu-Egbuniwe & Maeyouf, 2019), none has specifically addressed the influence of entrepreneurial leadership and learning orientation on SMEs growth. Consequently, this study bridged this gap by investigating through the stated null hypothesis that: *entrepreneurial leadership and learning orientation have no significant effect on small and medium-sized enterprises growth in south-west Nigeria.*

## **Review of Literature**

### **SMEs Growth**

SMEs growth refers to the increase in size, usually measured in terms of sales, employment, profits, or value added (Akeke et al., 2021). Hartono and Ardini (2022) added that firm growth denotes the function of industry growth trends, business lifecycle, and the owners' desire for equity value creation. More so, firm growth is the perception of the owner/ manager of the business performance compared to objectives (Lee et al., 2020). Additionally, Osakwe et al. (2016) and Cesinger et al. (2018) defined firm growth as the expansion of a firm's products, its target markets, or a combination of each and the firm's ability to increase its sales, profit, employment, asset turnover, new product lines, diversifications, and firm size. Thus, firm growth is a stage where the business reaches the point of expansion and seeks additional options to generate more profit (Botha, 2020). For the purpose of this study, SMEs Growth is measured by sales growth, market share growth, profit growth, innovativeness, employment growth, and firm longevity.

Blal et al. (2018) claimed that sales growth is an essential parameter for the survival and financial growth of the company. Wahyuni et al. (2019) added that the characteristics of sales growth are; alignment of strategy and results and opportunities adjustments. According to Nyame-Asiamah and Ghulam (2019), the merits of sales growth are an increase in resources and stock, generating more sales and profits, reaching new customers or markets, putting more money back into the business. Market share is the proportional share of the total market volume that belongs to the company compared to the competitors in the same segment or category (Al-Jobor et al., 2020). Further, Farris et al. (2016) defined market share as the %age of a market (defined in terms of either units or revenue) accounted for by a specific entity. Vargo and Lusch (2014) opined that market share measures how well a company has been able to predict market dynamics and the

needs of the targeted customers. According to Sucuahi and Cambarihan (2016), profit growth is the ability of a given investment to earn a return from its use. Hermanson (2014) stated that profit growth is the organization's ability to generate income and the amount to which gross profits exceed operating costs, related to the amount invested in an organization. Thus, Morgan (2015) stated that profitability means the ability to make profit from all the business activities of an organization, company, firm, or enterprise. It shows how efficiently the management can make a profit by using all the resources available in the market.

Innovativeness is a procedure of modifying options and thoughts into realities (Hatak et al., 2021). Organisational innovativeness is a firm's propensity to innovate that is the propensity to adopt a number of different types of innovations into the organisation (Hollebeek & Rather, 2019). Organisational innovativeness involves the organisation's propensity to try something new that has not been utilised before in the organisation to improve effectiveness and competitiveness. Innovativeness is a procedure of modifying options and thoughts into realities (Hatak et al., 2021). Generally, employment is a situation where a person is doing a job to earn income, and it can also exist where a person is self-employed. Therefore, employment can refer to job opportunities for those willing and able to work (Akanbi & Adewoye, 2021; Kamuri & Ngugi, 2019). Employment is a relationship between two parties regulating paid labor services (Olu-Egbuniwe & Maeyouf, 2019). Ruholla et al. (2020) concurred that employment is an agreement between an employer and an employee that the employee will provide particular services.

### **Entrepreneurial Leadership**

According to Anju and Mathew (2017), entrepreneurial leadership refers to leadership that can communicate the vision and develops and utilize opportunities to gain a competitive advantage. Mamun et al. (2018) defined entrepreneurial leadership as a leadership style that can delegate, build employees who behave responsibly, make and determine decisions, and work independently. Goossen and Stevens (2013) assert that entrepreneurial leadership involves creating an environment that inspires committed followers to spot opportunities and exploit them for sustainable value creation. For the purpose of this study, entrepreneurial leadership is measured by opportunity recognition, proactiveness, and risk-taking propensity. Mathew (2014) defined opportunity recognition as the capacity to identify a good idea and transform it into business concepts that add value and generate revenue. Guo et al. (2016) definition of opportunity recognition is an individual's efforts in searching and identifying ideas with the potential to develop them into a business form. Wasdani and Mathew (2014) defined opportunity recognition as the ability to perceive the chance to meet an unsatisfied need that is potentially profitable.

Layaman et al. (2021) refer to proactiveness as entrepreneurial behaviors where an organization steps ahead of rival competitors, being abreast of customers' demands and market trends by continuously scanning, monitoring the trends, and at the same time,

taking entrepreneurial actions. Proactiveness is a strategy to achieve the business success of an organization characterized by confidently seeking opportunities where they introduce new products, services, or markets ahead of other competitors and acting in anticipation of future changes in demand and emerging uncertainty in the firm's internal and external environment, (Hughes & Morgan, 2017; Lumpkin & Dess, 2019). The concept of risk-taking in entrepreneurship refers to the willingness of entrepreneurs to take calculated business-related risks (Mwaura & Jagongo, 2022). According to Otache and Mahmood (2015), risk-taking is the willingness and readiness to commit resources (own or borrowed) to pursue identified market opportunities with reasonable possibility of losses. Risk-taking, as a core feature of entrepreneurship, is not about taking extreme or uncontrollable risks but taking moderate and calculated risks (Otache & Mahmood, 2015).

### **Learning Orientation**

Learning orientation refers to information acquisition, information dissemination, and shared interpretation that increases individual and organizational effectiveness due to the direct impact on the outcomes (Kaya & Patton, 2019). More so, learning orientation refers to the organization-wide activity of creating and using knowledge to enhance competitive advantage (Celuch et al., 2022). Also, learning orientation refers to an organization's ability to cultivate the competencies to obtain new information and translate that information into knowledge (Sun, 2022). For the purpose of this study, learning orientation is measured by intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning. Intra-organizational knowledge sharing refers to collective beliefs or behavioral routines related to the spread of learning among different units within an organization (Alsaadi & Norhayatizakuan, 2021). It keeps alive the knowledge and information gathered from various sources and serves as a reference for future action (Ali et al., 2018). Intra-organizational knowledge sharing refers to actions in which organizations, through designated teams, are involved in acquiring, sharing, and combining knowledge with other organizations (Omajuwa & Ngwu, 2021). Haslinda et al. (2018) defined intra-organizational knowledge sharing as the process that occurs when an organization causes a change in another organization, either by sharing experience or making innovations.

According to Hammer et al. (2021), open-mindedness is the willingness to evaluate the organization's operational routine and to accept new ideas. Sinkula et al. (2017) referred to open-mindedness as the extent to which a firm proactively questions long-held methods, procedures, assumptions, and beliefs and is linked to unlearning. Harich and Labahn (1998) position are that open-mindedness refers to a salesperson's openness toward new experiences and situations, implying an easier acceptance of novel information. Thus, open-mindedness is a component that accelerates the creation of knowledge in the organization and encourages the organization to be open to new opportunities and to value different opinions. Goal-oriented learning refers to a learning approach where individuals set specific objectives or goals for their learning process (Hatak et al., 2021). These goals serve as targets or benchmarks that guide the learner's activities and efforts, helping them focus on acquiring the knowledge, skills, or competencies necessary to



achieve their desired outcomes (Huang et al., 2022). Goal-oriented learning involves strategic planning, self-monitoring, and the use of feedback mechanisms to track progress towards the established goals (Colquitt & Simmering, 1998; Hartono & Ardini, 2022).

### **Entrepreneurial Leadership, Learning Orientation, and SMEs Growth**

Studies applying entrepreneurial leadership and learning orientation as combined predictors are limited (Sawaeen & Ali, 2020) as there is a consensus that a relationship exists between entrepreneurial leadership and SMEs performance (Privalov et al., 2020; Riswanto et al., 2020; Wasim et al., 2022). Though some studies have provided evidence of the positive effects of entrepreneurial leadership on SMEs' performance, others have documented negative evidence (Gyemang & Emeagwali, 2020). Therefore, findings on the effect of entrepreneurial leadership on SMEs' growth are divergent, thus setting the scene for further study. More so, Sawaeen et al. (2021) results showed that entrepreneurial leadership positively impacts SMEs' performance and innovation management. Also, innovation management positively influences SMEs' organizational performance and mediates the relationship between entrepreneurial leadership and SMEs' performance, while learning orientation moderates the relationship between entrepreneurial leadership and SMEs' performance. Furthermore, Adesoga et al. (2019) found that entrepreneurial pro-activeness had a positive and significant influence on growth. Ikupolati et al. (2017) found that entrepreneurs' managerial skills had a positive and significant effect on SME growth in Nigeria. Also, Forkuoh et al. (2016) found the provision of institutional support in the training of procurement personnel, bookkeeping and accounting, and business plan preparation experts had a positive impact on the growth and development of the SMEs.

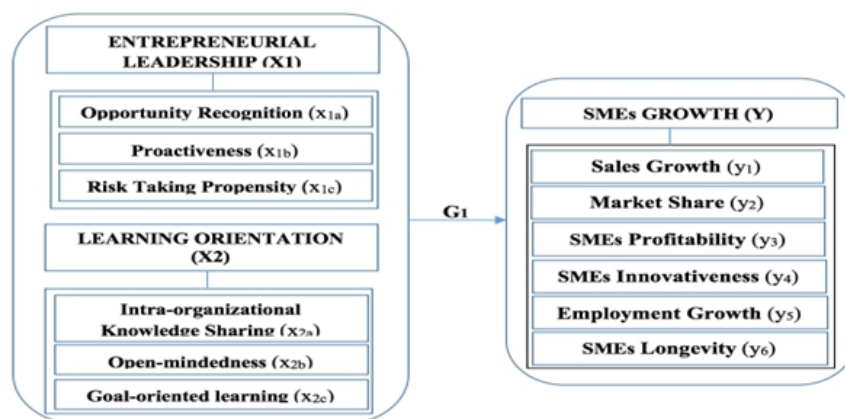
Tsetim et al. (2020) study revealed no significant relationship between the miner behavior of entrepreneurial leaders and SMEs performance in Benue state, Nigeria. Also, explorer behavior, integrator behavior, and accelerator behavior of entrepreneurial leaders are significantly related to SMEs' performance. Moreover, Akeke et al. (2022) found that learning orientation (shared vision, commitment to learning, and open-mindedness) had significant impact on the performance of SMEs in the marketplace. Also, the shared vision factor is the most significant, with the greatest impact on SMEs' performance. Other research works revealed that entrepreneurial leadership is positively related to team creativity, as entrepreneurial leadership is related to team creativity through the sequential mediating roles of team psychological safety and knowledge sharing (Mehmood et al., 2021).

Also, entrepreneurial leadership plays a positive and significant role in moderating the relationship between high-performance work systems and employee creativity to employee performance. Summarily, Sawaeen and Ali (2020) studied the impact of entrepreneurial leadership and learning orientation on the organizational performance of SMEs; the mediating role of innovation capacity. Results revealed a positive and significant link between entrepreneurial leadership, learning orientation, innovation capacity, and SMEs' organizational performance. Also, innovation capacity mediates the

relationship between entrepreneurial leadership, learning orientation, and SME organizational performance. Nguyen et al. (2021) discovered that entrepreneurial leadership improved the performance of SMEs. In contrast, Naushad's (2021) study on the factors of entrepreneurial leadership among SMEs revealed that entrepreneurial leadership did not significantly affect the sustainability of SMEs. Ximenes et al. (2019) found that entrepreneurial leadership did not significantly affect SMEs' SMEs growth.

### Research Conceptual Model

The conceptual model for this study is diagrammatically shown below:



**Figure 1:** Research Conceptual Model (2024)

The conceptual model presented in Figure 1 presents the independent and dependent variable(s) adopted for this study. The independent variable which is entrepreneurial leadership is represented by X1 with sub-variables of opportunity recognition, proactiveness, and risk-taking propensity represented by  $x_{1a}$ ,  $x_{1b}$ , and  $x_{1c}$  respectively and learning orientation represented by X2 with sub-variables of intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning represented by  $x_{2a}$ ,  $x_{2b}$ , and  $x_{2c}$  respectively. The dependent variable SMEs growth represented by Y with sub variables of sales growth, market share growth, profit growth, innovativeness, employment growth, and SMEs longevity represented by  $y_1$ ,  $y_2$ ,  $y_3$ ,  $y_4$ ,  $y_5$  and  $y_6$  respectively. The model further showed the interaction between entrepreneurial leadership dimensions, learning orientation dimensions and the growth of Small and Medium Enterprises in South-West Nigeria. In other words, this gap model showed that entrepreneurial leadership and learning orientation variables could be the gap to SMEs growth in South-West Nigeria.

### Theoretical Review

The underpinning theories for this study are Fiedler's Contingency Leadership Style Theory (Fiedler, 1967) and Human Capital Theory (HCT) (Becker, 1962; Schultz, 1961). The strengths of the theories are on the premise that it is used to identify competitive advantage that enhances firm performance. Moreover, a person's leadership style and

previous experience is core to maximizing performance (House & Aditya, 1997). Nevertheless, there is no one best style of leadership. Instead, a leader's effectiveness is determined by whether the leader's style and the environment in which the leader performs complement each other for learning and output. The theories propositions are that firm/SME performance in terms of growth in this study ( $Y$ ) and its sub-variables ( $y_1, y_2, y_3, y_4, y_5, y_6$ ) have multifaceted interaction between the manager/owners and leadership and learning orientation instituted and implemented at different levels of a SMEs growth provided ( $X1$  and  $X2$ ) drives the entrepreneurial interactions.

Consequently, Fiedler's Contingency Leadership Style Theory and Human Capital Theory (HCT) connect all predictors' variables, the sub-variables, and outcome variables. Accordingly, econometric models were established to depict the interactions as  $SMEsGR = a_0 + \beta_1 EL_i + \beta_2 LO_i + \mu_i$ , and how the sub-variables of ( $Y$ ) and ( $X1$  and  $X2$ ) together. Therefore, an association exists between the need to enhance firm performance and a person's leadership style, and previous experience in maximizing performance (Hughes & Morgan, 2017; Vecchio, 1983; Yukl, 2002). Therefore, the combination of Fiedler's Contingency Leadership Style Theory and the Human Capital Theory (HCT) is relevant to this study as it offers insights into how leadership styles interact with investments in human capital to influence organizational outcomes and SMEs growth.

### **Methodology**

The positivism philosophy, deductive research approach and survey research design was adopted for this study. The research design is in consonance with works of other scholars such as Nguyen et al. (2021), Amadi and Nuel-Mark (2021), Mehmood et al. (2021), Sawaeen et al. (2021), to extend the understanding of a specific population at a particular time to understand participants patterns of responses to issues. The population comprised 149,317 owners/managers of SMEs in South-West Nigeria. A sample size of 498 was determined via Cochran formula. Simple random sampling technique and a validated questionnaire was adopted for data collection. Cronbach's alpha reliability coefficients for the constructs ranged from 0.702 to 0.829. The response rate was 94.6%. Data were analyzed using the descriptive and inferential statistics through SmartPLS software, which allowed for the testing of path analysis and hypothesis. The principal factors investigated were measured on a six-point scale with anchors which ranged from Very High (VH-6) to Very Low (VL-1), for the independent variables and dependent variable respectively.

### **Model Specification**

For this study, the independent variable is entrepreneurial leadership ( $X1$ ) measured by sub-variables of opportunity recognition, proactiveness, and risk-taking propensity and learning orientation ( $X2$ ) measured by sub-variables of intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning, while the dependent variable ( $Y$ ) is SMEs growth measured by sub-variables of sales growth, market share, profitability, innovativeness, employment growth, and longevity.



### Functional Relationship

The functional model for the study variables is denoted in the equations below:

$$Y = f(X)$$

Y = Dependent Variable

X1, X2 = Independent Variable

Y = SMEs Growth (SMEsG)

X1 = Entrepreneurial Leadership (EL)

X2 = Learning Orientation (LO)

$$Y = (y_1, y_2, y_3, y_4, y_5, y_6)$$

Where;

y<sub>1</sub> = Sales Growth (SG)

y<sub>2</sub> = Market Share (MS)

y<sub>3</sub> = SMEs Profitability (SMEsP)

y<sub>4</sub> = SMEs Innovativeness (SMEsI)

y<sub>5</sub> = Employment Growth (EG)

y<sub>6</sub> = Longevity (LGY)

$$X1 = (x_1, x_2, x_3)$$

$$X2 = (x_1, x_2, x_3)$$

Where:

X1 = Entrepreneurial Leadership (EL)

x<sub>1a</sub> = Opportunity Recognition (OR)

x<sub>1b</sub> = Proactiveness (PRO)

x<sub>1c</sub> = Risk Taking Propensity (RTP)

Where:

X2 = Learning Orientation (LO)

x<sub>2a</sub> = Intra-organizational Knowledge Sharing (IKS)

x<sub>2b</sub> = Open-mindedness (OM)

x<sub>2c</sub> = Goal-oriented learning (GOL)

$$\sum(SG + MS + SMEsP + SMEsI + EG + LGY) = SMEsG (Y)$$

$$\sum(OR + PRO + RTP) = EL (X1)$$

$$\sum(IKS + OM + GOL) = LO (X2)$$

### Regression Model

The model formulated for each of the hypotheses are written as:

$$Y = f(X1, X2)$$

$$SMEsG = \beta_0 + \beta_1 EL(OR * PRO * RTP) + \beta_2 LO(IKS * OM * GOL) + \epsilon_i \text{----- Eqn 1}$$

Where:

β<sub>0</sub> = constant of the equation or constant term

ε<sub>i</sub> = error or stochastic terms

### Data Analysis, Results and Interpretation

The section presents the findings of the statistical analyses conducted using SmartPLS in the study to examine the effect of the independent variables on the dependent variables

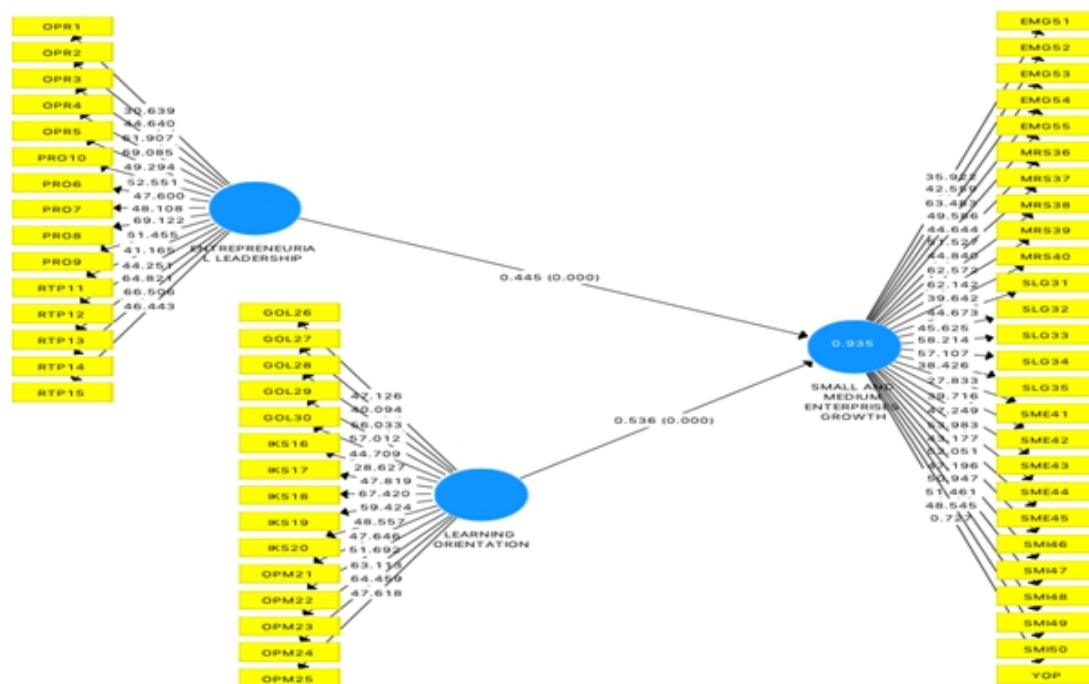
and test the formulated hypotheses. It summarizes the key results and their implications, providing evidence to support or refute the research questions. In PLS-SEM (Partial Least Squares Structural Equation Modeling), after estimating the model, hypothesis testing was conducted to assess the significance of effect of the latent variables and observed indicators.

Hypothesis testing in PLS-SEM involved the adoption of the bootstrapping techniques to generate resamples from the original dataset. By analyzing the resulting p-values, the researchers evaluated the support for this study hypothesis. If the p-value is below a predetermined significance level (e.g., 0.05), it indicates strong evidence supporting the hypothesized influence. Conversely, if the p-value exceeds the significance level, it suggests a lack of support for the hypothesis. Furthermore, to achieve the aim of the objectives of this study, the latent variable of the independent variable, entrepreneurial leadership dimensions were measured by the indicators of the following constructs Opportunity Recognition (OPR), Proactiveness (PRO), Risk Taking Propensity (RTP), learning orientation components were measured by the indicators of the following constructs Intra-Organizational Knowledge Sharing (IOKS), Open-mindedness (OPM), Goal-oriented learning (GOL). In the same view, the dependent variable SMEs Growth was measured by the indicators of all the dependent variables as follows, Sales Growth (SGR), Market Share Growth (MSG), SMEs Profitability (SPR), SMEs Innovativeness (SIN), Employment Growth (EGR), and SMEs Longevity (SLO).

#### **Restatement of Hypothesis**

**H0:** Entrepreneurial leadership and learning orientation components have no significant combine effect on small and medium-sized enterprises growth.

The null hypothesis was tested using Partial Least Squares Structural Equation Modelling (PLS-SEM) implemented in SmartPLS 3.2.1. The hypothesis result of the effect of the dependent variable (SMEs growth) and independent variables (entrepreneurial leadership and learning orientation components) is presented in figure 2, the bootstrapping outcome and table 1a-1c with the values of the path coefficients, standard error, R- squared, Adjusted R-squared, T statistics, p-values, effect sizes and decision taken on this hypothesis. Figure 2 displays the outcomes of the bootstrapping procedure, illustrating the obtained results and their implications for the structural model analysis for objective which examined the combined effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises growth.



**Figure 2:** Bootstrapping Outcome for entrepreneurial leadership components, learning orientation components and SMEs growth.

**Source:** Researcher's Field Survey Results (2024)

### Interpretation

The bootstrapping procedure was performed to assess the statistical significance of the structural path coefficients in the model. A p-value threshold of 0.05 is set to determine the statistical significance of path coefficients between the independent variables and dependent variable in the multiple regressions modeled through partial least squares structural equation modeling (PLS-SEM), implying effects with p-values below 0.05 have a less than 5% probability of occurring randomly due to sampling variations alone. In Partial Least Squares Structural Equation Modeling (PLS-SEM), a P-value threshold of < 0.05 typically signifies statistical significance, indicating that the coefficient has a significant effect on the model. Conversely, a P-value threshold of > 0.05 suggests non-significance, indicating that the coefficient does not have a significant effect on the model.

Based on the bootstrapping outcome diagram above on the combined effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises' (SMEs) growth, entrepreneurial leadership has a positive and significant effect on SME growth. The path coefficient is 0.203, indicating a positive relationship. The t-value of 3.152 is greater than the critical value of 1.96 at a 5% significance level. Therefore, entrepreneurial leadership has a statistically significant positive impact on SME growth. Goal-oriented learning has a positive and significant effect on SME growth, with a path coefficient of 0.119 and a t-value of 2.292 which is greater than 1.96. This indicates goal-oriented learning has a statistically significant

positive effect on SME growth. Open-mindedness also shows a positive and significant effect on SME growth. The path coefficient is 0.109 and the t-value is 2.169 which is greater than the critical value. Therefore, open-mindedness demonstrates a statistically significant positive impact.

In summary, the bootstrapping results provide clear empirical evidence that both entrepreneurial leadership and learning orientation components (goal-oriented learning and open-mindedness) have a statistically significant positive effect on SME growth, when assessing their combined influence. This suggests that fostering these leadership capabilities and learning strategies together can effectively enhance SME growth. The t-values validate the positive relationships, while controlling for sampling variability. As all path coefficients are positive and t-values are over 1.96, we can conclude these factors positively and significantly contribute to explaining SME growth, demonstrating their joint explanatory power.

**Table 1a:** Goodness of fit of entrepreneurial leadership components, learning orientation components and SMEs growth.

Goodness of Fit	
	Estimated Model
SRMR	0.050
d_ ULS	4.004
d_ G	2.583
Chi-Square	6526.970
NFI	0.767

**Source:** Researcher's Field Survey Results (2024)

### Interpretation

Table 1a shows the PLS-SEM model which demonstrates adequate fit based on the set of fit indices reported. In the partial least square structural equation modeling (PLS-SEM) analysis, the goodness of fit measures provides an assessment of how well the estimated model fits the observed data. The Standardized Root Mean Square Residual (SRMR) is 0.050, indicating a relatively small value. The SRMR assesses the discrepancy between the observed correlations and the model-implied correlations, with lower values indicating better fit. In this case, the SRMR value suggests a good fit between the estimated model and the data, indicating that the model adequately represents the relationships between the variables.

The discrepancy-based measures, d\_ ULS and d\_ G, have values of 4.004 and 2.583, respectively. These measures assess the difference between the observed covariance matrix and the reproduced covariance matrix, with smaller values indicating better fit. In this instance, both d\_ ULS and d\_ G have relatively low values, indicating a good fit of the model to the data. The Chi-Square statistic is 6526.970, which is commonly used in traditional SEM but less relevant in PLS-SEM. However, it is worth noting that a non-

significant Chi-Square value would indicate a good fit, but it's the only measure here suggesting otherwise. The Normed Fit Index (NFI) is 0.767, which evaluates the proportionate improvement of the proposed model over the null model. While this value is below the ideal threshold of 0.90, it still suggests a reasonable fit of the model to the data.

Overall, the goodness of fit measures, particularly the SRMR and discrepancy-based measures, indicate a satisfactory fit of the estimated model to the observed data, suggesting that the combined effect of entrepreneurial leadership and learning orientation components adequately explains the variance in small and medium-sized enterprises' growth. In summary, most indices are within acceptable ranges or very close to the recommended thresholds. The SRMR is particularly good. This indicates that overall, the model has a reasonably good fit with the data. While chi-square and NFI can be marginally improved, the model seems to adequately capture the combined effects of entrepreneurial leadership and learning orientation components on SME growth. Reasonable model fit provides further validity to interpreting the positive significant relationships suggested by the bootstrapping results for this data.

The path analysis that examines the effect of latent variables and observed variables, as well as the direct and indirect effects among these variables, is presented in Table 1b indicating a summary of the path result obtained using SmartPLS on the combined effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises growth.

**Table 1b:** Path analysis of entrepreneurial leadership components, learning orientation components and SMEs growth.

Path	Beta	Standard Error	T Statistics	R <sup>2</sup>	Adj.R <sup>2</sup>	Prob	Decision
Entrepreneurial Leadership -> Small and Medium Enterprises Growth	0.445	0.047	9.484	0.935	0.934	0.000	Supported
Learning Orientation -> Small and Medium Enterprises Growth	0.536	0.046	11.593			0.000	Supported

**Source:** Researcher's Field Survey Results (2024)

### Interpretation

In the partial least squares structural equation modeling (PLS-SEM) analysis, the path analysis results indicate the combined effect of entrepreneurial leadership and learning orientation on small and medium-sized enterprises' (SMEs) growth. The path coefficient for entrepreneurial leadership on SMEs growth is 0.445, with a standard error of 0.047 and a T statistic of 9.484. This indicates a significant positive relationship between entrepreneurial leadership and SMEs growth. The R-squared value (R<sup>2</sup>) is 0.935, suggesting that entrepreneurial leadership explains 93.5% of the variance in SMEs growth. The adjusted R-squared (Adj.R<sup>2</sup>) is 0.934, which accounts for the number of



predictors in the model. The probability value (Prob) is 0.000, indicating that the relationship is statistically significant. Therefore, it can be concluded that entrepreneurial leadership significantly contributes to SMEs growth.

The path coefficient for learning orientation on SMEs growth is 0.536, with a standard error of 0.046 and a T statistic of 11.593. Similarly, this indicates a significant positive relationship between learning orientation and SMEs growth. The R-squared value is not provided, but the probability value is 0.000, indicating statistical significance. Therefore, it can be concluded that learning orientation also significantly contributes to SMEs growth. Overall, the path analysis results suggest that both entrepreneurial leadership and learning orientation have a positive and significant impact on SMEs growth. These findings underscore the importance of fostering entrepreneurial leadership qualities and promoting a culture of continuous learning within SMEs to enhance their growth and success.

The results indicate that both entrepreneurial leadership and learning orientation have a statistically significant positive relationship with SME growth. The beta coefficients suggest moderately strong positive linkages. The large and significant t-statistics validate these relationships further. Additionally, the substantial R-squared values indicate that entrepreneurial leadership and learning orientation combined explain a large portion of the variance (93.5%) in SME growth. With p-values < 0.001, these relationships are statistically highly significant. In summary, the path analysis provides empirical evidence that entrepreneurial leadership and learning orientation, as a collective set of capabilities, positively and significantly influence SME growth. This offers actionable insights for SMEs to invest in building these organizational competencies.

The effect size ( $F^2$ ) that assesses the importance and practical significance of the latent variables in the model is presented in Table 1c showing the summary of the effect sizes for the combined effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises growth.

**Table 1c:** Effect Size ( $F^2$ ) of entrepreneurial leadership components, learning orientation components and SMEs growth.

	F-Square ( $F^2$ )	Effect Size	97.5% CI
Entrepreneurial Leadership -> Small and Medium Enterprises Growth	0.344	Medium	0.549
Learning Orientation -> Small and Medium Enterprises Growth	0.497	Large	0.759

**Source:** Researcher's Field Survey Results (2024)

### Interpretation

In the partial least squares structural equation modeling (PLS-SEM) analysis, the effect size ( $F^2$ ) results indicate the magnitude of the effect of entrepreneurial leadership and

learning orientation on small and medium-sized enterprises' (SMEs) growth. For entrepreneurial leadership, the  $F^2$  value is 0.344, indicating a medium effect size. This suggests that entrepreneurial leadership contributes moderately to SMEs' growth. The 97.5% confidence interval (CI) ranges from 0.000 to 0.549, indicating the range within which the true effect size is likely to fall. For learning orientation, the  $F^2$  value is 0.497, indicating a large effect size. This suggests that learning orientation has a substantial impact on SMEs' growth. The 97.5% confidence interval (CI) ranges from 0.000 to 0.759, providing a range within which the true effect size is likely to lie.

Overall, both entrepreneurial leadership and learning orientation demonstrate significant effects on SMEs' growth, with learning orientation exhibiting a larger effect size compared to entrepreneurial leadership. These findings underscore the importance of both factors in driving the growth and success of small and medium-sized enterprises. The 97.5% confidence intervals indicate precision around these effect size estimates. In summary, the large effect size of learning orientation coupled with the medium effect of entrepreneurial leadership demonstrate that combined, these capabilities significantly determine SME growth, with learning orientation being the stronger driver. The results offer valuable and precise insights.

Consequently, it is strongly advised that entrepreneurs and small business owners/managers in Lagos State, Ogun State, Ekiti State, Osun State, Oyo State, and Ondo State in South-West Nigeria should prioritize the development of entrepreneurial leadership skills and foster a learning orientation within their organizations. By doing so, they can drive sustainable growth, innovation, and competitiveness in their SMEs, ultimately contributing to the economic growth and development of the region. The model equation is as follows:

$$SMEsG = \beta_0 + 0.445EL(OR*PRO*RTP) + 0.536LO (IKS*OM*GOL) + \epsilon_i \text{----- Eqn 1}$$

**Where:**

- SMEsG = SMEs Growth
- EL = Entrepreneurial Leadership
- LO = Learning Orientation

The path regression model above revealed that when combining all the dimensions of entrepreneurial leadership and learning orientation together as the independent variable, it positively and significantly predicted the SMEs growth. Based on the results above, the null hypothesis that entrepreneurial leadership and learning orientation components have no significant combine effect on small and medium-sized enterprises growth has evidence to support it; therefore, based on the path results, this study fails to accept the null hypothesis. This indicates that entrepreneurial leadership and learning orientation components have a significant effect on SMEs growth.

## **Discussion of Findings**

The PLS-SEM analysis shows that the combined effect of entrepreneurial leadership components (opportunity recognition, proactiveness, and risk-taking propensity) and learning orientation components (intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning) have a positive and significant effect on the growth of selected small and medium enterprises (SMEs) in South-West Nigeria. The results align with the conceptual position that entrepreneurial leadership assumes greater chances of effectively managing the business entity than a manager who lacks status authority (Sawaeen et al., 2021). Thus, Mehmood et al. (2021) stressed that determining what constitutes entrepreneurial leadership lies in how well a leader manages his general entrepreneurial leadership behavior, miner behavior, explorer behavior, accelerator behavior, and integrator behavior. As such, Asenge and Asue (2020) and Fatonah and Haryanto (2022) claimed that while SMEs growth allows a company to operate on a far-reaching scale, leading to increased profitability which determines how large, powerful, or crucial a business is within its particular sector, the link between leadership proactiveness, risk-taking and market share growth cannot be overstated (Linton, 2019; Hughes & Morgan, 2017; Lumpkin & Dess, 2019; Verbano & Venturin, 2020).

Empirically, this paper's results aligned with findings from prior empirical research by Ali et al. (2021), Fatonah and Haryanto (2022), Linton (2019), Melesse et al. (2019), and Nurfarida et al. (2021). Additional research by Amadi et al. (2021), Nejatian et al. (2018), Gimmon et al. (2021), Nguyen et al. (2021), Lu et al. (2022), Okunbo (2019), Anabila et al. (2021), Gonu et al. (2023), Lu et al. (2021), Omajuwa & Ngwu (2021), Pedraza-Rodríguez et al. (2023), and Jun et al. (2021) whom further confirms the positive effects of entrepreneurial leadership, opportunity recognition, proactiveness, risk-taking propensity, learning orientation, intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning on SME growth.

More so, in Sri Lanka, a study by Sooriyakumaran (2020) found that maintaining accounting records and the growth of SMEs are significantly related. Akinwale et al. (2017) found the least squares method demonstrated that Research & Development spending by the firms and product and process innovation had significant impacts on growth. Margaretha and Supartika (2016) in Indonesia Stock Exchange found the regression coefficient indicates that firm size, growth, and lagged growth had a negative effect on growth, while productivity and industry affiliation had a positive effect on growth. Interestingly, in Ghana, Makaya et al. (2021) findings indicated that entrepreneurial leadership positively influenced turnover intentions and SMEs' growth. The study of Nwachukwu and Hieu (2021) found that entrepreneurial leadership positively influenced the turnover intentions of employees, and entrepreneurial leadership significantly affected SMEs' growth. Conversely, the study of Al-Nawaiseh (2020) indicated that there is an insignificant effect of the insurance firm's age, size, and growth on its growth.

The findings align with Fiedler's Contingency Leadership Theory, which states leadership success depends on the situation. For SMEs, leaders skilled in opportunity recognition, proactiveness and risk-taking are more likely to increase profits. Human Capital Theory also emphasizes that leaders with strong capabilities can leverage entrepreneurial traits to improve SME growth. The integration of the Fiedler's Contingency Leadership Style Theory and Human Capital Theory underscores the importance of understanding both the situational context and the capabilities of individuals within SMEs. Effective leadership requires a nuanced understanding of how different leadership styles interact with situational factors and how investments in human capital can drive organizational success. By recognizing the significance of opportunity recognition, proactiveness, and risk-taking propensity within Fiedler's framework and acknowledging the pivotal role of human capital within HCT, the study's findings offer valuable insights into the mechanisms through which entrepreneurial leadership and learning orientation positively influence SMEs' growth.

The integrated approach of the Fiedler's Contingency Leadership Style Theory and Human Capital Theory, provides a comprehensive understanding of the complex interplay between leadership, situational factors, and human capital in driving growth within SMEs, facilitating informed decision-making and strategic interventions aimed at fostering sustainable growth, and supports the finding of this study that entrepreneurial leadership components of opportunity recognition, proactiveness, and risk-taking propensity have a significant effect on growth. Considering the majority of the empirical findings and theoretical assertions supporting this study finding that entrepreneurial leadership components (opportunity recognition, proactiveness, and risk-taking propensity) and learning orientation components (intra-organizational knowledge sharing, open-mindedness, and goal-oriented learning) have a significant effect on growth, this study rejected null hypothesis (H<sub>0</sub>) that entrepreneurial leadership and learning orientation components have no significant combine effect on small and medium-sized enterprises growth.

### **Conclusion and Recommendations**

This study examined the effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises growth. From antecedents, the study discussed global trends and issues of SMEs growth within the SMEs sector from a world view, African perspective, and concluded by looking at Nigeria. This then took into account the key problems faced by SMEs and how they have affected the SMEs sector over the years. This study provided empirical evidence supporting the significant effect of entrepreneurial leadership and learning orientation components on small and medium-sized enterprises growth.

This study contributes to the existing body of knowledge in concepts, theory and empirics. The conceptual framework for of entrepreneurial leadership, learning orientation and SMEs growth has contributed to theories of entrepreneurship and other related fields. Hence, this study contributed to the body of knowledge conceptually

because, according to extant literature, no known studies have utilized this study model in their investigations. Theoretically, findings of this study have provided evidence that support the underpinning theories (Fiedler's Contingency Leadership Style Theory, and the Human Capital Theory (HCT). Hence, future scholars can cite this work as a supporter of the Fiedler's Contingency Leadership Style Theory, and the Human Capital Theory (HCT). The result of this study also contributed empirically to the body of literature on entrepreneurial leadership, learning orientation and SMEs growth, which would and equally serve as a reference material for future researchers.

Based on the findings of this study, the study recommended that SMEs synergistically integrate entrepreneurial, visionary leadership with a strong commitment to continuous learning and knowledge acquisition, fostering an adaptable, opportunity-oriented culture aligned for capitalizing on emerging trends and propelling sustained growth trajectories in dynamic competitive markets. Further study should investigate the policy implications of promoting entrepreneurial leadership and learning orientation in SMEs, assess the effectiveness of existing policies, and identify opportunities for policy interventions to support SME development and growth.

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